



VOLTAS

A **TATA** Enterprise

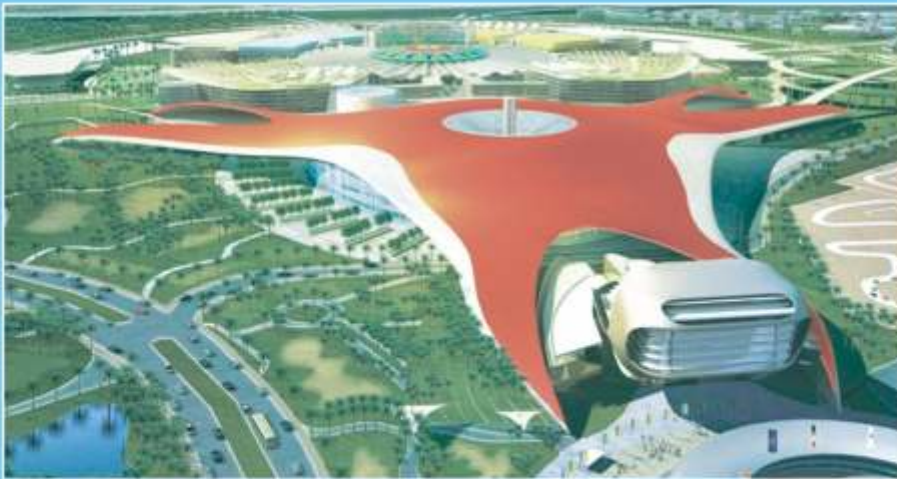
Annual Report
2007-2008



Hyderabad's newly-commissioned Rajiv Gandhi International Airport represents the kind of high-value MEP projects being entrusted to Voltas today in India. It's the latest prestigious high-stakes contract that Voltas has successfully executed, with several more in progress or recently booked.

Higher value, higher scale in MEP projects

Voltas has risen into a higher dimension in its MEP (Mechanical, Electrical & Public Health) projects, both in India and abroad. In sheer scale and value, it's a higher order of magnitude and prestige. Such high-ticket projects prove that Voltas commands the trust of clients and consultants, for its proficiency in engineering and project management. And its one-window integrated engineering, offering benefits in cost, efficiency and timely completion. Seen below is a gallery of some recent upscale projects, whether completed or in progress.



*Ferrari Experience theme park,
Abu Dhabi (architect's model)*



*Formula 1 Race Track,
Abu Dhabi (architect's model)*



Wafi Hotel and Mall, Dubai



Mumbai Airport



*Godrej IT Park, Kolkata
(architect's model)*



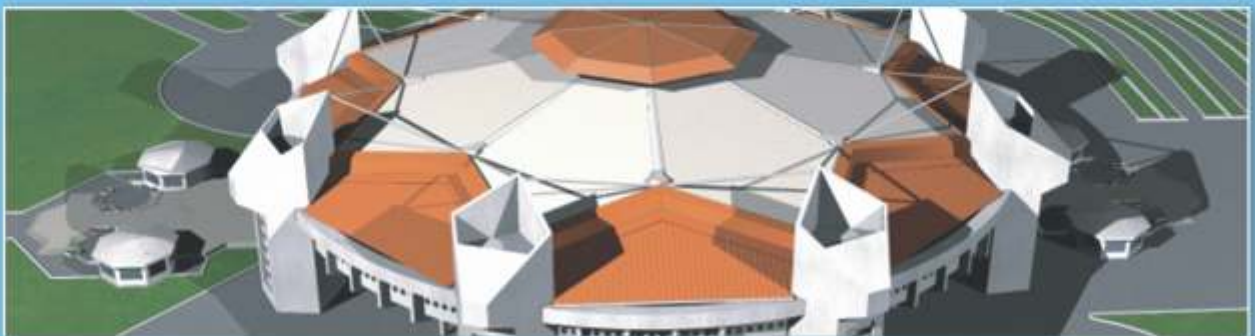
Visakhapatnam International Airport (architect's model)



*Lodha Excellus, Mumbai
(architect's model)*



Neptune Mall, Mumbai (architect's model)



Indira Gandhi Indoor Stadium Complex, New Delhi (architect's model)



BOARD OF DIRECTORS

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

| | |
|---|----------------|
| General Manager - Taxation & Company Secretary | V. P. Malhotra |
|---|----------------|

AUDIT COMMITTEE

| | |
|----------|----------------|
| Chairman | N. J. Jhaveri |
| | Nasser Munjee |
| | S. D. Kulkarni |

REMUNERATION COMMITTEE

| | |
|----------|----------------|
| Chairman | S. D. Kulkarni |
| | Nasser Munjee |
| | N. J. Jhaveri |

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

| | |
|----------|------------|
| Chairman | N. N. Tata |
|----------|------------|

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 Deloitte Haskins & Sells,
Chartered Accountants

Bankers

In India

State Bank of India
Bank of India
Punjab National Bank
Citibank N. A.
BNP Paribas
Export - Import Bank of India
ABN Amro Bank N. V.

Overseas

Emirates Bank International pjsc (UAE)
Union National Bank (UAE)
Abu Dhabi Commercial Bank (UAE)
HSBC Bank Middle East Limited (UAE, Qatar, Bahrain)
The Commercial Bank of Qatar (Qatar)
Standard Chartered Bank (Singapore)
First Gulf Bank (UAE)
Doha Bank (Qatar)

Registered Office

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

Share Service Centre

T. B. Kadam Marg,
Mumbai 400 033
email: shareservices@voltas.com

Annual General Meeting :
Monday, 28th July, 2008 at 3.30 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

| | | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 |
|-----|---|--------------------|---------------|---------------|---------------|---------------|
| 1. | SALES AND SERVICES | Rs. 308617 | 245078 | 190418 | 144143 | 132994 |
| 2. | OTHER INCOME | Rs. 3167 | 3071 | 2431 | 1953 | 1688 |
| 3. | COST OF SALES AND SERVICES (incl. Excise Duty) | Rs. 227671 | 186100 | 145162 | 108570 | 100562 |
| 4. | OPERATING, ADMINISTRATION AND OTHER EXPENSES | Rs. 56346 | 46537 | 35899 | 32264 | 30422 |
| 5. | Staff Expenses (included in 3 & 4) | Rs. (27685) | (24008) | (17623) | (14435) | (12619) |
| | Number of Employees (including Contract Staff) | Nos. 7378 | 5848 | 5390 | 5747 | 4484 |
| 6. | EXCEPTIONAL INCOME/(EXPENSES) | Rs. 2987 | 6771 | (2619) | 504 | 989 |
| 7. | PROFIT/(LOSS) BEFORE TAXATION | Rs. 30754 | 22283 | 9169 | 5766 | 4687 |
| | <i>Percentage to Sales</i> | % | 10.0 | 9.1 | 4.8 | 4.0 |
| | <i>Percentage to Total Assets</i> | % | 52.5 | 48.1 | 29.3 | 19.2 |
| 8. | TAXATION | Rs. 9917 | 3675 | 2120 | 725 | 784 |
| 9. | PROFIT/(LOSS) AFTER TAXATION | Rs. 20837 | 18608 | 7049 | 5041 | 3903 |
| | <i>Percentage to Sales</i> | % | 6.8 | 7.6 | 3.7 | 3.5 |
| | <i>Percentage to Shareholders' Funds</i> | % | 38.7 | 48.9 | 29.2 | 26.1 |
| 10. | RETAINED PROFIT | Rs. 15610 | 14737 | 4785 | 3155 | 2783 |
| 11. | DIVIDEND ON EQUITY CAPITAL | Rs. 4467 | 3309 | 1985 | 1654 | 993 |
| | <i>Percentage</i> | % | 135 | 100 | 60 | 50 |
| 12. | FIXED ASSETS (AT COST) | Rs. 28178 | 24493 | 28074 | 24858 | 24751 |
| 13. | DEPERECIATION | Rs. 12228 | 11506 | 14592 | 16615 | 12491 |
| 14. | INVESTMENTS | Rs. 26793 | 13741 | 6103 | 4622 | 4547 |
| 15. | NET CURRENT ASSETS | Rs. 13813 | 16594 | 9089 | 14974 | 9396 |
| 16. | DEFERRED TAX ASSET | Rs. 2043 | 2967 | 2668 | 2153 | 1021 |
| 17. | DEFERRED REVENUE EXPENDITURE | Rs. — | — | — | — | — |
| 18. | TOTAL ASSETS | Rs. 58599 | 46289 | 31342 | 29992 | 27224 |
| 19. | SHARE CAPITAL | Rs. 3307 | 3307 | 3306 | 3305 | 3305 |
| 20. | RESERVES AND SURPLUS | Rs. 50525 | 34768 | 20835 | 16046 | 15595 |
| 21. | SHAREHOLDERS' FUNDS | Rs. 53832 | 38075 | 24141 | 19351 | 18900 |
| | <i>Equity per Share</i> | Rs.† *16.27 | *11.50 | 72.96 | 58.48 | 57.12 |
| | <i>Earnings per Share</i> | Rs.† *6.30 | *5.62 | 21.3 | 15.2 | 11.8 |
| | <i>Number of Shareholders</i> | Nos. 81371 | 96312 | 52365 | 53674 | 60622 |
| | Share Prices on Stock Exchange - High | Rs.† *267 | *120 | 1088 | 248 | 159 |
| | - Low | Rs.† *79 | *75 | 218 | 88 | 50 |
| 22. | BORROWINGS | Rs. 4767 | 8214 | 7201 | 10641 | 8324 |
| | <i>Debt/Equity Ratio</i> | % | 9 | 22 | 30 | 55 |
| | <i>(Percentage to Shareholders' Funds)</i> | | | | 55 | 44 |

Note : All amounts are Rupees in Lakhs except those marked †

* Face Value of Re. 1 each



| | | | | | | | | | | Rs. in Lakhs |
|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|--------------|
| 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 | 1994-1995 | 1984-1985 | 1974-1975 | 1964-65 | 1954-55 | |
| 123041 | 94066 | 85372 | 78639 | 98428 | 81089 | 26607 | 15934 | 4223 | 991 | 1 |
| 1413 | 1243 | 1211 | 1653 | 1451 | 759 | 150 | 40 | 5 | 2 | 2 |
| 101926 | 74302 | 66223 | 60253 | 77135 | 60368 | 21080 | 13856 | 3468 | 815 | 3 |
| 20122 | 19190 | 18641 | 19349 | 23936 | 19225 | 5556 | 1955 | 522 | 153 | 4 |
| (12573) | (10982) | (10030) | (10939) | (14072) | (9997) | (3170) | (1031) | (363) | (109) | 5 |
| 5147 | 5096 | 5314 | 6701 | 8796 | 10667 | 8147 | 7252 | 5082 | 2324 | |
| 499 | (146) | (1147) | (94) | 2604 | (78) | — | — | — | — | 6 |
| 2905 | 1671 | 572 | 596 | 1412 | 2177 | 121 | 163 | 238 | 25 | 7 |
| 2.4 | 1.8 | 0.7 | 0.8 | 1.4 | 2.7 | 0.5 | 1.0 | 5.9 | 2.5 | |
| 11.5 | 5.9 | 2.0 | 2.0 | 4.1 | 5.0 | 1.1 | 4.6 | 18.3 | 6.5 | |
| 347 | (12) | 14 | 46 | 133 | 5 | Nil | 83 | 141 | 11 | 8 |
| 2558 | 1683 | 558 | 550 | 1279 | 2172 | 121 | 80 | 97 | 14 | 9 |
| 2.1 | 1.8 | 0.6 | 0.7 | 1.3 | 2.7 | 0.5 | 0.5 | 2.3 | 1.4 | |
| 15.9 | 9.0 | 3.6 | 3.6 | 8.4 | 13.2 | 4.1 | 6.7 | 17.6 | 9.1 | |
| 1624 | 1088 | 120 | 109 | 839 | 997 | 23 | 5 | 59 | 6 | 10 |
| 827 | 596 | 397 | 397 | 397 | 1158 | 98 | 75 | 38 | 8 | 11 |
| 25 | 18 | 12 | 12 | 12 | 35 | 10 | 12 | 15 | 5.5 | |
| 23987 | 23140 | 26328 | 23852 | 22605 | 30651 | 5014 | 1232 | 447 | 53 | 12 |
| 11799 | 10500 | 12097 | 10870 | 9914 | 10718 | 1580 | 642 | 82 | 3 | 13 |
| 3626 | 3139 | 3127 | 4230 | 9033 | 8245 | 512 | 132 | 67 | — | 14 |
| 7107 | 6241 | 5962 | 8140 | 12180 | 14230 | 6583 | 2859 | 867 | 336 | 15 |
| 1375 | 1169 | — | — | — | — | — | — | — | — | 16 |
| 899 | 5317 | 5634 | 4222 | 156 | 720 | — | — | — | — | 17 |
| 25195 | 28506 | 28954 | 29574 | 34060 | 43128 | 10529 | 3581 | 1299 | 386 | 18 |
| 3305 | 3305 | 3305 | 3305 | 3305 | 3428 | 978 | 623 | 255 | 150 | 19 |
| 12811 | 15496 | 12202 | 12082 | 11973 | 13048 | 2002 | 570 | 295 | 4 | 20 |
| 16116 | 18801 | 15507 | 15387 | 15278 | 16476 | 2980 | 1193 | 550 | 154 | 21 |
| 48.7 | 56.8 | 46.9 | 46.5 | 46.2 | 49.5 | 305 | 191 | 216 | 1027 | |
| 7.7 | 5.1 | 1.7 | 1.7 | 3.9 | 6.8 | 12 | 13 | 38 | 93 | |
| 72174 | 76512 | 83615 | 87192 | 81750 | 84180 | 45237 | 14395 | 7356 | 150 | |
| 66 | 57 | 60 | 142 | 142 | 176 | 470 | 211 | 276 | | |
| 42 | 31 | 26 | 33 | 32 | 92 | 356 | 125 | 183 | | |
| 9079 | 9705 | 13447 | 14187 | 18782 | 26652 | 7549 | 2388 | 749 | 232 | 22 |
| 56 | 52 | 87 | 92 | 123 | 162 | 253 | 200 | 136 | 151 | |

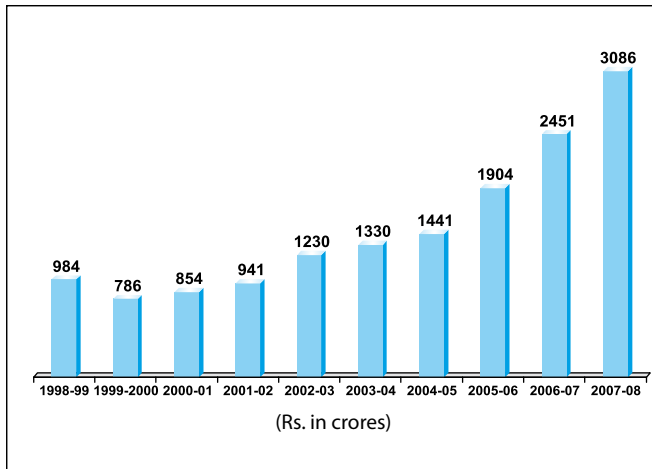
CONTENTS

| | | | |
|---|-------|--|--------|
| Significant Trends at Voltas | 1-2 | Consolidated Financial Statements | |
| Report of the Board of Directors | 3-7 | Auditors' Report | 77 |
| Annexures to the Directors' Report | 8-15 | Balance Sheet | 78 |
| Management Discussion and Analysis | 16-26 | Profit and Loss Account | 79 |
| Report on Corporate Governance | 27-36 | Cash Flow Statement | 80 |
| Auditors' Report | 37-39 | Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account | 81-102 |
| Balance Sheet | 40 | | |
| Profit and Loss Account | 41 | Details of Subsidiary Companies | 103 |
| Cash Flow Statement | 42 | | |
| Schedules forming part of the Balance Sheet and Profit and Loss Account | 43-75 | | |
| Balance Sheet Abstract and Company's General Business Profile | 76 | | |

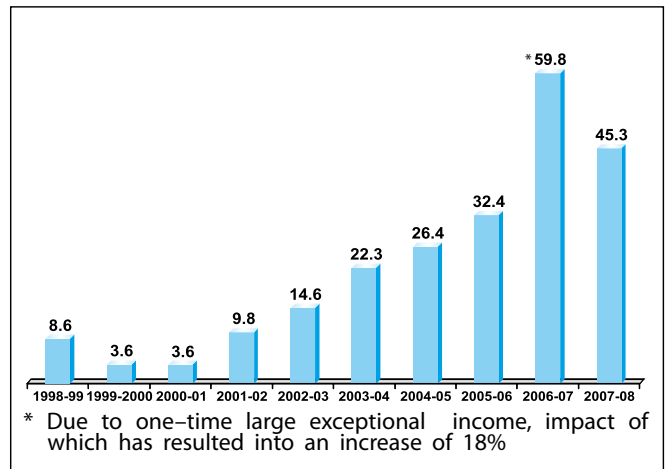


SIGNIFICANT TRENDS AT VOLTAS

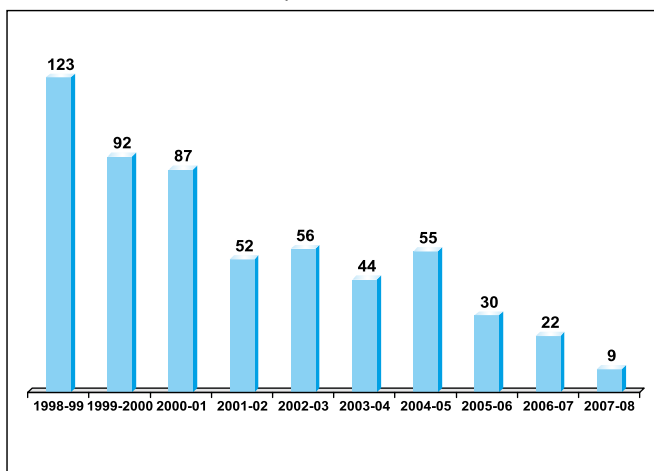
SALES AND SERVICES



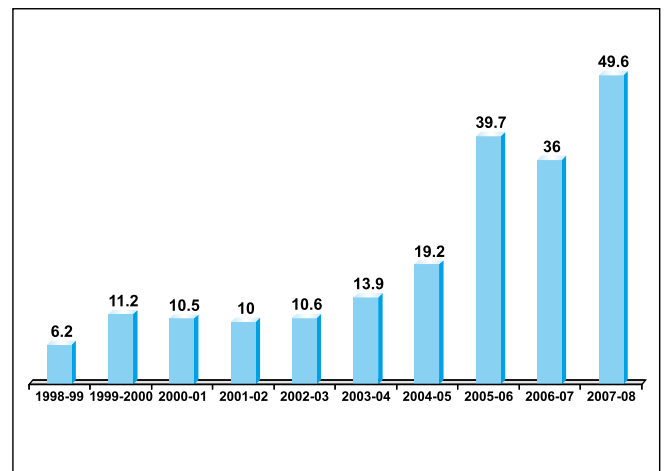
PAT % TO AVERAGE SHAREHOLDERS' FUNDS



DEBT/EQUITY RATIO - %

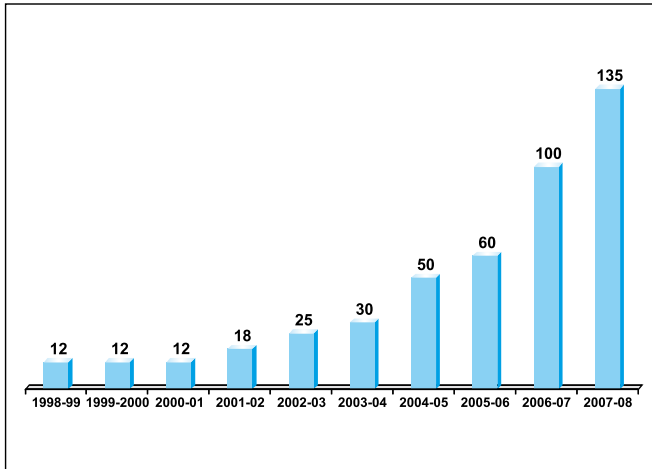


ROCE %

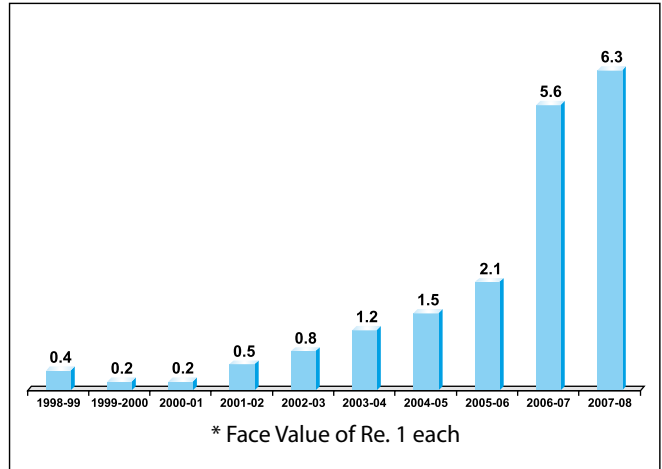


SIGNIFICANT TRENDS AT VOLTAS

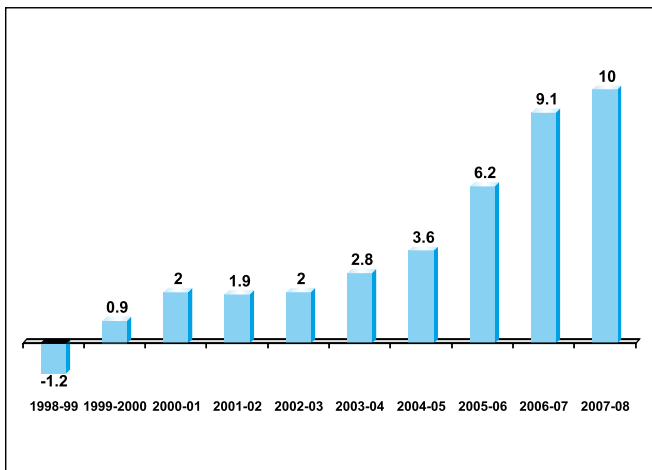
DIVIDEND % ON EQUITY CAPITAL



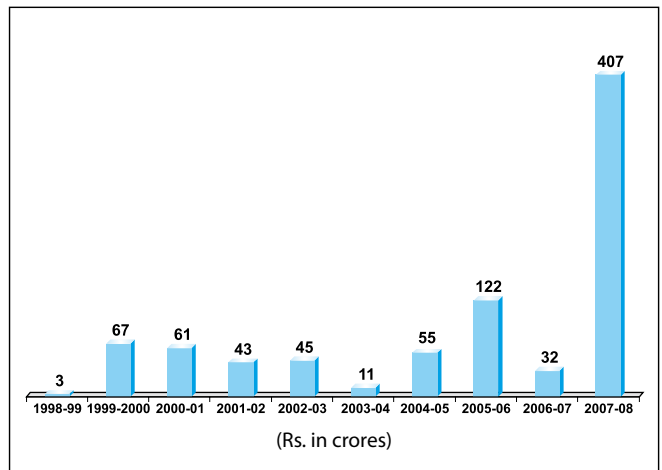
EARNINGS PER SHARE (RS.)*



PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS AS % TO TURNOVER



CASH GENERATED FROM OPERATIONS





REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors have pleasure in presenting their Fifty-fourth Annual Report and the Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

| | 2007-2008 | 2006-2007 |
|--|---------------------|--------------|
| | Rs. in Lakhs | Rs. in Lakhs |
| 2. The Profit for the year after meeting all expenses but before financial items, depreciation and exceptional items | 28253 | 13963 |
| Adjusting from the above: | | |
| Financial items | (869) | (2781) |
| Depreciation | 1356 | 1232 |
| Profit before exceptional items | 27766 | 15512 |
| Exceptional Items | 2987 | 6771 |
| Profit before tax | 30753 | 22283 |
| Deducting provision for taxation including deferred tax | 9917 | 3675 |
| Profit after tax | 20836 | 18608 |
| Adding thereto: | | |
| Balance brought forward from the previous year | 4000 | 2485 |
| Amount transferred from Foreign Projects Reserve | 250 | 344 |
| Profit available for appropriations | 25086 | 21437 |
| Appropriations: | | |
| General Reserve | 14000 | 13566 |
| Proposed Dividend | 4467 | 3309 |
| Tax on Dividend | 759 | 562 |
| Leaving a balance to be carried forward | 5860 | 4000 |

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 needs. The Directors recommend a dividend of 135% for the year 2007-08 (2006-07 : 100%).

OPERATIONS

4. The turnover of the Company has increased by 26% over the previous year to Rs. 3086 crores, mainly contributed by Electro-mechanical Projects and Unitary Products Business.

5. There has been a significant improvement in the profitability of the Company during the year, with an increase of 102% over the previous year in Profit before Financial Items and Depreciation (EBITDA) to Rs. 283 crores against Rs. 140 crores for the year 2006-07. EBITDA margins which were at 5.7% in the previous year, rose to 9.2%.

6. The Profit before Exceptional items and Taxation (PBT) for the year 2007-08 stood at Rs. 278 crores. The PBT for 2006-07 was Rs. 155 crores which included a one-time equity dividend of Rs.12 crores from Simto Investment Company Limited, a subsidiary company, arising from the large profit it earned from sale of one of its investments and interest income of Rs.4 crores on tax refund. If these items are excluded, the PBT of 2006-07 works out to Rs. 139 crores. The growth in PBT of 2007-08 is thus 100%.

7. The Company achieved an operating EPS of Rs. 5.74 per share of Re.1 face value against Rs. 3.13 per share, in the previous year, an increase of 83%.

8. The Engineering businesses witnessed slow down during the year under review. Rupee appreciation against US Dollar and higher interest rates impacted the capital investments in Textiles and Auto/Auto ancillary sectors which adversely affected the Textile Machinery and Machine Tool businesses. Substantial growth in the Materials Handling Business, and in particular, in Forklift market attracted a number of international players in the high-end and low-end sectors resulting in increased competition and an impact on the profitability of this business. However, Mining and Construction business continued to remain buoyant. Electro-mechanical Projects Business, performed well, both in the international and domestic markets and contributed to much

higher turnover and profitability. Even more encouraging was the order booking of Rs. 3736 crores and the carry forward order book position as on 31st March, 2008 was Rs. 4300 crores for this segment, an increase of 79% as compared to Rs.2400 crores per end 31st March, 2007. This augurs well for the future.

9. Most heartening was the performance of Unitary Products Business Group. The closure of Hyderabad facility, introduction of star rated energy efficient products, commencement of a factory for Commercial Coolers in the Excise free zone in Pantnagar, rationalization of product pricing and Rupee appreciation, all combined to give a substantial jump in EBIT (Earnings before interest and tax) margins of this business to 6.58% from 1.82% achieved in the previous year. The entire marketing team had devised a successful strategy for achieving these creditable results, while increasing the market share to 16%. The turnover of the business improved by 37% and volume growth exceeded 30%.

FINANCE

10. The Company's liquidity position remained comfortable during the year. Investments in Mutual Funds stood at Rs. 221 crores per year-end. In addition, cash and bank balances also stood at a comfortable level of Rs. 86 crores. The amounts lying with Non-scheduled banks aggregating Rs.188 crores represent balances held overseas against specific projects which are not available for other purposes.

11. In view of the comfortable liquidity position, the Company was not impacted by the volatility of interest rates in the economy and tightening of liquidity.

12. Net working capital requirements of the Company went up during the year 2007-08 in line with the expansion in various businesses. However, excluding cash and bank balances, the net working capital has actually dropped from Rs. 26 crores to a negative Rs. 84 crores which indicates prudent resource management across the businesses. Improved IT systems have helped control the working capital significantly.

13. Despite Rupee appreciation against US Dollar, the Company's net foreign currency exposure was minimal and was therefore not much impacted by the fluctuations in the exchange rates. The Company has no exposure to derivatives.



REPORT OF THE BOARD OF DIRECTORS, continued

TATA BUSINESS EXCELLENCE MODEL (TBEM)

14. The Company's business excellence journey continues satisfactorily with key focus on total employee involvement. In line with this, several new initiatives such as 5S and Kaizen have been rolled out. Going forward, the Company proposes to undertake comprehensive process improvements as well as several other initiatives which include Six Sigma, innovation and knowledge management. There will also be emphasis on generating a more robust process for the employee engagement across the organization.

15. The Tata Business Excellence Model (TBEM) provides a platform on which the Company continued to strengthen its endeavours towards sustainable improvement in business excellence. The Strategic Planning Process and Balanced Scorecard (BSC) mechanisms proved their value in formulating strategic objectives and goals and ensuring alignment across all the business units of the Company. There has been good progress in TBEM deployment, as indicated by the outcome of the internal/external assessments as a part of the TBEM assessment process, in which certain Business Units of the Company participated. The feedback from these assessments played a vital role in providing useful inputs to the Business Units on areas of improvement. The Company has an adequate number of trained internal assessors to carry out the assessment process effectively.

IT INITIATIVES

16. The strategic outsourcing of the IT function to a specialized consultant has yielded good results in operational areas, with an improvement in Service Level Agreement (SLA) parameters.

17. New IT projects of strategic importance were implemented during the year under review. These include CRM for Unitary Products Business, Business Intelligence for service operations of Textile Machinery Business, SAP/HR & Payroll, project systems for Electro-mechanical and Refrigeration Business and BSC for Corporate. These will be operationalized during the current year.

18. Hosting of a new Data Centre, with state-of-the-art hardware to cater to the increased number of SAP users, was carried out successfully in the premises of a Group Company in Mumbai. This will be of value in yielding better uptime and processing speed for the ever-increasing demands of businesses.

COMMUNITY DEVELOPMENT AND ENVIRONMENTAL PROTECTION

19. There was a significant degree of enhancement in volunteering activity among Voltas employees, serving numerous identified causes by donating their time and talents. For the Akanksha mentoring programme, now in its 7th year, several consultative meetings were held with a view to improving the mentoring process and outcomes. A Leadership Programme was conducted for the mentally and physically challenged children of the ANZA Special School, which was highly appreciated by the parents. The children of Our Lady's Home, an orphanage for boys, were given special coaching classes in mathematics, ensuring good results in the SSC examinations. At Ma Niketan, an orphanage for girls, Voltas continued its efforts in cultivating 1.5 acres of land to grow vegetables towards self-sufficiency at home. Voltas spearheaded the training of key volunteers for Tata Council for Community Initiatives (TCCI), Mumbai Region.

20. In its Core Competency Project, which Voltas partners with Joseph Cardijn Technical School in Mumbai to impart hands-on technical education to the underprivileged and those not academically inclined, the 12th batch of successful students graduated. Voltas also conducted a special batch in 2007 for the youth of Assam in which 10 students completed the course successfully and were awarded certificates. Soft skills training was introduced in personality development, smart thinking and customer care. An appreciation letter was received from the Government of Assam.

21. The Voltas Organisation of Women (VOW), exclusively run by lady employees and the wives of male employees, continued to reach out to the underprivileged by way of educational and medical relief. Two new projects were taken up, the Brihaspati Academy at Pantnagar and vocational training at Regina Pacis in Mumbai, with focus on the upliftment of tribal women.

22. The Company also extended financial support in the form of donations and contributions to institutions, including the TCCI, VOW, Leslie Sawhny Endowment, Cancer Patients Aid Association, Yusuf Meherally Centre, Our Lady's Home for Boys and Bombay Environmental Action Group.

GLOBAL COMPACT

23. The Company had earlier signed the Global Compact with United Nations. The Compact lays down ten key

REPORT OF THE BOARD OF DIRECTORS, continued

principles based on universally agreed and internationally applicable values and goals in the areas of Human Rights, Labour Standards and Environment. Workshops were conducted to enhance the awareness regarding Global Compact among the employees.

CORPORATE SUSTAINABILITY REPORT

24. In the year under review, the Company embarked upon a new 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. While the Company was already working towards sustainability by instituting systems for balancing the needs of all stakeholders as enshrined in the Tata Business Excellence Model, the GRI framework brings in a sharper focus on the implications of the emergent global debate on sustainable development for Voltas' businesses. The Company has extended the framework of Sustainability Report to all its Divisions and Establishments.

STATEMENT OF EMPLOYEES' PARTICULARS

25. 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

26. As per the directions given by the Central Government, the Company has, based on an application made, received the Government's 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, 2009 in respect of refrigerator products manufactured by the Company.

SUBSIDIARIES AND JOINT VENTURES

27. Pursuant to the Accounting Standard - 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, VIL Overseas Enterprises B.V. (VOEBV), Voice Antilles N.V. (VANV), Weathermaker Limited (WML), Simto Investment Company Limited (Simto) and Auto Aircon (India) Limited. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a 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, 2008 (31st December, 2007 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.

28. Metrovol and VOEBV had reported higher turnover/income as compared to the previous year and Metrovol, VOEBV and VANV (foreign subsidiaries) have also paid/declared dividends.

29. Universal Comfort Products Private Limited (UCPL), a joint venture company between Voltas and Fedders is engaged in the business of manufacturing air conditioners and has its plants at Dadra and Pantnagar in Uttarakhand. 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. Fedders have agreed to divest and offered their entire shareholding in UCPL to Voltas Limited for a consideration upto Rs. 750 lakhs (including refund of share application money), subject to requisite approvals/clearances in that behalf. Upon transfer of shares, UCPL would cease to be a joint venture company and become a wholly owned subsidiary of the Company. In view of substantial volume growth in Unitary Products business and the cost increases in imported products, UCPL is expected to be a significant source of procurement for the Company.

30. Saudi Ensas Company for Engineering Services WLL (Saudi Ensas), a joint venture company incorporated in Jeddah, Kingdom of Saudi Arabia (KSA), has a paid-up capital of SR 2.600 million. The Company along with its subsidiary holds 49% of the capital and the balance 51% is held by the local partner. Saudi Ensas is engaged in the execution and operations/maintenance of electro-mechanical installations in KSA and has for the past few years incurred losses and its liabilities are in excess of its assets. As part of rehabilitation/financial restructuring, the local partner has agreed to transfer its entire 51% shareholding in Saudi Ensas to Voltas for 'Nil' consideration. The transfer of shares is subject to statutory approvals and legal process in KSA and India. Upon completion of the legal process, Saudi Ensas would cease to be a joint venture company and become a wholly owned subsidiary of the Company. KSA provides good opportunity to the Company's international Electro-mechanical business and with full ownership of Saudi Ensas, the Company would be able to leverage its market reputation to gain a reasonable share of these opportunities in the coming years.



REPORT OF THE BOARD OF DIRECTORS, continued

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

31. 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, 2008.

DIRECTORS' RESPONSIBILITY STATEMENT

32. 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 their recommendations 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

33. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' 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

34. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Nasser Munjee, Mr. Ravi Kant and Mr. N. D. Khurody retire by rotation and being eligible, offer themselves for re-election.

AUDITORS

35. At the Annual General Meeting, members will be required to appoint Auditors for the current year. Messrs. Deloitte Haskins & Sells, the present Auditors of the Company have, pursuant to Section 224(1B) 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 Branch Auditors of the Company in consultation with the Company's Auditors. In this connection, the attention of the members is invited to Item No.6 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

GENERAL

36. 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, 15th May, 2008

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, 2008.

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

| | |
|---|--|
| A.R. SURESH KUMAR*, 42, DY. PROJECT DIRECTOR, UNITED ARAB EMIRATES, 2533272, 2533272, B.TECH (MECH.) 3/7/2007, 19, SAUDI ENSAS CO. LTD., MANAGER OPERATIONS, (9 YEARS) | BHOLE RAHUL, 37, PROJECT MANAGER, UNITED ARAB EMIRATES, 2882842, 2882842, B.E.(MECH.), 5/10/1998, 16, KIRLOSKAR PNEUMATIC CO. LTD., ASSISTANT MANAGER, (6 YEARS) |
| ACHARYA RANATOSH*, 59, MANAGER-F&C, 1704720, 1325227, B.SC., 2/5/1972, 36, NIL | BILGI SATISHCHANDRA, 56, VICE PRESIDENT & CIO (IT), 3991162, 2427949, B.SC., DIPLOMA IN O&M, M.M.M., 2/7/2001, 7, HIRANDANI SOFTWARES & SYSTEMS, VP(IT), (10 MONTHS) |
| AHLUWALIA MADHU*, 61, ASSISTANT OFFICER - F&C, 661521, 592143, B.A., 17/3/1972, 35, AVERY INDIA LTD., SECRETARY, (3 YEARS) | C. P. RAJENDRA KUMAR*, 45, SR. PROJECT MANAGER-UNITED ARAB EMIRATES, 291774, 291774, B.TECH (ELECT.) MBA, 20/2/2008, 18, AL MULLA BROTHERS LLC, SENIOR ENGINEER - ELECTRICAL, (1 YEAR) |
| ANBALAGAN ALAGURENGASAMY*, 51, ASSISTANT GENERAL MANAGER-HR, 958733, 763238, B.A., M.A., LL.B., D. LAB. 15/6/1995, 26, LARSEN & TOUBRO LTD., IRO, (14 YEARS) | CANALES DIONESIO C.*, 48, PROJECT MANAGER ELECTRICAL, QATAR BRANCH, 223279, 223279, B.SC., ELEC. ENGG, 3/2/2008, 23, SAUDI OHER LTD., PROJECT ENGINEER, (7 YEARS) |
| ALMEIDA DEEPAK*, 34, PROJECT MANAGER (HVAC), QATAR BRANCH, 650747, 650747, B.E. (MECH.), 1/3/2008, 12, ARABIAN CONSTRUCTION COMPANY, PROJECT CO-ORDINATOR, (1 YEAR) | CH SUBBA RAO*, 61, CHIEF MANAGER-COMMERCIAL, 1820536, 1271695, B. COM., C.A. (INTER), 21/1/1976, 35, BIG COMML. UNDERTAKING, CHIEF ACCOUNTANT, (3 YEARS) |
| AMAR BAPU O. N. R., 50, GENERAL MANAGER-OPERATIONS, 2664460, 1725769, B. TECH., M.E., 1/8/1983, 25, THE MAFATLAL FINE SPG. & MFG. CO. LTD., TECHNICAL TRAINER, (1 YEAR) | CHAKRABORTY PINAKI*, 45, MANAGER-F&C, 848181, 629032, B.COM., M.COM., FICWA, 1/3/2000, 17, BATLIBOI LTD., ASST. COMML. MGR., (3 YEARS) |
| AMARNATH R., 55, SENIOR GENERAL MANAGER-EM&RBG, 2752859, 1632954, B.E., 15/7/1981, 31, THERMAX PVT. LTD., ERECTION & SERVICE ENGR, (5 YEARS) | CHAKRAVORTY CHANDRASHEKHAR*, 61, REGIONAL MANAGER-CENTRAL-(MHBD), 1662058, 1278882, D.M.E, 17/1/1974, 36, NIL |
| BAKSHI PRADEEP, 46, VICE PRESIDENT-SALES & MARKETING, 2733995, 1820563, B. SC., D. M. M., 23/11/2001, 25, ELECTROLUX KELVINATOR LTD., SENIOR MANAGER, (6 YEARS) | CHAUBE N.R., 50, CFO - EM&RBG, 2630829, 1612450, A.C.S., I.C.W.A., 2/11/1998, 31, MERIND LTD, GENERAL MANAGER- OPERATIONS, (13 YEARS) |
| BALASUBRAMANIAM V.*, 59, PROJECT DIRECTOR; BAHRAIN BRANCH, 6055208, 6055208, DIP. MECH., 15/4/2006, 36, TURNER INTERNATIONAL LLC, DUBAI, MEP MANAGER, (1 YEAR) | CHAUHAN ANUPAM*, 39, ASST. GENERAL MANAGER-SPECIAL PROJECTS, 641988, 506190, B.E., P.G.D.P.M., 7/7/2001, 16, AMTRES HITACHI, SALES MANAGER, (1 YEAR) |
| BEHAL TARUN, 35, CHIEF PROJECT MANAGER, QATAR BRANCH, 3320983, 3320983, B.E.(MECH.), M.B.A., 26/3/2002, 13, INTERNATIONAL ELECTRON DEVICES, PROJECT ENGINEER, (1 YEAR) | CHHABRA JAGDISH*, 51, AREA MANAGER - CUSTOMER CARE, 589653, 507356, M.E., 15/7/1983, 24, NIL |
| BHAGWAT ASHISH, 37, SR. PROJECT MANAGER-MARKETING, QATAR BRANCH, 3194810, 3194810, M.E.(MECH.), 3/1/2002, 12, SNEHAL A/C & R. PVT. LTD., PROJECT ENGINEER, (1 YEAR) | DANDEKAR SATISH, 52, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 6164786, 6164786, B.E. (MECH.) 6/5/1988, 29, BLUE STAR LTD., SR. SALES ENGINEER, (1 YEAR) |
| BHALERAO SUDHIR*, 51, GENERAL WORKS MANAGER, 966771, 695929, B.E.(MECH), M.M.S., 4/10/2007, 13, ASSOCIATED CAPSULES PVT. LTD., GENERAL MANAGER, (12 YEARS) | DESAI NIKHIL*, 50, BUSINESS DEVELOPMENT MANAGER, 670279, 600396, B.E.(CIVIL), 10/2/1992, 26, BHARAT PETROLEUM CORPORATION LTD., SITE-IN-CHARGE, (10 YEARS) |



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, 2008 (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 I - MANAGEMENT STAFF (Contd.)

| | |
|--|--|
| DESHMUKH VINOD, 46, DY. GENERAL MANAGER, CENTRAL PROCUREMENT, UNITED ARAB EMIRATES, 3946402, 3765176, B.E., MECH, 13/9/1985, 25, BLUE STAR LTD., TECHNICAL & ADMINISTRATIVE PROFESSIONAL II, (2 YEARS) | GAURAV MALIK*, 33, SENIOR MARKETING MANAGER, 561675, 458533, B.COM., P.G.D.P.M., 15/5/2000, 8, INFOTECH COMPUTERS INSTITUTION, MARKETING EXECUTIVE, (1 YEAR) |
| DEY S., 49, CHIEF PROJECT MANAGER, QATAR BRANCH, 4258408, 4258408, D.M.E., 2/7/2002, 28, EMIRATES TRADING AGENCY, PROJECT MANAGER-PLUMBING (6 YEARS) | GEHANI SANJAY, 40, PROJECT MANAGER, UNITED ARAB EMIRATES, 3581916, 3581916, B. E., (ELEC.), 14/7/1992, 18, NIL |
| DHARWATKAR SACHIN*, 35, PROJECT MANAGER, UNITED ARAB EMIRATES, 1283083, 1283083, B.E.(ELEC.), 19/9/2007, 15, YATEEM AIRCONDITIONING CO. LLC, MANAGER ELECTRICAL, (7 YEARS) | GHAG S., 60, SENIOR GENERAL MANAGER-EM&RBG, 2856395, 1748528, B.SC ENGG., 1/2/1978, 37, INTERNATIONAL TRACTOR CO OF INDIA LTD., JUNIOR ENGINEER, (5 YEARS) |
| DHAWAN MUKESH*, 52, SR. PROJECT MANAGER, QATAR BRANCH, 2563229, 2563229, D.M.E., 12/5/2007, 31, HITACHI PROJECT TECHNOLOGIES, PROJECT MANAGER, (1 YEAR) | GHANEKAR PRASHANT, 41, FINANCIAL CONTROLLER, BAHRAIN BRANCH, 2759733, 2759733, B. COM., A.C.A., 7/2/2002, 18, BOSTON EDUCATION & SOFTWARE TECHNOLOGIES LTD., MANAGER ACCOUNTS, (1 YEAR) |
| DHONDE M. S., 48, REGIONAL FINANCIAL CONTROLLER, MIDDLE EAST REGION, 5666483, 5666483, B.COM., A.C.A., 1/2/1988, 25, BATLIBOI & PUROHIT, CHARTERED ACCOUNTANTS, SENIOR ASSISTANT, (5 YEARS) | GHOSH RANJANKUMAR*, 53, MANAGER (HVAC), UNITED ARAB EMIRATES 1389412, 1110314, B.SC., (ELEC.), 31/7/1978, 30, NIL |
| DHUME P. N., 60, EXECUTIVE VICE PRESIDENT & COO-(IOBG), 6845310, 4366596, B.E. (ELEC.), D.B.M., P.G.D.I.M., M.F.M., 11/2/1975, 34, LARSEN & TOUBRO LTD., JUNIOR ENGINEER, (1 YEAR) | GILLASPY JOHN, 61, CONSTRUCTION MANAGER, BAHRAIN BRANCH, 3837038, 3837038, DIP. ENGG., 4/6/2006, 40, EMIRATES TRADING AGENCY, M & E CONSTRUCTION MANAGER, (1 YEAR) |
| D'SOUZA RALPH, 42, BUSINESS DEVELOPMENT MANAGER, UNITED ARAB EMIRATES, 4841480, 4841480, B.E.(ELEC.), 14/10/1991, 19, GENERAL ELECTRIC COMPANY, PROJECT ENGINEER, (2 YEARS) | GOLE ANIL, 48, VICE PRESIDENT (HUMAN RESOURCE), 4426745, 2425497, B.SC., M.L.S., 1/6/2001, 7, OTIS INDIA LTD., GM-HR, (8 MONTHS) |
| DUGGAPPA AMIN*, 61, ASSISTANT SECURITY OFFICER, 216153, 151719, S.S.C., 7/5/1998, 39, GARWARE POLYSTERS, SECTIONAL SUPERVISOR, (2 YEARS) | GOPALAKRISHNAN RADHIKA*, 36, SENIOR MANAGER-F&C, 933373, 718425, A.C.A., 6/3/2000, 13, E-MERCK (I) LTD., ASST MGR - ACCTS, (2 YEARS) |
| FU SEE KWONG FRANK, 59, GENERAL MANAGER, HONG KONG BRANCH, 4366310, 4304150, B.SC., 19/9/2001, 34, SHUN CHEONG ENGINEERING LTD., DIRECTOR, (2 YEARS) | GOPIKRISHNA M., 49, VICE PRESIDENT (OPERATIONS) - EM&RBG, 3754129, 2365625, B.E., M.E., 19/6/1983, 25, NIL |
| GAJANAN DIXIT*, 61, PROJECT ENGINEER, 916205, 745007, ITI, 1/11/1977, 30, BOMBAY TEXTILE RESEARCH ASSOCIATION, MECHANICAL CUM JUNIOR ELECTRICIAN, (7 YEARS) | GRACIAS XAVIER, 46, PROJECT MANAGER-UNITED ARAB EMIRATES, 2548306, 2548306, D.M.E., 1/6/2000, 27, TECHNO FIRE CONTROL LTD., DESIGN ENGINEER, (10 YEARS) |
| GANESAN V.*, 45, FINANCIAL CONTROLLER, QATAR BRANCH, 1551433, 1551433, F.C.A., 18/9/2007, 23, EMAM DISTRIBUTORS CO. LTD., FINANCIAL ADVISOR, (6 YEARS) | HIBBITT STANLEY, 62, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 5662213, 5662213, B.SC., ELEC. ENGG, 5/4/2003, 30, BIRSE STADIA, HULL, M & E MANAGER, (1 YEAR) |
| GARUDACHAR B.N., 52, GENERAL MANAGER-CCD, 2476829, 1567769, B.SC., 13/8/1990, 18, BLOW PLAST LTD., MANAGER: ADVERTISING & PUBLIC RELATIONS, (5 YEARS) | IQBAL MOHD FAIZAN, 40, SR. PROJECT MANAGER-MECHANICAL, UNITED ARAB EMIRATES, 3949971, 3949971, B.SC., ELEC. ENGG, 17/5/1993, 18, USHA MARTIN INDUSTRIES LTD., TRAINEE ENGINEER, (1 YEAR) |
| | JOHRI SANJAY, 55, EXECUTIVE VICE PRESIDENT & COO, (UPBG, M&CE & MHBD), 6636270, 3189579, B.A.(HONS), M.A, 6/9/2004, 33, RDI PRINT & PUBLISHING LTD., MD, (25 YEARS) |

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, 2008 (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 I - MANAGEMENT STAFF (Contd.)

| | |
|---|---|
| JOSE RAVELO*, 42, QUANTITY SURVEYOR, QATAR BRANCH, 2113126, 2113126, B.SC., CIVIL ENGG, 14/6/2007, 21, TYCO, QUANTITY SURVEYOR, (2 YEARS) | KHETRAPAL SANJAY*, 36, PROJECTS MANAGER, 340049, 236855, B.E., 3/2/2001, 14, BLUE STAR LTD., PROJECT ENGINEER, (7 YEARS) |
| JOSHI A.K., 55, EXECUTIVE VICE PRESIDENT & COO,(EM&RBG), 5275571, 2725437, B.E. (MECH.), 8/6/1979, 29, KIRLOSKAR PNEUMATIC CO. LTD., PROJECT ENGINEER, (4 YEARS) | KHURANA SURENDRA KUMAR, 51, SR. PROJECT MANAGER, UNITED ARAB EMIRATES, 2413393, 2413393, B.SC. ELECT. ENGG, 13/5/2007, 27, MIDMAC CONTRACTING, PROJECT ENGINEER, (14 YEARS) |
| K. K. PADMASHALI*, 61, EXECUTIVE ASSISTANT, 836792, 702708, B.COM., L.L.M., P.G.D.B.M., 8/11/1971, 37, PAIRS METAL CORPORATION PVT. LTD., STENO TYPIST, (1 YEAR) | KHWAJA SAEED, 48, PROJECT ENGINEER, UNITED ARAB EMIRATES, 2599190, 2599190, B.SC., B.E. (ELECT.), 21/9/2005, 23, CHASE CONTRACTING, PROJECT MANAGER, (2 YEARS) |
| KALRA AMARPAL*, 40, OPERATIONS INCHARGE, 1225881, 861411, B.E., 25/1/1992, 16, NIL | KRISHNAN P.K., 45, ACCOUNTS & ADMIN. OFFICER, UNITED ARAB EMIRATES, 2560395, 2560395, B.COM., D.M.S., 2/4/2003, 25, ELGI EQUIPMENTS LTD., SENIOR ASSISTANT, (10 YEARS) |
| KANCHAN SANYAL, 52, PROCUREMENT MANAGER, UNITED ARAB EMIRATES, 2570049, 2508891, D.M.E., 6/4/1979, 29, BHARAT ALUMINIUM COMPANY, TRAINEE ENGINEER, (1 YEAR) | KROWIDI RAJA SEKHAR*, 34, ALL INDIA COMMERCIAL MANAGER - MTD, 300637, 255581, B.COM., M.COM., I.C.W.A.I., 17/1/2008, 8, STRIDES ARCOLAB LTD., MANAGER - FINANCE, (10 YEARS) |
| KANITKAR U.*, 40, PROJECT ENGINEER, 287427, 264205, D.M.E., 19/11/1990, 17, UTILITY ENGG. (I) LTD., A.C. TECHNICIAN, (2 YEARS) | KULKARNI SUBHASH*, 59, ASSISTANT GENERAL MANAGER - SOURCING, 2515662, 1889273, B.E., 1/7/1976, 33, MAHINDRA UGINE STEEL COMPANY LTD., TRAINEE ENGINEER, (2 YEARS) |
| KANNAN C. P., 58, LOGISTICS INCHARGE, UNITED ARAB EMIRATES, 2465607, 2465607, B.COM., D.M.E., P.G.D.M., 4/10/2004, 38, BEST & CROMPTON, DY. GENERAL MANAGER, (8 YEARS) | KUMAR AMOD, 52, SR. CONSTRUCTION MANAGER, QATAR BRANCH, 3908298, 3908298, B.E.(ELEC.), 23/9/2002, 28, EMIRATES TRADING AGENCY, PROJECT MANAGER-PLUMBING, (6 YEARS) |
| KARANTH P. N. S., 45, PROJECT MANAGER-MECHANICAL, BAHRAIN BRANCH, 3313222, 3313222, B.E., (MECH.), 1/10/2001, 23, EMIRATES VOLTAS LLC., PROJECT MANAGER, (1 YEAR) | LARI KHALID, 38, PROJECT MANAGER, UNITED ARAB EMIRATES, 3329475, 3329475, B.TECH, (ELEC.), 14/4/1998, 16, TAYLOR WOODROW, ELECTRICAL CO-ORDINATOR, (8 YEARS) |
| KARKARE PRASHANT, 51, VICE PRESIDENT-BUSINESS IMPROVEMENT, 2756979, 1653757, L.L.B. (GEN), F.C.S., C.A. (INTER), 21/11/1996, 38, TATA SERVICES LIMITED, VP & CO. SECY, (10 YEARS) | LAWRENCE ANDREW*, 59, COMMERCIAL MANAGER, UNITED ARAB EMIRATES, 2736730, 2736730, GUILFORD TECHNICAL COURSE, 21/11/2006, 41, DRAKE & SKULL, BID & DESIGN MANAGER, (4 YEARS) |
| KARNIK ASHOK*, 61, ASSISTANT OFFICER-ACCOUNTS, 770100, 646783, B.COM., 5/6/1970, 37, NIL | M. S. GANESH*, 59, CHIEF MANAGER - PLANT ENGG., 1188984, 946465, B.E., 7/12/1979, 35, THIRU AROORAN SUGARS LTD., SHIFT ELECTRICAL ENGINEER, (7 YEARS) |
| KESKAR A. N.,* 61, ALL INDIA COMMERCIAL MANAGER, 1540506, 1207435, B. SC., 22/9/1966, 41, NIL | MAHAJAN R. P., 58, VICE PRESIDENT (PDC & WMBD), 3545737, 2066085, B.TECH.(AGRICULTURAL ENGG.), 24/12/1975, 32, NIL |
| KHANDEKAR MANISH*, 39, SR. MANAGER-BUSINESS DEVELOPMENT & EXCELLENCE, 403145, 357638, B.E.(CHEM.), 17/4/1995, 15, HICO PRODUCTS LTD., SALES CO-ORDINATING OFFICER, (2 YEARS) | MALHOTRA V. P., 44, GENERAL MANAGER-TAXATION & COMPANY SECRETARY, 3017002, 1880538, B. COM., A.C.S., A.C.A., 18/7/1988, 23, DALAL DESAI & KUMANA, CHARTERED ACCOUNTANTS, EXECUTIVE, (2 1/2 YEARS) |
| KHANNA DINESH*, 43, PROJECT MANAGER, UNITED ARAB EMIRATES, 2036337, 2036337, B.E., MECH, 1/8/2006, 20, UNIVERSAL VOLTAS L.L.C., PROJECT MANAGER, (6 YEARS) | |



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, 2008 (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 I - MANAGEMENT STAFF (Contd.)

| | |
|---|--|
| MANAY L. S., 44, CONSTRUCTION MANAGER, SINGAPORE BRANCH, 4310469, 4027936, B.E., D.E.E., 7/1/1986, 26, ARMATIC ENGG. ERECTION ENGINEER, (3 YEARS) | NAWATHE AMOGH*, 39, ASSISTANT GENERAL MANAGER-ELECTRICAL, WEST ZONE, 786367, 539323, B. E (ELECT), 29/8/2007, 18, SIEMENS LTD., SR. MANAGER - PROJECTS, (1 YEAR) |
| MANDAL ANUP KUMAR*, 46, CHIEF PROJECT MANAGER, 734156, 548169, B.TECH.(EL), 22/11/1993, 21, TATA KORF ENGG. SERVICES LTD., PROJECT ENGINEER, (8 YEARS) | NOORANI NAUSHAD, 44, GENERAL MANAGER-LEARNING & DEVELOPMENT, 2637490, 1788815, B. COM., M.M.S., 3/9/2001, 19, SODEXHO PASS SERVICES INDIA PVT. LTD., HR-HEAD, (12 YEARS) |
| MATHEW JACOB E, 43, ASST. MANAGER ACCOUNTS-QATAR BRANCH, 2419773, 2419773, B.COM., 11/1/1989, 22, ELDE ELECTRICAL AGENCIES PVT. LTD., ACCOUNTS ASSISTANT, (2 YEARS) | NUTI VENKATA SRIDHAR*, 44, HEAD-CONTRACTS ADMINISTRATION, 1288400, 912782, M.P.M., LL.B., P.G.D.M., 10/2/1997, 11, BULL POWER SYSTEM LTD., DY. MANAGER-HRD, (2 YEARS) |
| MAZUMDAR RANDHIR*, 45, MANAGER HUMAN RESOURCES-QATAR BRANCH, 369879, 369879, M.S.C.,P.G.D.B.A;P.G.D.H.R.M, 7/2/2008, 22, INDIAN ARMED FORCES, COLONEL, (22 YEARS) | PAHADE PRASANNA, 34, GENERAL MANAGER-CORPORATE PLANNING, 2814220, 1806865, B.E., PGDM., 1/6/2004, 10, TATA STRATEGIC MANAGEMENT GROUP, CONSULTANT (4 YEARS) |
| MENON SURENDRANATH E., 55, PROJECT MANAGER-UNITED ARAB EMIRATES, 2522700, 2522700, B.SC. ENGG, 10/3/2004, 29, SENAIRE SERVICES, PROJECT ENGINEER, (10 YEARS) | PALIT SUMAN*, 39, SENIOR SALES MANAGER, 942800, 773926, B.SC.(TECH), 7/10/1993, 14, NIL |
| MIR SHAUKAT ALI, 50, REGIONAL DIRECTOR-MIDDLE EAST REGION, 8549978, 8549978, B.E. (MECH.), 13/5/1983, 25, NIL | PANT C. D., 53, REGIONAL MANAGER, QATAR BRANCH, 9516302, 9516302, B.TECH.(ELECT.), 1/4/2002, 29, TURNER STEINER INTERNATIONAL, CONSULTING ENGINEER(M&E), (3 YEARS) |
| MISHRA ASIS*, 42, HEAD-STRATEGIC SOURCING, 849598, 677028, B.E. (MECH.), 6/8/2007, 1, SAMCOR GLASS LTD., DIVISIONAL MANAGER - MATERIAL, (3 YEARS) | PARAB AJIT*, 41, ENGINEERING MANAGER, 782496, 659294, AMIE, 4/11/1988, 19, NIL |
| MIYAJIWALA M. M., 57, EXECUTIVE VICE PRESIDENT (FINANCE), 5221669, 2912191, B.A., LL.B., A.C.A., 2/5/1980, 37, DARA SORABJI, OFFICE INCHARGE, (1 1/2 YEARS) | PARAB PRADEEP*, 52, ASSISTANT WORKS MANAGER, PANTNAGAR, 536144, 502355, M.E., 1/8/1988, 28, GABRIEL INDIA LTD., SR. PRODUCTION ENGINEER, (3 YEARS) |
| MUJUMDAR PRAKASH*, 38, ASSISTANT MANAGER - VENDOR DEVELOPMENT, 226600, 201762, B.E., 14/9/2005, 14, CELETRONICS INDIA P. LTD., MANAGER - VENDOR DEVELOPMENT, (1 YEAR) | PATES JAMES*, 36, ASSISTANT MANAGER-SALES, 641628, 497933, B.TEXT., D.T.T., 4/7/1995, 12, NIL |
| MULLATH VIJAYAKUMAR, 56, GENERAL MANAGER-CORPORATE HR, 2448977, 1459310, B. SC., LL.B., MSWL, 3/3/1980, 33, UNION BANK OF INDIA, PERSONNEL OFFICER, (3 YEARS) | PATIL INDRANIL*, 41, SALES ENGINEER, 249500, 223762, D.M.E., 4/7/1994, 12, NIL |
| MURTHY D.S., 43, SR. PROJECT MANAGER-UNITED ARAB EMIRATES, 3258205, 3258205, B.E., (CIVIL), 6/9/1989, 22, B.E. BILLIMORIA & CO., SITE ENGINEER, (3 YEARS) | PATIL S. N., 40, CHIEF PROJECT MANAGER, QATAR BRANCH, 3515818, 3515818, B.E.(MECH.), D.M.E, 26/3/2002, 17, NIL |
| NAGPAL RAJESH*, 43, SR.MANAGER-COMM.REFRIGERATION PRODUCTS, 883475, 681502, B.S.C., 7/10/2002, 5, CARRIER AIRCON LTD., REGIONAL MANAGER, (12 YEARS) | PRABHUAJGAONKAR B. G., 50, CFO-IOBG, 2721414, 1719650, B. COM., A.C.A., 1/2/1984, 27, L. K. MANJREKAR & CO., ACCOUNTS ASSISTANT, (3 YEARS) |
| | PRADHAN AMOL*, 40, ASSISTANT WORKS MANAGER, 563086, 488480, M.M.S., D. B. M., B.E. 1/11/1994, 22, PREMIER AUTOMOBILES LTD., SALES ENGINEER, (4 YEARS) |

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, 2008 (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 I - MANAGEMENT STAFF (Contd.)

| | |
|---|--|
| PRADHAN VIKAS*, 61, GENERAL MANAGER, 2918295, 1893942, B.E.(ELECT.), 28/7/1983, 38, BHARAT HEAVY ELECTRICALS LTD., ERECTION & COMMISSIONING-POWER, (10 YEARS) | SHAJI RASKIN*, 38, SENIOR PRODUCT MANAGER, 1165661, 923475, B.TECH., P.G.D.B.M., M.B.A., 1/7/1991, 16, NIL |
| PRASAD SITARAM*, 45, ASSISTANT OFFICER- F&C, 644307, 634173, B.COM., 1/2/1996, 18, ARISTO PHARMACEUTICALS LTD., BRANCH ACCOUNTANT, (6 YEARS) | SHAJU V. C., 39, DY.GENERAL MANAGER, HUMAN RESOURCES, UNITED ARAB EMIRATES, 3626486, 3476252, B.A., B. PHIL.MSW, 6/8/2006, 16, B.BRAUN MEDIAL (I) PVT. LTD., MANAGER - HR, (4 YEARS) |
| PRITMANI S., 50, GENERAL MANAGER-FAR EAST & SOUTH EAST ASIA REGION, SINGAPORE, 9311157, 8893620, B.E. (MECH.), 9/2/1984, 27, BATLIBOI ENGINEERS LTD., PROJECT ENGINEER, (3 YEARS) | SHARAN VIKAS*, 41, MARKETING MANAGER-ENGG PRODUCTS, 201066, 201066, B.TECH., 3/8/1993, 14, NIL |
| RAMACHANDRAN K.C.*, 59, SENIOR COMMERCIAL EXECUTIVE, 942162, 792901, B.A., LL.B., 10/8/1983, 35, I.C.A.C. LTD., SR. STENOGRAPHER, (11 YEARS) | SHARAN S. K., 54, GENERAL MANAGER-OPERATIONS, 2433914, 1521967, B.E., PGDBM, 15/7/1998, 37, J.B. ADVANI & COMPANY, GENERAL MANAGER - INTERNATIONAL BUSINESS, (25 YEARS) |
| RANE SANDEEP*, 42, PROJECT MANAGER, HONG KONG BRANCH, 1017870, 955710, B.E. (MECH.), 1/3/2002, 15, CHOUGULE ENGINEERS LTD., PROJECT ENGINEER, (2 YEARS) | SHARMA GOPAL, 47, SR. MANAGER BUSINESS EXCELLENCE, UNITED ARAB EMIRATES, 3809958, 3809958, B.E.(MECH.), 1/8/2002, 24, SHAIKH SUROOR OFFICE, MANAGER, (3 YEARS) |
| RAO KUTUMBBA*, 42, DEPUTY GENERAL MANAGER-WEST, 348663, 311176, B.E.(MECH), 10/4/2002, 19, CARRIER AIRCON LTD., REGIONAL SALES MANAGER, (5 YEARS) | SHARMA HARISH, 48, PLANNING & QA/QC MANAGER, QATAR BRANCH, 4427331, 4427331, B.E.(MECH.), 15/7/2002, 24, EMIRATES TRADING AGENCY, SR. ENGINEER, (4 YEARS) |
| ROY DIPAK, 59, GENERAL MANAGER (CHEMICALS), 2699058, 1666139, M.SC., P.G.D.M., 24/6/1974, 34, NIL | SHARMA SHAMBHU PRASAD*, 60, OFFICER-PARTS, MERCHANDISING, 1032200, 823125, S.S.C., 27/7/1978, 44, ONGC, NGRI, (14 YEARS) |
| SAMPATH D., 53, DIRECTOR-PROJECTS, UNITED ARAB EMIRATES, 7787239, 7787239, D.M.E., 24/5/2002, 33, BUMI JAYA CORPN. SDN. BHD, GENERAL MANAGER, (11 YEARS) | SHARMA SUDHIR, 56, VICE PRESIDENT-MARKETING, 2804504, 1629150, B.TECH., 7/6/1978, 32, NATIONAL TEXTILE CORPORATION, MANAGEMENT TRAINEE, (2 YEARS) |
| SANYAL ASHIM, 49, PROJECT MANAGER, BAHRAIN BRANCH, 2549028, 2549028, B.S.C., MECH., 4/10/2006, 25, VANDERWELL ENGINEER MASSACHUSSETS, MECHANICAL ENGINEER, (1 YEAR) | SHERUGAR KESHAV, 38, PROJECT MANAGER, UNITED ARAB EMIRATES, 2715739, 2715739, DIP. IN COMPUTER, B.E. (ELEC.), 10/3/2007, 13, TATA CONSULTING ENGINEERS, SENIOR ENGINEER, (10 YEARS) |
| SATAM SANTOSH*, 34, MARKETING MANAGER, 305026, 272228, B.E., 27/10/1999, 12, CHAMPION COMMERCIAL CO. LTD., SALES EXECUTIVE, (2 YEARS) | SHIVANIGI UMESH*, 39, PRODUCT MANAGER-IMPORTS, 1265030, 899961, B.E., 1/2/2001, 14, WIRTGEN INDIA PVT. LTD., SALES ENGINEER, (3 YEARS) |
| SEN DIPAK*, 60, REGIONAL SALES MANAGER, DELHI, 944218, 802898, D.M.E., 3/4/1974, 36, NIL | SIDHWANI S., 53, CHIEF PROJECT MANAGER, SINGAPORE BRANCH, 5668133, 5292363, M.SC.(ENVIRON), B.E.(CIVIL), C.ENGG., MICE, 31/1/2003, 28, MAUNSELL CONSULTANTS (ASIA) LTD., RESIDENT ENGINEER, (1 YEAR) |
| SHAH UTSAV, 47, CFO-CENTRAL F&C SERVICES, 2535354, 1591455, B.COM., A.C.A., 1/11/1996, 22, PARUL CHEMICALS LTD., MANAGER ACCOUNTS, (4 YEARS) | SINGH LAKHBINDER*, 39, MANAGER-F&C, 849002, 695931, B.COM., A.C.A., I.C.W.A.I., 1/9/1995, 13, PHOENIX OVERSEAS LTD., ACCOUNTS OFFICER, (1 YEAR) |
| SHAHANE MILIND, 45, VICE PRESIDENT - M&CE & MHBD, 3718047, 2327794, B.TECH., M.S., PGDM, 9/4/2001, 7, TELCO CONST. EQUIPMENT CO. LTD., DIVISIONAL MANAGER, (10 YEARS) | |



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, 2008 (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 I - MANAGEMENT STAFF (Contd.)

SOMANI AJAYKUMAR*, 41, DEPUTY GENERAL MANAGER-RESEARCH & DEVELOPMENT 224844, 192292, B.E. (PROD.), 9/1/2006, 19, ZAMIL AIR CONDITIONERS, QUALITY PROJECTS MANAGER, (1 YEAR)

SONI ASHOK, 63, MANAGING DIRECTOR, 11604819, 6241710, B.SC., A.C.A., 1/4/1990, 39, INMARK PVT.LTD., SR.VICE PRESIDENT, (2 YEARS)

SRIRAM R.*, 36, SENIOR MANAGER-F&C, 965472, 738614, B.SC. A.C.A., 3/10/1997, 12, RADHAKRISHNAN CHARTERED ACCOUNTANT, SR. AUDIT ASSISTANT, (2 YEARS)

SYED HANEEF, 48, PLANNING MANAGER, QATAR BRANCH, 2652585, 2652585, B.E.(CIVIL), 24/2/2007, 12, PARSONS INTL. LTD., SR. PLANNING ENGINEER, (1 YEAR)

SYED JAVED*, 58, BUSINESS DEVELOPMENT-MANAGER, 902011, 725391, B.SC., M.SC., 6/2/1993, 15, ELDER PHARMACEUTICALS LTD., DIVISION IN-CHARGE, (4 YEARS)

TANDON ANOOP*, 49, REGIONAL SALES MANAGER-NORTH ZONE, 1114819, 918505, B.SC.-ENGG, D. B. M., 4/6/1985, 30, K. S. B PUMPS LTD., OFFICER, (4 YEARS)

THOMAS O. K., 48, CHIEF PROJECT MANAGER, UNITED ARAB EMIRATES, 6218724, 6218724, B.E.(ELEC.), D.E.E, 2/11/1992, 27, CENTRAL PUBLIC WORKS DEPT. JUNIOR ENGINEER, (2 YEARS)

THOMAS SHIBU*, 37, PROJECT MANAGER (ELECTRICAL), QATAR BRANCH, 668376, 668376, B.E.(ELEC.), 3/1/2008, 16, ETA-ASCON., MEP MANAGER, (2 YEARS)

TONK ANIL, 43, PROJECT MANAGER (ELECTRICAL), UNITED ARAB EMIRATES, 2671070, 2671070, D.E.E., 1/7/1983, 25, NIL

V. RAVI*, 47, DGM-TALENT ACQUISITION, 1324723, 876732, BE(EL&ELE), PGDM, 18/6/2007, 1, RELIANCE INDUSTRIES LTD., HR LEAD-EXPLORATION & PROD, (8 YEARS)

VADAPALLI SIVARAMAKRISHNA*, 61, ASSISTANT OFFICER - ADMN., 716171, 583410, B.SC., 28/5/1971, 36, OFFICE OF THE DEPUTY GENERAL OF POLICE, CLERK, (4 YEARS)

VAID RAMESH*, 58, OPERATIONS MANAGER-NORTH ZONE, 1347755, 1036327, H.S.C., D.M.E., 26/8/1977, 32, NIL

VAKIL PARJANYA*, 61, CHIEF INTERNAL AUDITOR, 4130865, 2805600, B.COM., A.C.A., 7/10/1971, 36, NIL

VARMA N. R., 57, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 5038475, 5038475, D.E.E., 1/9/1982, 35, MAHARASHTRA STATE ELECTRICITY BOARD, MAINTENANCE ENGINEER, (1 YEAR)

VELLANIKARAN S*, 41, REGIONAL FINANCIAL CONTROLLER, SINGAPORE, 2445462, 2009063, A.C.A., 29/5/1995, 16, SRIMAN PETROCHEMICALS LTD., ASST MANAGER- FINANCE, (1 YEAR)

VENKATARAMAN S., 60, EXECUTIVE VICE PRESIDENT & COO (TMD & MTD), 5424607, 3347993, B.TECH.(TEXTILES), P.G.D. IN ENGG., 20/1/1997, 38, KOTHARI INDUSTRIAL CORPORATION LTD., GROUP GM (TEXTILE), (2 YEARS)

VENKATESHWARLU NERELLA*, 61, PROJECT ENGINEER, 591930, 552380, B.COM., LL.B., 8/6/1970, 38, WARNER-HINDUSTAN LTD., JR. CLERK, (2 YEARS)

VENKATRAMANA V L, 48, DGM-ELECTRICAL PROJECTS, 1823849, 1219159, B.E.(ELECT.), 3/10/2006, 26, BAHWAN ENGG. CO. LLC., SR. MANAGER, (14 YEARS)

VISWESWARAN K., 49, DEPUTY PROJECT DIRECTOR, BAHRAIN BRANCH, 4463048, 4463048, B.E.(MECH.), 24/6/2002, 25, GULF ENGINEERING, PROJECT MANAGER, (1 YEAR)

WAI KIM PING*, 46, SR. MECHANICAL ENGINEER, HONG KONG BRANCH, 1731332, 1669172, GRAD. ENGG, 2/2/2005, 17, AMEC E&M ENGINEERING LTD., SR. MECHANICAL ENGINEER, (4 YEARS)

WAQAR NAZIR, 30, PLANNING ENGINEER, UNITED ARAB EMIRATES, 2408843, 2408843, B.E. (MECH.), 12/1/1995, 7, DSD GMBH, PLANNING ENGINEER, (3 YEARS)

WORSLEY WILLIAM, 64, CONSTRUCTION SUPERINTENDENT, UNITED ARAB EMIRATES, 4476227, 4476227, M.I.E.T., 1/7/2002, 42, ASTER, CONSTRUCTION SUPERINTENDENT, (3 YEARS)

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, 2008 (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

| | |
|---|--|
| AHIRE VASANT *, 44, HOUSE-KEEPING, 652446, 649750, 1/3/1992, 16, NIL | MANCHADI BAJARAPPA*, 36, HOUSE-KEEPING, 664443, 661354, 5/3/1992, 16, NIL |
| BHANDARI ERESH*, 37, HOUSE-KEEPING, 240000, 217340, 3/5/1999, 2, NIL | MANGAL WEDHEKAR NARAYAN R.*, 61, SELECTION GRADE, 542726, 396202, M.Com., ICWA INTER, 25/5/1970, 37, NIL |
| BHORE BHAUSAHEB*, 49, HOUSE-KEEPING, 655983, 653511, 1/5/1986, 21, NIL | MEHTA KEKEE*, 61, SK II MECH, 591115, 535834, NCTVT, SSC, 28/12/1968, 39, NIL |
| BIST ANANDSINGH SOBANSING*, 40, MAZDOOR, 685502, 665822, 11/7/1989, 18, NIL | MORE SUNIL*, 32, HOUSE-KEEPING, 634063, 633290, 17/5/1996, 11, NIL |
| BOBHATE DASHARATH*, 37, HOUSE-KEEPING, 662238, 659319, 10/11/1990, 17, NIL | PADAYACHI RAJU*, 47, HOUSE-KEEPING, 660114, 657236, 1/6/1995, 12, NIL |
| CHAUHAN HARESH*, 38, HOUSE-KEEPING, 649486, 647731, 5/3/1990, 18, NIL | PALAV PRAKASH*, 54, HOUSE-KEEPING, 650483, 643631, 1/3/1982, 26, NIL |
| DALVI NILKANTH GANPAT*, 61, SK-I WELDER, 540731, 501725, SSC, 1/3/1970, 37, NIL | PANDIT RAMPRATAP*, 34, HOUSE-KEEPING, 657429, 655000, 9/8/1993, 14, NIL |
| DUMBRE RAMDAS JIJABA*, 61, SK-II MACHINIST, 558758, 500116, SSC, 11/4/1974, 33, NIL | PARAB MAHESH*, 38, HOUSE-KEEPING, 664264, 661051, 10/9/1991, 16, NIL |
| DUTT DURGA*, 61, SEL GRADE CLERK, 526942, 480148, M.Com., 2/12/1971, 35, NIL | PATHARE ASHOK*, 45, HOUSE-KEEPING, 658959, 656053, 1/3/1982, 26, NIL |
| FERNANDES N. M. A.*, 61, ERECTOR II, 549377, 463901, NCTVT, 18/9/1969, 38, NIL | PATHARE PRAKASH*, 45, HOUSE-KEEPING, 651304, 649195, 1/3/1982, 26, NIL |
| FERNANDES XAVIER *, 61, SK II MECHANIC, 394415, 297114, SSC, 27/7/1979, 41, VEENA AUTOMOBILE SERVICE STATION, MECHANIC, 13 YEARS, | NARAYANAN RAMAN*, 55, DATA ENTRY OPERATOR, 1276378, 1151202, SSC, 1/3/1979, 29, NIL |
| GAIKWAD H.*, 44, HOUSE-KEEPING, 659712, 656937, 16/5/1991, 16, NIL | SARANGPANI VENKATESH *, 54, HOUSE-KEEPING, 661679, 654881, 10/6/1982, 25, NIL |
| GORE ASHOK*, 61, SELECTION GRADE, 526573, 486329, SSC, 24/12/1969, 41, TAK MACHINERY LTD., JR D' MAN, 28, NIL | SHINDE BABURAO*, 50, HOUSE-KEEPING, 661388, 658587, 15/10/1989, 18, NIL |
| GOSAVI DASHARATH*, 39, HOUSE-KEEPING, 662746, 659736, 3/11/1990, 17, NIL | SHISHUPAL GANESH*, 36, HOUSE-KEEPING, 650306, 648253, 13/5/1991, 16, NIL |
| JASROTIA R.*, 41, CLERK-TYPIST, 639579, 628008, B.COM., DIPLOMA IN COMPUTERS, 1/6/1994, 8, NIL | SINGH BIJENDER*, 42, PEON, 815000, 769933, 10/8/1987, 16, NIL |
| KAPOOR ANIL*, 56, MECHANIC-II, 1324374, 1208604, SSC, 5/9/1977, 26, NIL | SUBRAMANIAN N. R.*, 49, SERVICE SUPERVISOR, 251846, 228093, D.M.E., 1/11/1993, 24, GODREJ-GE APPL LTD., 10 YEARS |
| KENI BAVTIS FRANCIS*, 61, SK-I MECHANIC, 556769, 501313, SSC, 2/6/1969, 38, NIL | TAWADE DHONDU*, 43, HOUSE-KEEPING, 660531, 657727, 8/6/1989, 18, NIL |
| KHAN MOBIN*, 55, SK-I MECHANIC, 1164558, 1109713, SSC, 1/3/1972, 35, NIL | TENDULKAR PRABHAKAR*, 43, HOUSE-KEEPING, 659018, 656369, 11/1/1996, 12, NIL |
| KHARCHAN P.*, 37, HOUSE-KEEPING, 644677, 643462, 22/5/1995, 12, NIL | THORAT SANJAY*, 38, HOUSE-KEEPING, 663264, 660217, 16/11/1989, 18, NIL |
| KURADE SATYABHAMA*, 57, SWEEPER, 680233, 648543, 16/12/1989, 18, NIL | VAKADE R.*, 53, HOUSE-KEEPING, 655522, 647641, 5/10/1994, 13, NIL |
| MANCHADI ANJINAYA*, 44, HOUSE-KEEPING, 675830, 671853, 1/1/1983, 25, NIL | VANJARE SUNIL*, 35, HOUSE-KEEPING, 663679, 660587, 22/5/1995, 12, NIL |
| | WAGHELA CHANDA*, 58, SWEEPER, 948280, 890101, 1/1/1986, 22, NIL |
| | YADAV L.*, 51, SEMI CLERK, 1123756, 1028175, SSC, 20/5/1981, 21, 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, commission to Director, Company's 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 contributions to provident fund, Company's contribution to superannuation fund 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:

| | |
|--|---|
| CCD - Corporate Communication Department | MHBD - Materials Handling Business Division |
| CIO - Chief Information Officer | M&CE - Mining & Construction Equipment |
| COO - Chief Operating Officer | QA/QC - Quality Assurance / Quality Control |
| CFO - Chief Financial Officer | MTD - Machine Tools Division |
| EM&RBG - Electro-mechanical and Refrigeration Business Group | PDC - Property Development Cell |
| F&C - Finance and Commercial | TMD - Textile Machinery Division |
| HR - Human Resources | UPBG - Unitary Products Business Group |
| HVAC - Heating Ventilation & Airconditioning | WMBD - Water Management Business Division |
| IOBG - International Operations Business Group | |

On behalf of the Board of Directors

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 compact single effect Vapour Absorption Machine (VAM).
- (ii) Development of eco-friendly Green Series Chiller Packages.
- (iii) Development of High Sensi Packaged Air Conditioner (PAC) and Ductable Split Unit (DSU) for Server rooms and IT applications.
- (iv) Development of higher capacity PACs and DSUs.
- (v) Development of energy efficient air conditioners for telecom shelter applications.
- (vi) Development of new range of horizontal coolers with improved aesthetics and eco-friendly refrigerant and foaming system.
- (vii) Development of 'Freezer on Wheels' with eco-friendly refrigerant and foaming system.
- (viii) Development of indigenous Manual Transmission Gearbox for 3 ton capacity diesel forklift truck.
- (ix) Development of base crushing units.

2. Product and processes developed through in-house technology

- (i) Compact Single Effect VAM in the range of 120 TR to 700 TR.
- (ii) 17 models of eco-friendly Green Series Chiller Packages – Air and Water Cooled (90 TR to 360 TR).
- (iii) 11 TR and 17 TR Air Cooled PACs.
- (iv) 22 TR Air and Water Cooled PACs and DSUs.
- (v) 1.5 TR x 2 and 2 TR x 2 split air conditioner for telecom shelter applications (Sensicool) with scroll compressor.
- (vi) New range of horizontal coolers from 90 L to 500 L capacity.
- (vii) 125 L Freezer on Wheels. This product works on eutectic pad technology which is unique in this product category.
- (viii) 3 ton capacity diesel forklift truck.

- (ix) 2 ton capacity Power Pallet truck.
- (x) 2 ton capacity Electric Forklift truck with AC drive.
- (xi) Empty Container Handler to handle 20'-40' Empty Containers and stack them 3 ft. high.
- (xii) Triplex mast for 5 ton capacity forklift truck.
- (xiii) Wheel mounted screening plants – 300 ton.
- (xiv) Wheel crushing plants – 100 ton.

3. Imported Technology

No technology has been imported in last five years.

4. Expenditure on R & D

The expenditure on R&D activities for the year 2007-08 was Rs.204.76 lakhs (including capital expenditure of Rs. 15.57 lakhs). In relation to the turnover of own manufactured products, the R & D expenditure was 0.50% of turnover.

5. Energy Conservation

The Company is conscious of the need for energy conservation and continues to explore the possibilities of reducing energy consumption in the Office premises and Plants. Some of the measures taken are as under:

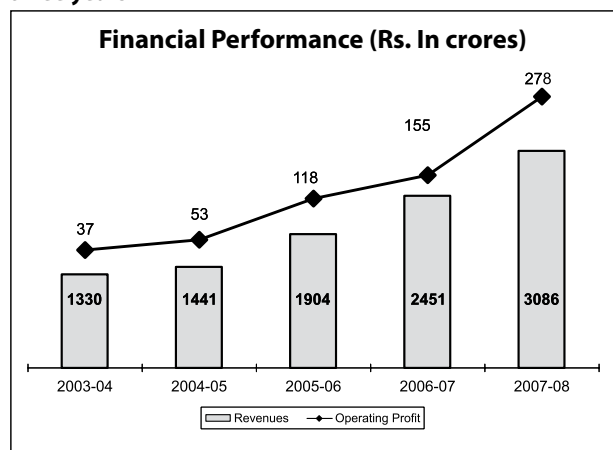
- (i) Switching over to higher calorific value fuels for boilers, distributed compressor airlines for improved efficiency at lower loads, capacitor banks to enhance power factor and use of variable frequency drives for motors. This has resulted into savings in power costs per unit of production.
- (ii) Use of Compact Fluorescent Lights (CFL) in place of Fluorescent lamps.
- (iii) Use of 60 KW AC variable speed drive for condenser and chiller pumps for the test bed.
- (iv) Use of transparent polycarbonate sheets (non-conventional energy) for lighting purposes.
- (v) Switching off lights and air conditioners, when not required, putting off monitors of Desk Tops and ensuring that PCs are kept in hibernation mode when not needed.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

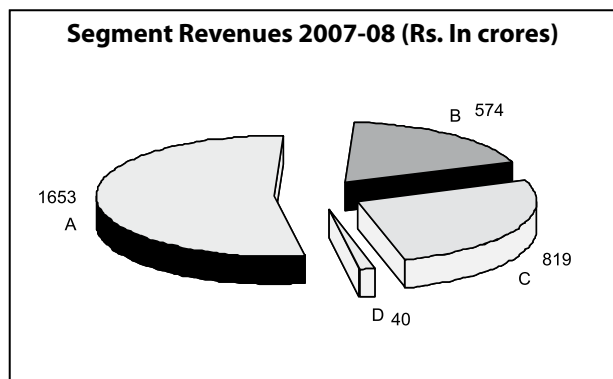
1. The Company continued its journey on the path of accelerated growth and consolidated the foundation for sustained growth.

Voltas operating profits have grown 425% over the last three years



2. The Company's primary focus during the year was in synchronizing, enhancing and broadening its offerings of services, projects and products for better conformity with the needs of emerging markets and growth opportunities, both in India and overseas and evolving new value propositions in these areas.

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 ongoing economic buoyancy in geographies where the Company operates has offered opportunities for rapid growth of integrated engineering services. In order to cater to these, the domestic Air Conditioning and Refrigeration business underwent a migration from HVAC to MEP business. This migration reflects wider scope of the services being offered, encompassing Mechanical, Electrical and Public Health (MEP), of which Heating, Ventilation and Air conditioning (HVAC) are a sub-category. Accordingly, the new business also received its ISO 9001:2000 certification for its 'Electro-mechanical and Refrigeration Projects', confirming the robustness of its projects.

5. A major achievement in the domestic MEP business was the completion of the new Rajiv Gandhi International Airport in Hyderabad. The expanded MEP offering has also resulted in the booking of several other high-value projects, including Fortis Healthcare, Neptune Mall and others. To address the needs of the growing industrial segment with its heavy investments in metals, power and airports, the Company has created a focussed group offering innovative solutions in MEP.

6. There has also been a noteworthy achievement of substantial domestic order book growth of 56% over the previous year. This has been accomplished by seizing opportunities resulting from sizeable investments made in IT/ITeS, entertainment, hospitality, healthcare, airports and other service segments. The Company's revenue from domestic Electro-mechanical and Refrigeration business (EM&R) grew at 29% and profitability improved due to initiatives such as centralized material procurement and effective project management capabilities. The Company has taken several steps to tap the market opportunities and made investments in its manufacturing facilities at Thane, Dadra and Pantnagar, for increasing capacity and reducing delivery lead-time.

7. The market has become highly competitive in the MEP domain, with a large number of players of international stature competing in the domestic market. This could lead to pressure on margins. To avert this outcome, the Company has re-modeled its organizational structure, with a focus on contract management and strong design support to meet the requirements of various applications. A large



number of engineers and support staff have undergone the Project Management Professional Training program to better understand and implement the best practices and techniques in project management.

8. The Company's continued focus on Variable Refrigerant Flow systems (VRF) has resulted in a growth rate of 64% over the previous year, testifying to a promising future for this segment. Indoor Air Quality (IAQ) is receiving serious attention in the domestic HVAC arena. The Company has been providing solutions for better indoor environment through many avenues, resulting in order book growth in this segment of more than 250%.

9. There is growing awareness of the need for reform in the agricultural sector to minimize wastage. With its inherent capability to address these requirements, the Company has set up a Cold Chain and Food Processing group to serve the needs of this growing segment. This has resulted in the booking of large orders through the Agro Boards of various States. The group's competencies include total solutions at both the front and back ends, including the retail stage of the supply chain.

10. The Company continued with its thrust on project exports in overseas markets and retained its position as one of the key players in select Middle East geographies, viz. UAE, Qatar and Bahrain, in which it has significant operations. The international Electro-mechanical business secured orders for several very large and prestigious contracts, mainly in Qatar and UAE. This has enabled the Company to end the year with a healthy position in terms of orders on hand, close to Rs. 3800 crores. The notable large value contracts include: Sidra Medical and Research Centre (Qatar), Barwa City Project (Qatar), District Cooling Plant at DIFC (Dubai), Ferrari Experience Project (Abu Dhabi) and Formula 1 Racing Track related development (Abu Dhabi). The Company has secured new projects in Singapore and Mauritius and expects to further concentrate its efforts there and leverage its presence.

11. Two of the major overseas contracts - Burj Tower (Dubai) and Bahrain City Centre (Bahrain) - are progressing well and are expected to achieve agreed milestones. During the year, the Company completed various works, including the Intercontinental Hotel refurbishment in Abu Dhabi, the Wafi Hotel and Mall project in Dubai and the Interim Doha Convention Centre in Qatar. The Changi Water Reclamation Plant project in Singapore has been commissioned and is fully functional after completion of the additional proving period.

ENGINEERING PRODUCTS AND SERVICES

12. Demand was strong for mining equipment, driven by investments in the expansion of mining capacity in coal, steel, limestone, cement and other minerals, including zinc and bauxite. This yielded large volumes of business for equipment like mining excavators, dump trucks, crushing and screening plants. The Company's Mining and Construction Equipment business achieved satisfactory sales of these products to mining customers, accompanied by value-added services such as extended maintenance contracts.

13. The construction sector also showed strong growth, powered by investments in real estate and other construction projects such as roads, power plants, industrial plants, irrigation and water supply schemes, ports, airports and others. There was buoyant demand for construction equipment such as cranes, crushing and screening plants and concrete equipment. The Company successfully capitalized on these opportunities to retain its market share in track-mounted crushing and screening plants and increased its presence in the wheeled/static plant segments through sale of many machines manufactured locally at Thane Works. It also made a breakthrough in the sale of concrete pavers and tower cranes in the Indian market.

14. In both mining and construction equipment sectors, the Company faced severe competition from locally manufactured products. Many multinationals such as Hyundai, Doosan and Volvo increased their domestic presence by setting up their own manufacturing and other operations to tap the Indian market.

15. The Company's Materials Handling business managed to increase its overall sales of forklifts and cranes by around 12% and retained its market share despite increased competition. However, the margins have been under pressure due to increased competition and lack of anticipated growth in volumes. The Company was also successful in penetrating the market to increase sales of TCM forklifts imported from Japan, which offer higher quality and the latest technical features. Sales of warehousing equipment were reasonably strong due to investments in retail and logistics. The Company launched its own brand of stackers in the market and has initiated development/manufacture of other products such as pallet trucks.

16. The Company's Textiles Machinery business achieved growth of around 20% in Sales. This was achieved in an adverse climate marked by a sharp decline in machinery investment since the last quarter of financial year 2006-07. However, due to orders already in hand, the billings from dispatches were along expected lines.

17. The Company's Machine Tools business suffered a decline in performance in comparison with the previous year. This is primarily because the automotive sector has sharply cut back on machine tool purchases, resulting from the slowdown in major expansion in this sector.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

18. The Indian room air conditioner industry grew by 28%, reflecting the strong growth of the economy and the changing perceptions of consumers, who increasingly see air conditioners as a necessity rather than a luxury. Within the category, Split air conditioners grew by 45% while Window air conditioners grew by 17%.

19. The Company was amongst the pioneers in popularizing energy-efficient air conditioners in India, with its *Save Karo India* campaign acknowledged as being effective in stimulating the market and creating a major differentiation for the Voltas Vertis brand. Though priced marginally higher, these energy-efficient air conditioners found ready market acceptance because they consume less electricity and thereby, save on running costs for consumers.

20. The Company's Unitary Products business achieved a 41% increase in its sales volume of room air conditioners, resulting in an increase in its market share from 15% to 16%. Split air conditioners showed remarkable growth of 55%, thereby improving the product-mix as well as the overall profitability of the business.

21. The sales performance of the room air conditioner business is summarized below:

| Category | Industry Sales (Nos.) | | | Company Sales (Nos.) | | | Company Share | |
|----------|-----------------------|---------|--------|----------------------|---------|--------|---------------|---------|
| | 2007-08 | 2006-07 | Growth | 2007-08 | 2006-07 | Growth | 2007-08 | 2006-07 |
| WRAC | 1125000 | 960000 | 17% | 144000 | 115000 | 25% | 13% | 12% |
| SAC | 925000 | 640000 | 45% | 189000 | 122000 | 55% | 20% | 19% |
| Total | 2050000 | 1600000 | 28% | 333000 | 237000 | 41% | 16% | 15% |

WRAC: Window Room Air Conditioner; SAC: Split Air Conditioner
Source: Company estimates

22. In the refrigeration products business, the state-of-the-art factory at Pantnagar – set up in a record 8 months – is now fully operational. The plant achieved the milestone of crossing one lakh units in March 2008. Water Coolers produced at the factory registered a growth of 23%, while the Chest Freezer segment – part of the Commercial Refrigeration range – grew by 15%. The business also sustained its leadership position in Water Dispensers, with sales growing by a robust 30%.

OTHER BUSINESSES

23. The Company's Chemicals Trading business benefited from several opportunities during the year under review. All major agency lines like Aqualon, Hercules, Huntsman Tioxide and OCI Corporation, Korea performed well. With the economic boom and growth in consumer industries, the Company saw good growth in chemicals supplied to the personal care, paint, construction chemicals and plastics industries.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

24. In the domestic market, the concept of MEP has been well received by consultants and customers. In future, it is likely that in many projects, services such as electricals, fire detection and protection, Integrated Building Management Systems, Public Health Engineering and other specializations will be outsourced to a single agency. The projects could also include provision for facilities such as District Cooling and BOOT solutions particularly, in SEZs and large commercial complexes. In addition, the Government's renewed focus on National infrastructure development, especially in the area of upgradation and modernization of airports, establishment of SEZ and medical tourism, will lead to tremendous scope for expansion in this business. These offer an opportunity to demonstrate the engineering capabilities of the Company and move up the value chain. The Company is gearing up to handle these challenges with changes in organization structure and investments in Design Centre and training.

25. Development of Cold chain is becoming an imperative to deal with worldwide food shortage and price increases arising from global warming, increase in consumption pattern and populations and depletion of arable areas. It is



expected that this area will receive increased attention from the Government and international development bodies. The Government has already initiated a large number of schemes to attract investments in the food sector largely towards automation of processes; hence the requirement for food processing as a distinct line of business. The Company has taken initiatives to provide integrated solutions for meeting cold storage and food processing industry needs.

26. In the Company's international Electro-mechanical business, the focus markets of UAE, Qatar and Bahrain show evidence of sustainability, arising from significant economic growth. UAE and Qatar, in particular, being major oil producing and exporting countries, are riding on the high level of oil prices and surpluses generated, that are being largely ploughed back into developmental projects related to social and physical infrastructure. The spurt in construction of high-end development projects, malls, hotels, airports, hospitals and district cooling facilities offers considerable opportunities for the Company to grow its business and strengthen its presence.

27. The Company is constantly reviewing the geographies in which it operates to ensure that the business is not exposed to regional/country concentration. It is also exploring other markets for expanding its revenues. The Company is presently restructuring and consolidating its current market activities in Saudi Arabia, where the opportunities appear to be sustainable and sizeable. Saudi Arabia is expected to grow into a key market for the business in coming years. The Company's Joint Venture in Saudi Arabia is likely to be converted into a wholly-owned subsidiary during the early part of financial year 2008-09.

28. Overall, the Middle East, mainly the GCC States in which the Company is already active, remains buoyant. The climate is conducive for the Company to seize the opportunity and take action towards long-term profitable growth.

ENGINEERING PRODUCTS AND SERVICES

29. The textile industry is undergoing severe pressure on its margins, affecting the bottom line of many textile mills. The adverse factors are exchange rates, interest rates and the worsening power situation in many textile-producing states. The cost of production has gone up substantially in almost

all textile mills and cannot be absorbed in the selling price of the final products; consequently, the mills are deferring investments in modernization and creation of new capacities. This situation is likely to continue for the next couple of years. Nevertheless, the Company's Textile Machinery business has geared itself to tap the existing market by offering better services and additional machines in the post-spinning area, which is likely to help in sustaining the Company's position despite adverse market conditions.

30. To mitigate the risk of slowdown in one of the business under this segment, as is presently under way in the automotive sector, the operations of the Company's Machine Tools business are being reorganized into four main operational groups. This change will help better focus on the market and the capability to comprehensively address business imperatives right from talent acquisition up to delivery of goods. A specialized Design Center at Pune was inaugurated for application engineering in which the customer can participate. The financial year 2008-09 is expected to be significantly better owing to the re-orientation and sharpened focus.

31. The prospects for the Company's Mining and Construction Equipment business are strong, as the Government is committed to sustained development of the infrastructure sector, with a huge investment of over Rs. 16 trillion planned over the next 10 years. The industry is expected to grow at 25% to 30% per annum over the next few years, offering opportunities in a variety of equipment categories.

32. In the Company's Materials Handling business, more robust prospects are awaited in industrial sectors, with the expectation of investments in manufacturing capacities. Many projects are likely to come up in automobiles, engineering, steel, petrochemicals, retail and other areas, offering good prospects for various types of materials handling and warehousing equipment.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

33. The market for air conditioners is expected to continue growing at over 20% in volume and the product mix is likely to shift in favour of splits over window air conditioners.

34. Encouraged by the widespread consumer acceptance of energy-efficient air conditioners largely due to lower operating costs, the Company is broadening its offerings and consolidating its lead in this segment. It has introduced a new range of air conditioners for the premium customer segment and is taking steps to tie up with organized retail channels that provide a new shopping format and experience to customers. The Company is also expanding its distribution to smaller towns and semi-urban areas, to tap growing disposable incomes. With all these measures, the Company expects to maintain a high rate of growth.

35. In the Commercial Refrigeration segment, the absence of dominant MNCs provides an opportunity to sustain the Company's leadership position. Though the growth rate in this category of products – freezers, bottle coolers, water coolers – is only around 10% per annum, the Company is exploring other growth opportunities in this category.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

36. The management of human resources is the primary challenge facing the electro-mechanical business, both domestic and international. The boom in the Middle East coupled with the rapid growth in the domestic market has compounded the need for hiring fresh talent and mobilizing them in large numbers. Retention of human resources is also threatened by inducements from competitors and from clients and consultants. To address this situation, apart from regular salary reviews, greater focus is being given to empowerment of staff. A facility has also been created to train new entrants continuously as a buffer for growing demands. The available talent is upbeat on the new lines of business and committed to moving for faster growth, as well as motivated to take on bigger challenges. The Company is working in tandem with several vocational training institutes to impart relevant training and exposure to fresh students, making them ready for the scope, complexities and standards of Projects.

37. The severe workforce shortage is felt across all levels in the industry, including consultants, customers and project management companies, leading to a situation of time overruns and cost escalations beyond the Company's control. This could impact revenues and profitability. The Company has mobilized its HR function to chalk out several measures to mitigate the difficulties and challenges on this

score. HR has been considerably restructured and reinforced accordingly. There is a huge intensification of focus on talent acquisition, apart from training and developmental intervention, employee engagement and career planning.

38. HR initiatives taken by the Company include periodic benchmarking and review of compensation packages for staff and continuous improvement of appraisal, assessment, reward and recognition processes. Other initiatives to minimize the on-site staff requirement have been through off-shoring of pre-bid work and post-award Design and Engineering activity. A Global Engineering Centre at Mumbai has been set up and is being ramped up to meet the requirement of overseas offices and projects.

39. For overseas projects, the sourcing possibilities of talent from India have been limited in the face of huge demand and the rise in domestic salary levels. The Company has therefore diversified its reach to sources like Philippines, Malaysia, Middle East and Europe depending upon the skill levels required.

40. Risk identification and mitigation are ever-growing considerations in the MEP business, since larger projects have extended completion time frames. The Company has formulated a structured risk assessment process through competent consultants. There is also considerable exchange of ideas in terms of knowledge sharing from projects that have been completed. The entire spectrum from pre-sale to handing over of project is evaluated against probable and potential risks.

41. There is severe volatility in the metals market, particularly for steel, copper and aluminium as well as PVC, with unpredictable forward movements causing difficulty in factoring them for pricing purposes. The Company attempts to negotiate with clients for a formula for compensating for the price escalations arising from metal prices; but often this risk lies with the EPC contractor, as the client insists on a firm and fixed price contract. The Company is exploring the possibility of getting new orders on a Cost Plus basis so that to a large extent the cost-over runs are covered.

42. The MEP business also has to contend with currency fluctuations. This is causing multiple challenges in terms of (a) weakening of Middle East currencies caused by the decline in US Dollar, vis-à-vis the Euro, Pound Sterling and even Indian Rupee (b) uncertainty with regard to cost of third-country purchases (c) loss in translation when reporting the performance of overseas projects in Indian rupees



(d) erosion of net realisation from remittances to India by employees in the Middle East due to the rupee's appreciation, causing workforce dissatisfaction.

43. The Company has been taking steps to minimize the effect of metal price volatility and currency fluctuation through measures like reliable and realistic forecasting, hedging and forward buying to the extent possible.

44. The domestic market is dominated by the presence of key international players, a few of whom are setting up manufacturing facilities for greater cost-effectiveness. These external factors have fuelled intense competition, generating pressure on margins. To overcome this, the Company has initiated cost-effective manufacturing operations, profit improvement plans, project management capabilities and migration into the allied segments of cold chain and food processing.

45. The boom in various construction activities and related business opportunities in the Middle East is attracting newer established players from Europe, South East Asia, Turkey and other regions, many of whom resort to aggressive pricing to gain a foothold. Invariably, this results in destabilizing the pricing norms and adds to the pressure on the Company's margins.

46. The unprecedented growth in project activity in the Middle East is also causing a severe mismatch on the supply side; demand for products and services is out-stripping supply, making EPC contractors vulnerable to the dictates of vendors and subcontractors.

ENGINEERING PRODUCTS AND SERVICES

47. In Mining and Construction Equipment business, the Company could face adverse consequences due to loss of business/principals. This could be due to foreign principals starting their own operations in the Indian market or going with another partner for local operations. There could be added adverse impact due to a rise in steel prices and other input costs, resulting in a slowdown in the industry and increased pressure on margins. There is also the threat of local manufacturers of low-cost products which could result into a dip in the Company's market share.

48. The major threat for the Materials Handling business is the strong rupee and low customs duty, which has increased import of low-cost forklifts and other materials handling equipment from China. The rise in input costs like steel and lead would also put pressure on margins, since increased competition would limit the Company's ability to increase product prices.

49. If the overall economic scenario witnesses slow down, the textile industry will be impacted more severely.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

50. The Company's success in launching energy-efficient air conditioners has seen most competitors flock to this platform as well, resulting in greater competition. Moreover, new competition is emerging from large Chinese companies setting up their base in India. The Room air conditioner category is therefore one of the most competitive, with leading multinationals as well as Indian companies competing for their share of this emerging market.

51. A major challenge is the steep inflation rate. There has been an unprecedented spurt in global prices of metals like copper and steel – major raw material constituents of air conditioners and commercial refrigeration products. The tight labour market is also causing an annual increase in salaries of about 15%, thereby increasing the cost pressure. Manufacturing costs are therefore going up substantially and the cost increase has more than offset the slight reduction in the excise duty from 16% to 14%.

52. The combination of greater competition and sharp increase in input costs is therefore putting pressure on margins in the air conditioning and refrigeration industry, thereby offsetting the positive effect of strong growth in sales volumes.

FINANCIAL PERFORMANCE

53. Financial performance as a measure of operational performance

(a) Sales and Services (Segment Revenues):

| | Rs. in crores | | | |
|---|----------------|----------------|---------------|------------|
| | 2007-08 | 2006-07 | Change | Change % |
| Segment-A (Electro-mechanical Projects and Services) | 1652.90 | 1367.74 | 285.16 | 21% |
| Segment-B (Engineering Products and Services) | 573.98 | 432.49 | 141.49 | 33% |
| Segment-C (Unitary Cooling Products for Comfort and Commercial Use) | 819.50 | 610.37 | 209.13 | 34% |
| Others | 39.79 | 40.18 | (-) 0.39 | (-) 1% |
| Total | 3086.17 | 2450.78 | 635.39 | 26% |

Sales and Services increased by 26% in 2007-08 to Rs.3086.17 crores from Rs.2450.78 crores in 2006-07. In Electro-mechanical Projects and Services segment, the increase in revenue was 21% from Rs.1367.74 crores in 2006-07 to Rs.1652.90 crores in 2007-08. Revenues of Engineering Products and Services segment was higher by 33% and it increased from Rs.432.49 crores in 2006-07 to Rs.573.98 crores in 2007-08. The Company registered a growth of 34% in its Unitary Cooling Products for Comfort and Commercial Use segment and reported higher revenue of Rs.819.50 crores in 2007-08 as compared to Rs.610.37 crores in 2006-07. Revenue from 'Others' was lower by 1% in 2007-08 at Rs.39.79 crores as compared to Rs.40.18 crores in 2006-07.

(b) Other Income:

| | Rs. in crores | | | |
|--------------|---------------|---------|--------|----------|
| | 2007-08 | 2006-07 | Change | Change % |
| Other Income | 31.67 | 30.71 | 0.96 | 3% |

Other Income comprising rental income, profit on sale of non-trade current investments and miscellaneous income increased by 3% in 2007-08 to Rs.31.67 crores from Rs.30.71 crores in 2006-07, primarily due to increase in rental income.

(c) Cost of Sales and Services:

| | Rs. in crores | | | |
|----------------------------|---------------|---------|--------|----------|
| | 2007-08 | 2006-07 | Change | Change % |
| Cost of Sales and Services | 2235.08 | 1810.77 | 424.31 | 23% |

Cost of Sales and Services increased by 23% in 2007-08 to Rs.2235.08 crores from Rs.1810.77 crores in 2006-07 primarily due to larger business volumes. The increase in Cost of Sales and Services is lower than the increase in turnover.

(d) Staff Expenses:

| | Rs. in crores | | | |
|----------------|---------------|---------|--------|----------|
| | 2007-08 | 2006-07 | Change | Change % |
| Staff Expenses | 276.85 | 240.08 | 36.77 | 15% |

Staff Expenses comprise salary, wages, bonus, Company's contribution to PF and other funds, retiring gratuity and welfare expenses. Staff expenses increased by 15% in 2007-08 to Rs. 276.85 crores from Rs. 240.08 crores in 2006-07, basically due to increase in manpower including contract employees for overseas projects, annual increments and salary revisions. While Staff Expenses for domestic businesses increased by 16% in 2007-08 to Rs.159.51 crores from Rs.137.42 crores in 2006-07, the increase in international business was 14% at Rs.117.34 crores as compared to Rs.102.66 crores in 2006-07. Staff expenses as a percentage of turnover have come down by about a percentage point, indicating higher productivity.

(e) Commission other than to Sole Selling Agents:

| | Rs. in crores | | | |
|--|---------------|---------|--------|----------|
| | 2007-08 | 2006-07 | Change | Change % |
| Commission other than to Sole Selling Agents | 43.88 | 23.43 | 20.45 | 87% |

Commission other than to Sole Selling Agents increased by 87% in 2007-08 to Rs.43.88 crores from Rs.23.43 crores in 2006-07 due to larger volume of Unitary Products business through sales dealers. Commission also includes Agency fees and Sponsorship fees on overseas projects. The increase is commensurate with higher order booking as well as increase in business volumes, during the year under review.

(f) Other Expenses:

| | Rs. in crores | | | |
|----------------|---------------|---------|--------|----------|
| | 2007-08 | 2006-07 | Change | Change % |
| Other Expenses | 107.29 | 86.38 | 20.91 | 24% |

Other Expenses increased by 24% in 2007-08 to Rs.107.29 crores as compared to Rs.86.38 crores in 2006-07. Other Expenses includes service maintenance charges, selling expenses, outside service/contract labour charges, staff selection expenses, loss due to foreign exchange variation, moving and shifting expenses, cash discounts and royalty. However, the overall increase was lower than the increase in turnover.



(g) **Interest (Net):**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|-------------------------|---------|----------|----------|----------|
| Interest paid | 5.96 | 7.33 | (-) 1.37 | (-) 19% |
| Less: Interest received | 3.30 | 7.80 | (-) 4.50 | (-) 58% |
| Net Interest | 2.66 | (-) 0.47 | 3.13 | 666% |

Interest paid decreased by 19% in 2007-08 in line with the reduction in borrowings. Interest received in 2006-07 also included Rs.4.61 crores on Income-tax refunds.

(h) **Income from Investments:**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|-------------------------------|---------|---------|-----------|----------|
| Dividend Income | 3.13 | 26.31 | (-) 23.18 | (-) 88% |
| Interest income on Investment | 0.11 | 0.11 | - | - |
| Income on current Investments | 8.10 | 0.92 | 7.18 | 780% |
| Total | 11.34 | 27.34 | (-) 16.00 | (-) 59% |

Income from Investments was lower in 2007-08 at Rs.11.34 crores as compared to Rs.27.34 crores in 2006-07. Dividend income in 2006-07 was higher due to dividend/interim dividend received from many companies including a one time large dividend from a subsidiary company. Income on current investments is dividend received on units of mutual funds.

(i) **Depreciation on Fixed Assets:**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|------------------------------|---------|---------|--------|----------|
| Depreciation on Fixed Assets | 13.56 | 12.32 | 1.24 | 10% |

Depreciation charge increased by 10% in 2007-08 to Rs.13.56 crores from Rs.12.32 crores in 2006-07. The increase was primarily due to additions made in building premises and in plant and machinery at the Company's factories at Thane, Dadra and Pantnagar.

(j) **Exceptional Items:**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|----------------------------|----------|---------|-----------|----------|
| Exceptional Income | 28.29 | 100.54 | (-) 72.25 | (-) 72% |
| Less: Exceptional Expenses | (-) 1.58 | 32.83 | (-) 34.41 | (-) 105% |
| Exceptional items (Net) | 29.87 | 67.71 | (-) 37.84 | (-) 56% |

Exceptional income comprise profit from sale of properties, transfer of development rights and surrender of tenancy

rights. Exceptional expenses comprise VRS cost, diminution in value of investments and provisions for contingencies and doubtful advances. Exceptional income in 2006-07 was significantly higher at Rs.100.54 crores due to profit on sale of trade investments (Rs.78.06 crores). Similarly, Exceptional expenses in 2006-07 were higher due to closure of factory at Hyderabad, provisions for contingencies and revision in estimated gratuity liability at the beginning of the year.

(k) **Profit Before Tax:**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|-------------------|---------|---------|--------|----------|
| Profit Before Tax | 307.54 | 222.83 | 84.71 | 38% |

Profit Before Tax increased by 38% in 2007-08 to Rs. 307.54 crores from Rs.222.83 crores in 2006-07.

(l) **Provision for Taxation:**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|------------------------|---------|---------|--------|----------|
| Provision for Taxation | 99.17 | 36.75 | 62.42 | 170% |

Provision for taxation comprise provision for current income tax including foreign income tax, Deferred Tax, Wealth Tax and Fringe Benefit Tax (FBT). Current income tax (net) was higher at Rs.87.10 crores for the year 2007-08 as compared to Rs.37.40 crores for 2006-07. Last year, no income tax was payable on a significant portion of exceptional income/dividend income and therefore, the provision for income tax was lower vis-à-vis total income. Provision of Rs.8.50 crores was created towards Deferred Tax Asset as on 31st March, 2008 as compared to a Deferred Tax Asset of Rs.1.10 crores in 2006-07. FBT which is payable on the value of benefits provided and/or deemed to have been provided to the employees was higher in 2007-08 at Rs.3.25 crores as compared to Rs.2.60 crores in 2006-07. Provision for Wealth tax for 2007-08 was Rs.0.32 crore, same as in the previous year.

(m) **Profit After Tax (Net Profit):**

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|-------------------------------|---------|---------|--------|----------|
| Profit After Tax (Net Profit) | 208.36 | 186.08 | 22.28 | 12 |

The Company's Net Profit for the year 2007-08 was higher by 12% at Rs.208.36 crores as compared to Rs.186.08 crores for the year 2006-07. As stated aforesaid, in 2006-07 due to higher dividend income including one time large dividend

from a subsidiary and substantial portion of exceptional income, not attracting income tax, the overall tax incidence was lower resulting into higher Profit after tax, in 2006-07.

54. FINANCIAL POSITION

(i) Shareholders' Funds:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|----------------------|---------|---------|--------|----------|
| Share Capital | 33.07 | 33.07 | - | - |
| Reserves and Surplus | 505.25 | 347.68 | 157.57 | 45% |
| Total | 538.32 | 380.75 | 157.57 | 41% |

The increase in Reserves and Surplus is basically in General Reserve on account of current profit transferred from Profit and Loss Account (Rs.140 crores).

(ii) Secured Loans:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|---------------|---------|---------|-----------|----------|
| Secured Loans | 47.67 | 82.14 | (-) 34.47 | (-) 42% |

Secured Loans decreased in 2007-08 primarily due to part repayment of term loan and lower utilization of credit facilities from banks for execution of large size overseas projects. The borrowings reduced by 42% to Rs.47.67 crores as at 31st March, 2008 as compared to Rs.82.14 crores as on 31st March, 2007.

(iii) Fixed Assets:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|--------------------------|---------|---------|--------|----------|
| Gross Block | 263.02 | 238.89 | 24.13 | 10% |
| Less: Depreciation | 122.28 | 115.05 | 7.23 | 6% |
| Net Block | 140.74 | 123.84 | 16.90 | 14% |
| Capital Work in Progress | 18.75 | 6.03 | 12.72 | 211% |
| Total | 159.49 | 129.87 | 29.62 | 23% |

The increase in fixed assets is due to capital expenditure incurred on land and buildings and in plant and machinery.

(iv) Investments:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|--------------------------------------|---------|---------|----------|----------|
| • Long Term Investments: | | | | |
| - Trade Investments | 40.80 | 40.79 | 0.01 | - |
| - Investment in subsidiary companies | 14.61 | 14.61 | - | - |
| - Other Investments | 1.65 | 1.65 | - | - |
| Total Long Term Investments | 57.06 | 57.05 | 0.01 | - |
| • Current Investments: | | | | |
| - Units of Mutual Funds | 221.06 | 90.12 | 130.94 | 145% |
| - Government Securities | 0.01 | 0.01 | - | - |
| - Other Securities | 0.04 | 0.43 | (-) 0.39 | (-) 91% |
| Total Current Investments | 221.11 | 90.56 | 130.55 | 144% |
| Total Investments | 278.17 | 147.61 | 130.56 | 88% |

During 2007-08, the Company generated cash from business operations and sale of properties which were invested in units of Mutual Funds. The Company has liquid investments in Mutual Funds of Rs.221.06 crores as on 31st March, 2008 as compared to Rs.90.12 crores as on 31st March, 2007.

(v) Inventories:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|--|---------|---------|--------|----------|
| • Raw materials, stores and components | 100.07 | 87.83 | 12.24 | 14% |
| • Work-in-progress (net) | 266.69 | 245.77 | 20.92 | 8% |
| • Finished goods | 242.82 | 148.91 | 93.91 | 63% |
| Total | 609.58 | 482.51 | 127.07 | 26% |

Inventories comprising raw materials, work-in-progress and finished goods increased by 26% as on 31st March, 2008. While increase in finished goods was primarily in the Unitary Products segment, increase in work-in-progress was in respect of contracts under execution in India and abroad.

(vi) Sundry Debtors:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|------------------------------------|---------|---------|--------|----------|
| Sundry Debtors (Gross) | 566.66 | 468.11 | 98.55 | 21% |
| Less: Provision for Doubtful Debts | 34.97 | 34.33 | 0.64 | 2% |
| Net Debtors | 531.69 | 433.78 | 97.91 | 23% |

The increase in Sundry Debtors is primarily due to increase in business volumes.

(vii) Loans and Advances:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|---------------------------------------|---------|---------|-----------|----------|
| Loans and Advances (Gross) | 150.60 | 187.93 | (-) 37.33 | (-) 20% |
| Less: Provision for Doubtful Advances | 7.40 | 18.66 | (-) 11.26 | (-) 60% |
| Net Loans and Advances | 143.20 | 169.27 | (-) 26.07 | (-) 15% |

Loans and Advances (Gross) as on 31st March, 2008 were lower at Rs.150.60 crores as compared to Rs.187.93 crores as on 31st March, 2007. The reduction was primarily due to receipt of income tax refunds and netting off of advance payment of taxes with provision for tax.

(viii) Current Liabilities and Provisions:

Rs. in crores

| | 2007-08 | 2006-07 | Change | Change % |
|-----------------------|---------|---------|--------|----------|
| • Current Liabilities | 1217.39 | 893.08 | 324.31 | 36% |
| • Provisions | 204.20 | 167.26 | 36.94 | 22% |



Current Liabilities basically comprise Acceptances, Sundry Creditors and Advance payments/deposits received from customers. Due to increase in business volumes, Sundry Creditors were higher at Rs.614.10 crores as on 31st March, 2008 as compared to Rs.514.10 crores as on 31st March, 2007. Advance payments/deposits received from customers were also higher at Rs.485.73 crores as on 31st March, 2008 as compared to Rs.270.82 crores as on 31st March, 2007. The overall provisions made by the Company towards taxation, proposed dividend/dividend tax, trade guarantees, compensated absence/ pension/ gratuity/post retiral medical benefits were higher at Rs.204.20 crores as on 31st March, 2008 as compared to Rs.167.26 crores as on 31st March, 2007. The Board of Directors have recommended dividend of 135% for 2007-08 as compared to 100% in 2006-07. The total payout on account of dividend including tax on dividend for 2007-08 would be Rs.52.26 crores as compared to Rs.38.71 crores for 2006-07.

LIQUIDITY AND CAPITAL RESOURCES

55. The Company has liquid resources amounting to Rs. 221 crores per 31st March 2008 as against Rs. 91 crores per end of the previous year. If the borrowings are netted off against the cash and bank balances of Rs. 86 crores available for free use, the Company is cash surplus. The Company has adequate resources available for future growth and expansion and in view of a very low level of leverage, it has the capacity to borrow funds. Therefore, in the foreseeable future, the Company is likely to be comfortable in terms of liquidity and will be able to garner further capital resources as and when required. The Company intends to run its businesses in a manner that makes it capital light and therefore continue to improve its Return on Capital employed which stands at 49.57% for the year 2007-08.

RISK AND CONCERNS

56. The current environment is very uncertain on many fronts. As stated in subsequent paragraphs, getting human resources with the right skills and experience in the numbers required for executing the orders is going to be a big challenge for most engineering companies. In view of the high inflation in Middle East, the increase in parity value of Rupee against US Dollar in the preceding year and the lower availability of personnel will also put tremendous pressure on staff costs in the years to come unless there is a drastic change in the environment. The Company has taken several steps to ensure availability of required manpower

with adequate skill levels. Similarly, the Company has been building adequate cost increases, in line with the anticipated staff cost increases in its budgeting and estimation processes to address the risk of Human resources.

57. Similarly, another challenge is the uncertain condition in the foreign exchange markets. There has been significant volatility in the exchange rates and the continuing appreciating Rupee has suddenly taken a turn towards substantial depreciation. At the same time, there has been volatility in the rates of other currencies vis-à-vis US Dollar. The Company will need to be on its guard to ensure that there are no substantial losses arising from exchange differences. The Company manages its Treasury operations as a risk mitigation tool as opposed to being a profit center and therefore does not enter into any speculative deals. All hedging instruments are used appropriately only against confirmed open exposures.

58. Commodity markets is another high risk area. The Company, in its various businesses, has significant consumption of steel and copper. The prices of steel and copper have been consistently increasing with some very significant up swings in the recent past. Some of these cost increases are believed to be speculative and therefore, may get corrected over a period of time, but with significant volatility in the interim. The Company has put in place adequate mechanism for managing the risks of such input cost increases by adequately building in future expected cost increases in the estimation processes, to the extent possible, passing on the risk on a back to back basis, hedging of the risk on LME and on the local exchanges. The Company believes that with such mechanism in place, to a large extent, it would be in a position to mitigate this risk.

59. Overall, the Company is making further changes in its structure to ensure that a constant watch is maintained on the risk mitigation processes, the risk registers are periodically updated and the risk mitigation actions are reviewed. These processes are also being fine tuned with experience gained over a period of time.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

61. 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.

62. The Internal Auditors of the Company conduct 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 Mitigation process across all its business operations, which is reviewed by Management and the Board Audit Committee.

63. The Company's in-house Internal Audit Department comprises qualified CAs, CISA, etc. The Company had in 2006-07 appointed M/s Mahajan & Aibara, a firm of Chartered Accountants, to harness the skill sets in the areas of indirect taxation, supply chain management and manufacturing. The Internal Auditors engaged by the Company perform their function under the overall supervision of the Board Audit Committee.

64. 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 Board Audit Committee monitors and reviews the significant audit observations, compliance with accounting standards, risk management and control systems, profitability and risk ratings of overseas contracts and the status of outstandings and inventory levels.

65. Most of the Company's Divisions and Functions are certified under ISO 9001:2000. The Company has also engaged, where necessary, outside professional firms for updating its internal processes so as to ensure adequate internal controls.

HUMAN RELATIONS

66. The Management places on record its appreciation of the employees' contribution in the Company's performance during the year under review. Voltas' achievements have been made possible because of the employees' dedication and commitment.

67. Human Resource capability is a key source to the Company's competitive advantage. The Company

strengthened its processes of talent acquisition, development and retention in order to gear itself for expansion. The availability of the right talent for MEP projects in India and overseas continues to be a challenge in the context of the boom in infrastructure projects in India.

68. The Company has emphasised career planning and development of its key talent pipeline. Training in project management and managerial effectiveness has been a major area of focus during the year. The Company continued its efforts at building skills and capabilities of its employees. The initiatives include internal and external training workshops, courses and seminars to attain all-round employee development and growth in line with strategic business requirements.

69. Focussing on employee engagement both at the enterprise level and also at the level of the individual manager, a number of steps have been initiated. This will help in creating the 'Engaged Voltasite'.

70. The industrial relations in the Company continue to remain excellent. The Voltas Employees' Union celebrated its Diamond Jubilee in July 2007 and the Chairman and Corporate Management Members attended the grand function.

71. Voltas Day was celebrated on 6th September, 2007 at all locations. Towards making Voltas a 'fun place to work', various initiatives were taken at all locations, including Employee Nite with the participation of employees and their families.

72. The total staff strength as on 31st March, 2008 was 7378, including 3797 contract staff, primarily for overseas projects.

CAUTIONARY STATEMENT

73. 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 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. SEBI has recently by its circular dated 8th April, 2008 modified the existing requirements whereby if the Non-Executive Chairman is a Promoter of the Company or is related to any Promoter, at least one-half of the Board shall consist of Independent Directors. The Company is examining this requirement and would re-constitute the composition of its Board of Directors, as may be necessary.

(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 not exceeding 1% per annum of the net profits of the Company, to be 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 2007-08, ten Board Meetings were held on the following dates:

20th April, 2007; 14th May, 2007; 27th June, 2007; 20th July, 2007; 21st September, 2007; 25th October, 2007; 8th November, 2007; 8th December, 2007; 25th January, 2008 and 17th March, 2008.

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/decisions taken at Board/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 reflected by the number of meetings held during the year and attended by the Directors.

None of the Directors on the Board hold 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 of non-compliances, if any.

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 6 th August, 2007 | 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) | Professional Not Independent Non-Executive | 10 | Yes | 13 | 4 | 6 |
| Mr. A. Soni (Managing Director) | Not Independent Executive | 10 | Yes | 2 | – | – |
| Mr. Nasser Munjee | Independent Non-Executive | 4 | Yes | 14 | 4 | 5 |
| Mr. N. J. Jhaveri | Independent Non-Executive | 9 | Yes | 13 | 4 | 4 |
| Mr. S. D. Kulkarni | Independent Non-Executive | 10 | Yes | 3 | 2 | 2 |
| Mr. Ravi Kant | Professional Not Independent Non-Executive | 9 | Yes | 5 | – | 1 |
| Mr. N. D. Khurody | Professional Not Independent Non-Executive | 9 | No | 7 | – | 2 |
| Mr. Noel N. Tata | Professional Not Independent Non-Executive | 8 | Yes | 6 | – | – |

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

(d) Code of Conduct

The Board has adopted the Code of Conduct for the Directors and 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, 2008. A declaration to this effect, signed by Managing Director of the Company is annexed hereto. Senior management comprises the Division/Department/Functional Heads and the CFOs of the respective business clusters.

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. Nasser Munjee and Mr. S. D. Kulkarni. Mr. N. J. Jhaveri is the Chairman of the Board Audit Committee. All members of the Board

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 Business 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 Board Audit Committee. The Minutes of the Board 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 2007-08 on the following dates:

10th May, 2007; 20th July, 2007; 10th August, 2007;
21st September, 2007; 25th October, 2007;
25th January, 2008 and 10th March, 2008.



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

| Name of Members | No. of Meetings attended |
|--------------------|--------------------------|
| Mr. N. J. Jhaveri | 7 |
| Mr. S. D. Kulkarni | 7 |
| Mr. Nasser Munjee | 5 |

The quorum of Board Audit Committee Meetings is two members or one-third of the members, whichever is greater. The Chairman of the Board Audit Committee attended the last Annual General Meeting of the Company.

(c) Terms of reference and role of Audit Committee

The terms of reference, powers and role of Audit Committee are in accordance with Clause 49II(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, reappointment 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, if any, 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 Board Audit Committee also periodically reviews the progress on execution of major overseas projects and the risk ratings, outstandings and inventory levels including the action plan for its realization and other specific areas as requested by the Board.

4. Subsidiary Companies

The Company has six unlisted subsidiary companies, of which two are Indian subsidiaries. As defined in Clause 49 III of the Listing Agreement, none of the Indian subsidiary falls under the category of ‘material non-listed Indian subsidiary’. However, the

financial statements of all subsidiary companies including investments made, if any, are periodically reviewed by Board Audit Committee. The financial performance, Minutes of Board Meetings of these subsidiary companies and any significant transaction or arrangement entered into by the subsidiary company are reviewed by the Board. The business plans and annual targets of overseas subsidiaries are also discussed at the Board Meetings of the Company.

5. Managerial Remuneration

(a) Remuneration Committee

The Remuneration Committee comprises 3 Non-Executive Independent Directors - Mr. S. D. Kulkarni, Mr. N. J. Jhaveri and Mr. Nasser Munjee. Mr. S. D. Kulkarni is the Chairman of the Remuneration Committee. During the financial year 2007-08, two meetings were held on 14th May, 2007 and 27th June, 2007. 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.

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

| Name of Members | No. of Meetings attended |
|--------------------|--------------------------|
| Mr. S. D. Kulkarni | 2 |
| Mr. N. J. Jhaveri | 1 |
| Mr. Nasser Munjee | 2 |

(b) Remuneration Policy

The remuneration of the Managing Director and Executive Director (if any) is reviewed by the Remuneration Committee based on 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 and incentive remuneration and/or commission. Annual salary increment, incentive remuneration or commission is decided by the Remuneration Committee within the overall ceilings prescribed under the Companies Act, 1956 and approved by the shareholders. The recommendation of the Remuneration Committee is placed before the Board for its approval. The Remuneration Committee also reviews and recommends to the Board, the revision in pension payable to the retired managerial personnel, under the Retirement Benefit Scheme adopted by the Company.

The remuneration of Non-Executive Directors, by way of commission is decided by the Board of Directors. The Members had, at the 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 years commencing from 1st April, 2005. The commission for the financial year 2007-08 will be distributed amongst the Non-Executive Directors in accordance with the directives given by the Board.

In view of increase in the responsibilities of the Directors, sitting fees for attending Board/Committee Meetings, have been increased during the year 2007-08 and the same are within the permissible limits prescribed under the Companies Act, 1956. The sitting fees payable to the Non-Executive Directors for attending each Meeting are as under:

| | |
|--|-------------|
| Board Meeting | - Rs.20,000 |
| Board Audit Committee Meeting | - Rs.20,000 |
| Remuneration Committee Meeting | - Rs.10,000 |
| Shareholders'/Investors' Grievance Committee Meeting | - Rs. 5,000 |

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2007-08 and their shareholding in the Company as on date are given below:

● Non-Executive Directors

| Name of Directors | Commission for 2007-08* Rs. in Lakhs | Sitting Fees paid in 2007-08 Rs. in Lakhs | No. of Shares held |
|--------------------|---|--|--------------------|
| Mr. Ishaat Hussain | 10.00 | 1.60 | - |
| Mr. Nasser Munjee | 7.50 | 1.50 | - |
| Mr. N. J. Jhaveri | 7.50 | 2.80 | - |
| Mr. S. D. Kulkarni | 7.50 | 3.00 | 1990 |
| Mr. Ravi Kant | 7.50 | 1.40 | - |
| Mr. N. D. Khurody | 7.50 | 1.50 | - |
| Mr. Noel N. Tata | 7.50 | 1.40 | - |

* Payable in 2008-09.



The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2007-08 except as stated above.

● **Remuneration of Managing Director**

(Rs. in Lakhs)

| Name of Director | Salary | Perquisites and allowances including contribution to PF and Superannuation Fund | Commission for 2007-08* |
|------------------|--------|---|-------------------------|
| Mr. A. Soni | 27.00 | 34.05 | 80.00 |

* Payable in 2008-09.

Notes:

(a) Mr. A. Soni was reappointed as the Managing Director of the Company 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.

(b) The Company has not introduced any stock options to its directors/employees.

(c) Mr. A. Soni does not hold any Equity Shares of the Company either singly or jointly.

6. **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. Mr. Noel N. Tata, Non-Executive Director is the Chairman of the Committee. The Shareholders/Investors Grievance Committee Meeting is attended by the Company Secretary and the Share Manager. During the financial year 2007-08, two Meetings were held on 20th April, 2007 and 25th October, 2007. The Minutes of the Shareholders/Investors Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

The 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, well within the stipulated time. The demat requests are also processed well within the stipulated time and requests for transfer of shares are processed weekly. The number of complaints received from SEBI/Stock Exchanges were very few, 17 during the financial year 2007-08 and the same have been suitably dealt with and closed. The number of transfers pending as on 31st March, 2008 was 7.

Mr. V. P. Malhotra, General Manager – Taxation & Company Secretary and Mr. A. H. Khilnani, Senior Manager, Share Service Centre, 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.

7. **Other Committees**

In addition to the above Committees, the Board has constituted certain other Committees i.e. Board Committee, Investment Committee, Committee of Board, Nomination 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. Miyajiwal, Executive Vice President (Finance) and Chief Financial Officer of the Company considers and takes decisions for investment/deployment of surplus funds of the Company. During the year under review, no Meeting of Investment Committee was held.

(c) The Committee of Board comprising Mr. Ishaat Hussain, Mr. A. Soni, Mr. N. D. Khurody and Mr. Noel N. Tata was constituted to discuss and guide the Management on strategic issues. During the year under review, 3 Meetings were held.

(d) The Nomination Committee comprising Mr. Nasser Munjee (as the Chairman), Mr. Ishaat Hussain and Mr. Noel N. Tata has been constituted with the objective of identifying independent directors to be inducted to the Board and take steps to refresh the constitution of the Board, from time to time. During the year under review, no Meeting of Nomination Committee was held.

(e) The Ethics and Compliance Committee comprising Mr. Nasser 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. 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. During the year under review, no Meeting of Ethics and Compliance Committee was held.

8. 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 follows:

| Date of AGM | Time | Special Resolutions passed | |
|---|-----------|----------------------------|---|
| | | No. | Nature |
| 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 |
| 52 nd AGM – 7 th August, 2006 | 3.30 p.m. | 1 | Alteration in the Articles of Association in view of sub-division of equity shares of the Company. |
| 53 rd AGM – 6 th August, 2007 | 3.30 p.m. | – | None |

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 2007-08.

9. 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 28th July, 2008.

10. Disclosures

- During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No.40), 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 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 and its functioning is periodically reviewed by the Board Audit Committee.

- 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 as prescribed by the Central Government under the Companies (Accounting Standards) Rules, 2006.
- The Company has laid down procedures for the risk assessment and minimization procedures. This is reviewed by the Board to ensure that Executive Management controls risk through means of a properly defined framework.
- The Company did not raise funds through public/rights/preferential issues during the financial year 2007-08.
- 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 Report (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 report for the financial year 2007-08.
- 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 2007-08.
- 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.

11. Means of Communication

- The quarterly and half-yearly results are published in widely circulated newspapers: Business Standard, DNA and The Economic Times in English; Maharashtra Times and Dainik Mumbai Lakshyadeep 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.sebiedifar.nic.in within the timeframe prescribed in this regard.
- The financial results, official news releases and presentations, conference calls with the institutional investors or with the analysts are displayed on the Company's website www.voltas.com. Copies of Press Release are also sent to the Stock Exchanges.

12. General Shareholders Information

- AGM: Date, time and venue : Monday, 28th July, 2008 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 2008
(c) Second Quarter Results - By end October 2008
(d) Third Quarter Results - By end January 2009
(e) Results for the year ending 31st March, 2009 - Before end June 2009
- Date of Book closure : Tuesday, 1st July, 2008 to Monday, 28th July, 2008 (both days inclusive).
- Dividend Payment date : Dividend would be paid on or after 29th July, 2008.
- Listing on Stock Exchange : Bombay Stock Exchange Limited, National Stock Exchange of India Limited.

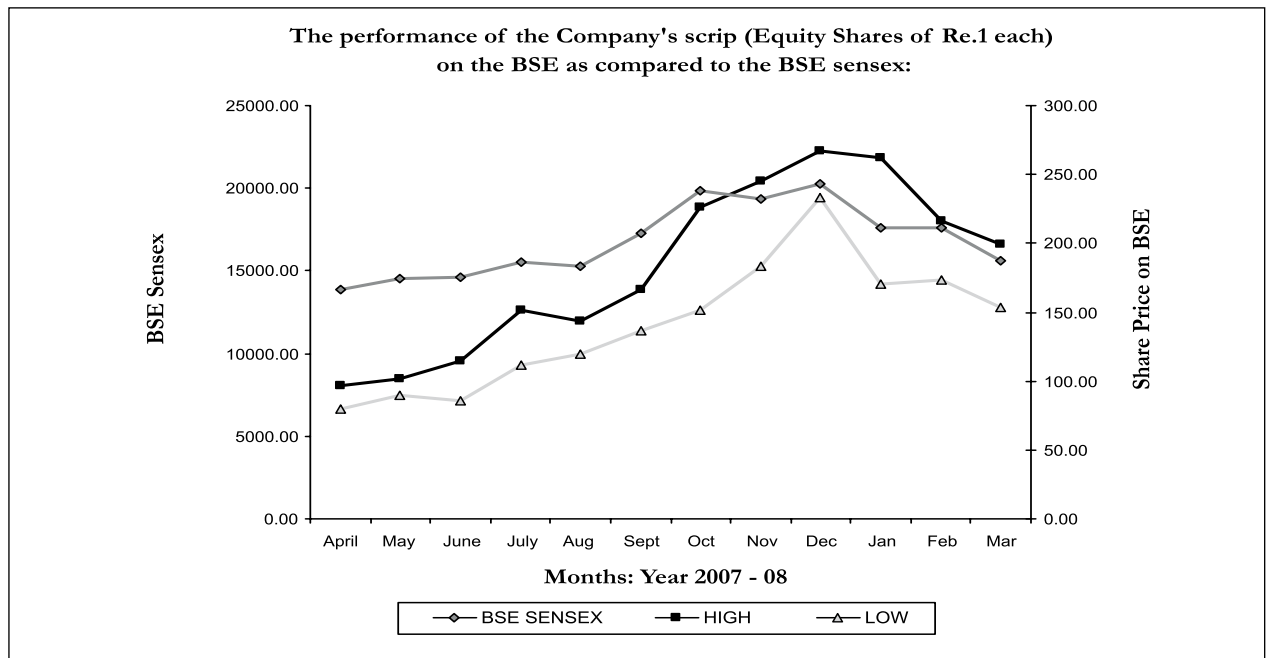
The Company has paid the listing fees to BSE and NSE for the year 2008-09.

- Stock Code
 - NSE : VOLTAS
 - BSE : 500575
 - ISIN Number for NSDL/CDSL : INE226A01021

● **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 of Re.1 each on the said exchanges is given hereunder:

| Month | BSE Sensex | Bombay Stock Exchange Ltd. (BSE) | | | | National Stock Exchange of India Ltd. (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 |
| 2007 | | | | | | | | | |
| April | 13872 | 96.75 | 79.40 | 8514942 | 7561.10 | 96.70 | 79.40 | 24527680 | 21649.13 |
| May | 14544 | 101.60 | 89.90 | 13270378 | 12896.83 | 105.10 | 85.70 | 30114673 | 29272.49 |
| June | 14651 | 114.45 | 86.15 | 20376054 | 21584.33 | 114.30 | 86.60 | 40738119 | 42890.31 |
| July | 15551 | 151.40 | 111.50 | 28813401 | 38061.65 | 153.95 | 111.15 | 70690949 | 93291.81 |
| August | 15319 | 143.90 | 119.50 | 15518811 | 21074.42 | 149.95 | 119.75 | 41973813 | 56935.82 |
| September | 17291 | 166.35 | 136.80 | 12823478 | 19706.34 | 166.40 | 136.70 | 33161639 | 50947.98 |
| October | 19838 | 226.00 | 151.80 | 16426607 | 30069.47 | 226.00 | 150.00 | 51604183 | 94575.83 |
| November | 19363 | 245.50 | 183.50 | 11743341 | 25436.50 | 249.40 | 183.00 | 39200909 | 83460.53 |
| December | 20287 | 266.90 | 233.15 | 6908656 | 17246.23 | 267.95 | 233.40 | 36769976 | 91141.97 |
| 2008 | | | | | | | | | |
| January | 17649 | 261.70 | 170.00 | 10815715 | 24512.47 | 261.00 | 170.15 | 28153651 | 63980.68 |
| February | 17579 | 216.25 | 173.05 | 8865206 | 17468.87 | 217.75 | 173.30 | 25210446 | 50257.16 |
| March | 15644 | 199.00 | 153.00 | 6571957 | 11368.59 | 199.95 | 153.20 | 19437728 | 33936.96 |





● **Distribution of shareholding as on 31st March, 2008**

| No. of equity shares held | No. of shareholders | No. of Shares held | % of Issued Share Capital |
|---------------------------|---------------------|--------------------|---------------------------|
| Upto 5000 | 79152 | 39161959 | 11.83 |
| 5001 to 10000 | 1175 | 8426544 | 2.55 |
| 10001 to 20000 | 515 | 7451634 | 2.25 |
| 20001 to 30000 | 132 | 3294561 | 1.00 |
| 30001 to 40000 | 72 | 2540618 | 0.77 |
| 40001 to 50000 | 61 | 2803095 | 0.85 |
| 50001 to 100000 | 88 | 6256073 | 1.89 |
| 100001 and above | 176 | 260950256 | 78.86 |
| Total | 81371 | 330884740 | 100.00 |
| Physical Mode | 21071 | 17419165 | 5.26 |
| Electronic Mode | 60300 | 313465575 | 94.74 |

● **Shareholding Pattern as on 31st March, 2008**

| Category | No. of Shares held | % of Issued Share Capital |
|-------------------------|--------------------|---------------------------|
| Tata Group of Companies | 91171055 | 27.55 |
| FIs | 73443196 | 22.20 |
| Financial Institutions | 39116296 | 11.82 |
| Mutual Funds and UTI | 36958284 | 11.17 |
| Bodies Corporate | 18230714 | 5.51 |
| NRIs | 3590001 | 1.08 |
| Nationalised Banks | 294550 | 0.09 |
| Foreign Companies | 89850 | 0.03 |
| Directors | 1990 | 0.00 |
| Public | 67988804 | 20.55 |
| Total | 330884740 | 100.00 |

● **Shareholders holding more than 1% Equity Shares of the Company as on 31st March, 2008**

| Name of Shareholder | No. of Shares held | % of Issued Share Capital |
|--|--------------------|---------------------------|
| Tata Sons Ltd. | 78731780 | 23.79 |
| Life Insurance Corporation of India | 25608246 | 7.74 |
| Citigroup Global Markets Mauritius Pvt. Ltd. | 10419862 | 3.15 |
| Tata Investment Corporation Ltd. | 9552330 | 2.89 |
| ABN Amro Bank N. V. London Branch | 7270469 | 2.20 |
| Nomura India Investment Fund Mother Fund | 6916850 | 2.09 |
| General Insurance Corporation of India | 5024580 | 1.52 |
| PCA India Infrastructure Equity Open Ltd. | 4613679 | 1.39 |
| The New India Assurance Company Ltd. | 4363080 | 1.32 |
| ICICI Prudential Life Insurance Co. Ltd. | 4092969 | 1.24 |
| CAAM Funds India | 3800000 | 1.15 |
| JM Trustee Co. Ltd. A/c JM Mutual Fund - Basic | 3783818 | 1.14 |
| The Oriental Insurance Company Ltd. | 3560470 | 1.08 |
| Merrill Lynch India Equities Fund (Mauritius) Ltd. | 3348459 | 1.01 |
| JM Financial Mutual Fund – JM Contra Fund | 3335162 | 1.01 |

● Registrar & Transfer Agent : In-house
 Voltas 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 : 94.74 % of the share capital has been dematerialized as on 31st March, 2008.

● 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:
 (i) 2nd Pokhran Road, Thane 400 601
 (ii) Shreenath Industrial Estate C Building, Survey No.197, Near Dadra Check Post, Dadra 396 230
 (iii) Plot Nos.1-5, Sector 8 I.I.E. Pantnagar Industrial Area, Dist. Udham Singh Nagar, Rudrapur, Uttarakhand 263 145

● 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 |
|---|----------------------------------|---|
| 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 |
| 7 th August, 2006 | 2005-2006 | 12 th September, 2013 |
| 6 th August, 2007 | 2006-2007 | 11 th September, 2014 |

● **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 Shareholding**

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

I hereby declare that all the Directors and Senior Management personnel have as on 31st March, 2008 affirmed compliance of their respective Codes of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Mumbai,
15th May, 2008

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 ("the Company") for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreements of the 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 the compliance of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For Deloitte Haskins & Sells
Chartered Accountants

Nalin M. Shah
Partner
Membership No. 15860

Mumbai,
15th May, 2008



AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of **VOLTAS LIMITED**, as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, in which are incorporated the Returns from the Qatar, Bahrain and UAE 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 the 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 (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
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 purposes 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 the Qatar, Bahrain and UAE Branches audited by other auditors;
 - (iii) the reports on the accounts of the Qatar, Bahrain and UAE 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, the Profit and Loss Account and the Cash flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;
 - (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to Section 211(3C) of the Companies Act, 1956;
 - (vi) 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, 2008;
 - (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.
 - (vii) On the basis of the written representations received from the Directors as on 31st March, 2008, taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Nalin M. Shah
Partner

Membership No. 15860

Mumbai,
15th May, 2008

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/activities during the year is such that, clauses (x), (xii), (xiii), (xiv), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) 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 the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable data is not available and for which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. 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.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) 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 conditioning system and refrigerators and are of the opinion that *prima facie* 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 or 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.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) There were no undisputed amounts payable in respect of income-tax, wealth tax, customs duty, excise duty, cess and other material statutory dues in arrears as at 31st March, 2008 for a period of more than six months from the date they became payable except for sales tax and service tax amounting to Rs.1.60 lakhs and Rs.2.95 lakhs respectively, which have been paid subsequently.
- (c) Details of dues of income-tax, sales tax, service tax and excise duty which have not been deposited as on



31st March, 2008 on account of disputes 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 | 1973-75, 1990-91 | 1.84 |
| 2. Excise Duty | Supreme Court | 1993-96 | 45.74 |
| | High Courts | 1986-87 | 7.95 |
| | Customs, Excise And Service Tax Appellate Tribunals (CESTAT) | 2001-02 | 5.52 |
| | Commissioner of Central Excise (Appeals) | 1983-86 | 20.21 |
| | Commissioners/Adjudicating Authority | 1975, 1982-85, 1986-91, 1993-2008 | 2017.71 |
| 3. Service Tax | Customs, Excise and Service Tax Appellate Tribunals (CESTAT) | 1998-2003 | 15.98 |
| | Commissioner of Central Excise (Appeals) | 2001-06 | 67.28 |
| | Commissioners/Adjudicating Authority | 1998-2003, 2001-04, 2005-07 | 174.66 |
| 4. Sales Tax | Supreme Court | 1993-2001 | 567.54 |
| | High Courts | 1988-2000, 2002-04 | 1717.58 |
| | Appellate Tribunals | 1986-98, 1999-2004 | 625.32 |
| | Commissioner Appeals | 1989-2006 | 754.52 |
| | Deputy Commissioner Appeals | 1985-2005 | 469.56 |
| | Assessing Authority | 1978-80, 1985-2005, 2006-07 | 1964.42 |

(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 banks.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not *prima facie* prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination

of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Nalin M. Shah
Partner

Membership No. 15860

Mumbai,
15th May, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

| | Schedule | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|----------|--------------------|--------------------|--|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS FUNDS | | | | |
| 1. SHARE CAPITAL | A | | 3306.95 | 3306.83 |
| 2. RESERVES AND SURPLUS | B | | 50525.07 | 34768.48 |
| 3. TOTAL | | | 53832.02 | 38075.31 |
| LOAN FUNDS | | | | |
| 4. SECURED LOANS | C | | 4766.60 | 8214.19 |
| | TOTAL | | 58598.62 | 46289.50 |
| APPLICATION OF FUNDS | | | | |
| 5. FIXED ASSETS | | | | |
| GROSS BLOCK | D | 26302.39 | | 23889.46 |
| LESS : DEPRECIATION | | 12227.74 | | 11505.68 |
| NET BLOCK | | 14074.65 | | 12383.78 |
| CAPITAL WORK-IN-PROGRESS | | 1875.21 | | 603.49 |
| | | | 15949.86 | 12987.27 |
| 6. INVESTMENTS | E | | 26792.63 | 13741.06 |
| 7. DEFERRED TAX ASSET (NET) (See Note 11, Schedule 'P') | | | 2043.12 | 2967.01 |
| 8. CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| 1. Inventories | F | 60958.57 | | 48250.80 |
| 2. Sundry Debtors | G | 53169.16 | | 43378.02 |
| 3. Cash and Bank Balances | H | 27520.78 | | 14025.01 |
| 4. Interest accrued on Investments | | 3.70 | | 47.07 |
| 5. Loans and Advances | I | 14319.99 | | 16926.98 |
| | | | 155972.20 | 122627.88 |
| 9. LESS : CURRENT LIABILITIES AND PROVISIONS | | | | |
| (A) Current Liabilities | J | 121739.31 | | 89307.78 |
| (B) Provisions | J | 20419.88 | | 16725.94 |
| | | | 142159.19 | 106033.72 |
| 10. NET CURRENT ASSETS | | | 13813.01 | 16594.16 |
| | TOTAL | | 58598.62 | 46289.50 |

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

For and on behalf of the Board

Chairman
Managing Director
Directors

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

In terms of our Report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
Mumbai, 15th May, 2008

General Manager - Taxation
& Company Secretary
Mumbai, 15th May, 2008

V. P. Malhotra



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

| | Schedule | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|--|----------|--------------------|--------------------|---|
| 1. SALES AND SERVICES (See Note 12 and 37, Schedule 'P') | | 308617.33 | | 245078.10 |
| Less : EXCISE DUTY | | 4163.67 | | 5022.94 |
| NET SALES AND SERVICES | | | 304453.66 | 240055.16 |
| 2. OTHER INCOME | K | | 3167.00 | 3071.07 |
| 3. COST OF SALES, SERVICES AND EXPENSES | L | | 279366.71 | 229162.80 |
| 4. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS | | | 28253.95 | 13963.43 |
| 5. FINANCIAL ITEMS | M | | (869.00) | (2781.13) |
| 6. DEPRECIATION ON FIXED ASSETS | | | 1356.49 | 1232.38 |
| 7. PROFIT BEFORE EXCEPTIONAL ITEMS | | | 27766.46 | 15512.18 |
| 8. EXCEPTIONAL ITEMS | N | | 2987.49 | 6771.17 |
| 9. PROFIT BEFORE TAXATION | | | 30753.95 | 22283.35 |
| 10. PROVISION FOR TAXATION | | | | |
| – Provision for Current Tax [(Including Foreign Income Tax Rs. 340.20 Lakhs (2006-07: Rs. 409.29 Lakhs)] | | 8710.45 | | 3740.29 |
| – Provision for Taxation of Earlier Years Written Back | | Nil | | (467.16) |
| – Provision for Deferred Tax | | 850.00 | | 110.00 |
| – Provision for Wealth Tax | | 32.00 | | 32.00 |
| – Provision for Fringe Benefit Tax | | 325.00 | | 260.00 |
| | | | 9917.45 | 3675.13 |
| 11. PROFIT AFTER TAXATION | | | 20836.50 | 18608.22 |
| 12. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR | | | 4000.00 | 2485.39 |
| 13. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE | | | 250.00 | 344.00 |
| 14. PROFIT AVAILABLE FOR APPROPRIATIONS | | | 25086.50 | 21437.61 |
| 15. APPROPRIATIONS : | | | | |
| (a) GENERAL RESERVE | | 14000.00 | | 13566.42 |
| (b) PROPOSED DIVIDEND | | 4466.94 | | 3308.85 |
| (c) TAX ON DIVIDEND | | 759.16 | | 562.34 |
| | | | 19226.10 | 17437.61 |
| 16. BALANCE CARRIED FORWARD | | | 5860.40 | 4000.00 |
| Basic and diluted earnings per share of Re. 1 each (including Exceptional items) (in Rs.) (See Note 17, Schedule 'P') | | | 6.30 | 5.62 |

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

For and on behalf of the Board

*Chairman
Managing Director
Directors*

**Ishaat Hussain
A. Soni
Nasser Munjee
N. J. Jhaveri
S. D. Kulkarni
Ravi Kant
N. D. Khurody
N. N. Tata**

In terms of our Report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
Mumbai, 15th May, 2008

*General Manager - Taxation
& Company Secretary
Mumbai, 15th May, 2008*

V. P. Malhotra

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

| A. CASH FLOW FROM OPERATING ACTIVITIES | Rupees in Lakhs | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|--|--------------------|--------------------|---------------------------------|
| Net Profit before Taxation | | 30753.95 | 22283.35 |
| Add - Adjustments for : | | | |
| Depreciation | 1356.49 | | 1232.38 |
| Provision for Contingencies | (100.00) | | 1133.59 |
| Provision for Diminution in value of Investments | 4.55 | | 17.90 |
| Net Profit on Sale/Retirement of Fixed Assets | (2752.17) | | (1531.19) |
| (Profit)/Loss on Sale of Investments | (47.99) | | (7806.34) |
| Interest paid (Net) | 265.49 | | (47.14) |
| Income from Investments | (1134.49) | | (2733.99) |
| Provision for Compensated Absences | 350.97 | | 222.83 |
| Provision for Gratuity | 139.12 | | 562.92 |
| Provision for Post Retiral Medical Benefits | 13.53 | | 28.58 |
| Cost of Voluntary Retirement Scheme | 45.73 | | 358.77 |
| | | (1858.77) | (8561.69) |
| Operating Profit before Working Capital changes | | 28895.18 | 13721.66 |
| Less - Adjustments for: | | | |
| (Increase)/Decrease in Inventories | (12707.77) | | (18326.83) |
| (Increase)/Decrease in Trade and Other Receivables | (9791.14) | | (4625.01) |
| (Increase)/Decrease in Loans and Advances | 445.54 | | (4501.16) |
| (Decrease)/Increase in Advances from Customers | 21491.60 | | 10125.86 |
| (Decrease)/Increase in Trade Payables | 12342.89 | | 6853.99 |
| | | 11781.12 | (10473.15) |
| Cash generated from Operations | | 40676.30 | 3248.51 |
| Less: | | | |
| Taxes paid | 5904.81 | | 2877.82 |
| Voluntary Retirement / Pension Scheme Payments | 188.92 | | 204.53 |
| | | 6093.73 | 3082.35 |
| <i>NET CASH FROM OPERATING ACTIVITIES</i> | | 34582.57 | 166.16 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (4468.64) | | (2647.80) |
| Sale of Fixed Assets | 1930.95 | | 3346.08 |
| Proceeds from Surrender of Tenancy Rights | 970.78 | | 95.54 |
| Purchase of Investments | (115253.80) | | (26765.57) |
| Investment in Subsidiaries | Nil | | (42.74) |
| Sale of Investments | 101954.73 | | 18701.48 |
| Sale of Investments in Subsidiaries | Nil | | 7843.53 |
| Interest received | 373.82 | | 758.95 |
| Income from Investments | 1312.24 | | 2556.24 |
| Inter Corporate Deposits and Loans including to Subsidiary Companies | 0.31 | | 1288.95 |
| | | (13179.61) | 5134.66 |
| <i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i> | | | |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Share Capital (Calls in Arrears) | 0.12 | | 0.57 |
| Securities Premium (Calls in Arrears) | 0.57 | | 2.87 |
| Increase/(Decrease) in other Borrowings | (2447.59) | | 1013.35 |
| Repayment of Long Term Borrowings | (1000.00) | | Nil |
| Interest paid | (605.71) | | (863.87) |
| Decrease in unpaid Deposits | (8.14) | | (43.09) |
| Dividend paid including dividend tax | (3846.44) | | (2248.73) |
| | | (7907.19) | (2138.90) |
| <i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i> | | | |
| <i>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</i> | | 13495.77 | 3161.92 |
| CASH AND CASH EQUIVALENTS AS AT 1-4-2007 (See Schedule H) | | 14025.01 | 10863.09 |
| CASH AND CASH EQUIVALENTS AS AT 31-3-2008 (See Schedule H) | | 27520.78 | 14025.01 |

For and on behalf of the Board

Chairman
Managing Director
Directors

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

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 15th May, 2008

M. M. Miyajiwala
V. P. Malhotra

In terms of our Report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 15th May, 2008



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 'A' : SHARE CAPITAL

| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|--|--------------------|--|
| 1. AUTHORISED | | |
| 60,00,00,000 Equity Shares of Re. 1 each | 6000.00 | 6000.00 |
| 40,00,00,000 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 (See Note 2, Schedule 'P') | | |
| 33,08,84,740 Equity Shares of Re.1 each | 3308.85 | 3308.85 |
| Less: Calls in Arrears | 1.90 | 2.02 |
| TOTAL | <u>3306.95</u> | <u>3306.83</u> |

SCHEDULE 'B' : RESERVES AND SURPLUS

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|--|--------------------|--------------------|--|
| 1. SECURITIES PREMIUM | | | |
| As per last Balance Sheet | 624.05 | | 621.18 |
| Add: Calls in Arrears received during the year | <u>0.57</u> | | <u>2.87</u> |
| | | 624.62 | 624.05 |
| 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 | 29037.21 | | 16276.89 |
| Add : Transferred from Profit and Loss Account | 14000.00 | | 13566.42 |
| Add / (Less) : Provision for Compensated Absences adjusted [Net of Deferred Tax of Rs.73.89 Lakhs (31-3-2007 : Rs. 409.01 Lakhs)] (See Note 3, Schedule 'P') | <u>145.62</u> | | <u>(806.10)</u> |
| | | 43182.83 | 29037.21 |
| 5. STAFF WELFARE RESERVE | | | |
| As per last Balance Sheet | | 1.00 | 1.00 |
| 6. FOREIGN PROJECTS RESERVE | | | |
| As per last Balance Sheet | 825.00 | | 1169.00 |
| Less : Transferred to Profit and Loss Account | <u>250.00</u> | | <u>344.00</u> |
| | | 575.00 | 825.00 |
| 7. PROFIT AND LOSS ACCOUNT | | | |
| TOTAL | | <u>5860.40</u> | 4000.00 |
| | | <u>50525.07</u> | <u>34768.48</u> |

SCHEDULE 'C' : SECURED LOANS

| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|--------------------|--|
| LOANS FROM BANKS (See Note 4, Schedule 'P') | 4766.60 | 8214.19 |
| TOTAL | <u>4766.60</u> | <u>8214.19</u> |

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

| Particulars | GROSS BLOCK AT COST OR BOOK VALUE | | | | DEPRECIATION | | | NET BLOCK | | |
|--|-----------------------------------|--------------------|--------------------|---------------------------|---------------------------|--------------------|--------------------|---------------------------|---------------------------|---------------------------|
| | As at 31 March 2007 | Additions | Deductions | As at 31 March 2008 | Up to 31 March 2007 | For the Year | On Deductions | Up to 31 March 2008 | As at 31 March 2008 | As at 31 March 2007 |
| | | | | (1+2-3) | | | | (5+6-7) | (4-8) | (1-5) |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| | 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 | 312.73 | Nil | Nil | 312.73 | 2.03 | 3.44 | Nil | 5.47 | 307.26 | 310.70 |
| 2. Freehold Land | 77.23 | 567.48 | 0.16 | 644.55 | Nil | Nil | Nil | Nil | 644.55 | 77.23 |
| 3. Buildings * ** | 7773.94 | 577.31 | 72.97 | 8278.28 | 1835.10 | 269.82 | 33.97 | 2070.95 | 6207.33 | 5938.84 |
| 4. Plant & Machinery | 11648.80 | 1672.88 | 567.79 | 12753.89 | 6912.50 | 666.01 | 492.12 | 7086.39 | 5667.50 | 4736.30 |
| 5. Furniture & Fittings | 1470.76 | 227.75 | 53.98 | 1644.53 | 1070.84 | 137.98 | 49.60 | 1159.22 | 485.31 | 399.92 |
| 6. Vehicles | 511.63 | 39.68 | 89.09 | 462.22 | 208.35 | 46.42 | 58.74 | 196.03 | 266.19 | 303.28 |
| Intangible Assets : | | | | | | | | | | |
| 7. Manufacturing Rights & Technical Know-how | 1004.32 | Nil | Nil | 1004.32 | 997.33 | 6.60 | Nil | 1003.93 | 0.39 | 6.99 |
| 8. Software | 1090.05 | 111.82 | Nil | 1201.87 | 479.53 | 226.22 | Nil | 705.75 | 496.12 | 610.52 |
| | 23889.46 | 3196.92 | 783.99 | 26302.39 | 11505.68 | 1356.49 | 634.43 | 12227.74 | 14074.65 | 12383.78 |
| Previous Year | (26975.74) | (3142.83) | (6229.11) | (23889.46) | (14591.99) | (1232.38) | (4318.69) | (11505.68) | (12383.78) | |
| 9. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.1742.71 Lakhs (31-3-2007: Rs 457.52 Lakhs)] | | | | 1875.21 | | | | | 1875.21 | 603.49 |
| | | | | 28177.60 | | | | | 15949.86 | 12987.27 |

* Buildings include Gross Block Rs.662.79 Lakhs (31-3-2007: Rs.662.79 Lakhs) and Accumulated Depreciation Rs. 255.92 Lakhs (31-3-2007: Rs.255.92 Lakhs) which has been held for sale and the estimated realisable value is higher than the net book value.

** Includes Rs.0.48 Lakh (31-3-2007: Rs.0.46 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

SCHEDULE 'E' : INVESTMENTS (at Cost)

| | No. | Currency / Face Value | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 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. (1,000 shares purchased during the year) | 14,61,087 | Rs. 10 | 204.04 | | 203.94 |
| Agro Foods Punjab Ltd. (Beneficial rights transferred pending transfer of shares) | 2,80,000 | Rs. 100 | Nil | | Nil |
| Westerwork Engineers Ltd (Under Liquidation) | 9,600 | Rs. 100 | 109.29 | | 109.29 |
| Metrovol FZE, Jebel Ali, Abu Dhabi, United Arab Emirates | 1 | AED 2000000 | 10.78 | | 10.78 |
| Weathermaker Ltd, UAE | 4,08,441 | US \$ 1 | 307.20 | | 307.20 |
| VIL Overseas Enterprises B.V, The Netherlands | 13,635 | EURO 45.38 | 265.21 | | 265.21 |
| | | | | 1461.52 | 1461.42 |


SCHEDULE 'E' : INVESTMENTS (at Cost.) (Contd.)

 As at
31-3-2007

| | No. | Currency / Face Value | | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs |
|---|-------------|--------------------------|------|--------------------|--------------------|--------------------|
| Other fully paid Equity 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. | 6,00,000 | Rs. | 10 | 600.48 | | 600.48 |
| Reliance Industries Ltd. (See Note 5, 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 Ltd. | 8,70,480 | Rs. | 100 | 874.59 | | 874.59 |
| Tata Projects Ltd. | 22,500 | Rs. | 100 | 26.25 | | 26.25 |
| 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 |
| Terrot GmbH, Germany | 24,000 | EURO | 10 | 140.43 | | 140.43 |
| Rujuvalika Investments Ltd. | 1,83,333 | Rs. | 10 | 30.00 | | 30.00 |
| Naba Diganta Water Management Ltd. | 12,999 | Rs. | 10 | 1.30 | | Nil |
| Lalbuksh Voltas Engineering Services and Trading L.L.C., Muscat, Sultanate of Oman | 3,000 | RO | 10 | 8.14 | | 8.14 |
| Saudi Ensas Company for Engineering Services WLL, Saudi Arabia | 2,600 | SR | 100 | 17.90 | | 17.90 |
| AVCO Marine S.a.S., France | 1,910 | EURO | 10 | 7.97 | | 7.97 |
| Other fully paid Preference Shares | | | | | | |
| Rallis India Ltd. | | | | | | |
| 7.5% Cumulative Redeemable Preference Shares | 50,00,000 | Rs. | 10 | 500.00 | | 500.00 |
| | | | | | 4079.92 | 4078.62 |
| 2. OTHER INVESTMENTS | | | | | | |
| Fully paid Equity 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 |
| QUOTED: | | | | | | |
| Unit Trust of India - 6.75% Tax Free US 64 Bonds | 1,64,585 | Rs. | 100 | 164.59 | | 164.59 |
| | | | | | 164.72 | 164.72 |
| TOTAL LONG TERM INVESTMENTS | | | | | 5706.16 | 5704.76 |
| CURRENT INVESTMENTS | | | | | | |
| Units of Mutual Funds: | | | | | | |
| UNQUOTED: | | | | | | |
| LICMF - Floating Rate Fund -Dividend Plan (50,20,478 units sold during the year) | | Rs. | 10 | Nil | | 509.73 |
| LICMF Liquid Plus Fund - Daily Dividend Plan (3,05,15,278 units purchased during the year) | 3,05,15,278 | Rs. | 10 | 3051.53 | | Nil |
| LICMF - Fixed Maturity Plan Series 32 (50,00,000 units purchased during the year) | 50,00,000 | Rs. | 10 | 500.00 | | Nil |
| HDFC FMP - 90D March 2007 (4) IP (1,00,00,000 units sold during the year) | | Rs. | 10 | Nil | | 1000.00 |

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

| | No. | Currency / Face Value | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|-------------|--------------------------|--------------------|--------------------|--|
| HDFC FMP - 90D March 2008 VII (2) IP (2,00,00,000 units purchased during the year) | 2,00,00,000 | Rs. 10 | 2000.00 | | Nil |
| Tata Fixed Horizon Fund Series 7 Plan B - IP | 2,50,00,000 | Rs. 10 | 2500.00 | | 2500.00 |
| PRU ICICI FMP - Series 37 (1,00,00,000 units sold during the year) | | Rs. 10 | Nil | | 1000.00 |
| ICICI Prudential Interval Fund II Quarterly Interval Plan D (50,05,042 units purchased during the year) | 50,05,042 | Rs. 10 | 500.50 | | Nil |
| HSBC Fixed Term Series - 26 (1,00,22,095 units sold during the year) | | Rs. 10 | Nil | | 1002.21 |
| DWS Fixed Term Fund Series 24 IP Growth | 1,00,00,000 | Rs. 10 | 1000.00 | | 1000.00 |
| DWS Quarterly Interval Fund - Series I - Dividend Plan (1,50,00,000 units purchased during the year) | 1,50,00,000 | Rs. 10 | 1500.00 | | Nil |
| UTI Fixed Maturity Plan | 1,00,00,000 | Rs. 10 | 1000.00 | | 1000.00 |
| UTI Fixed Maturity Plan QFMP 0208 Institutional Dividend Plan Reinvestment (1,01,03,934 units purchased during the year) | 1,01,03,934 | Rs. 10 | 1010.39 | | Nil |
| UTI Fixed Maturity Plan HFMP 0308 I Institutional Dividend Plan Reinvestment (50,00,000 units purchased during the year) | 50,00,000 | Rs. 10 | 500.00 | | Nil |
| Reliance Fixed Horizon Fund III AP Series | 1,00,00,000 | Rs. 10 | 1000.00 | | 1000.00 |
| Templeton Floating Rate Income Fund Long Term Plan Super Institutional Option IP Dividend (2,49,78,934 units purchased during the year) | 2,49,78,934 | Rs. 10 | 2500.59 | | Nil |
| JM Interval Fund Quarterly Plan 3 Institutional Dividend Plan (2,54,36,671 units purchased during the year) | 2,54,36,671 | Rs. 10 | 2543.67 | | Nil |
| Kotak FMP 3M Series 28 - Dividend (2,50,00,000 units purchased during the year) | 2,50,00,000 | Rs. 10 | 2500.00 | | Nil |
| Government Securities | | | 0.55 | | 0.55 |
| Other Securities - QUOTED: | | | | | |
| Tata Motors Ltd. (9,682 shares sold during the year) | | Rs. 10 | Nil | | 38.91 |
| Hindustan Unilever Ltd. (4,525 shares sold during the year) | 15,475 | Re. 1 | 3.77 | | 4.88 |
| TOTAL CURRENT INVESTMENTS | | | | 22111.00 | 9056.28 |
| TOTAL INVESTMENTS | | | | 27817.16 | 14761.04 |
| Less : PROVISION FOR DIMINUTION IN VALUE | | | | 1024.53 | 1019.98 |
| TOTAL | | | | 26792.63 | 13741.06 |
| * Cost Rs. 100 (31-3-2007 : Rs.100) | | | | | |
| ** Cost Rs. 20 (31-3-2007 : Rs. 20) | | | | | |
| Quoted : Cost | | | | 972.77 | 1017.35 |
| : Market Value | | | | 10353.75 | 18784.50 |
| Unquoted : Cost | | | | 26844.39 | 13743.69 |

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 'E' : INVESTMENTS (at Cost) (contd.)

Note: Investments purchased and sold during the year

| Mutual Funds | Number of Units | |
|--|--------------------|-------------|
| | | 2006-07 |
| Birla Cash Plus Institutional Premium Plan Daily Dividend | 99,88,118 | 2,51,02,193 |
| Birla Floating Rate Fund Long Term Weekly Dividend Reinvestment | 50,07,682 | — |
| Birla FMP Series 2 Quarterly Dividend Reinvestment | 2,54,54,894 | — |
| Birla Sun Life Cash Manager - IP Daily Dividend Reinvestment | 2,00,96,599 | — |
| Birla Sun Life Liquid Plus - Institutional Daily Dividend Reinvestment | 50,74,554 | — |
| DSP Merrill Lynch Liquid Plus - Institutional - Daily Dividend | — | 1,50,796 |
| DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend | — | 2,10,463 |
| DWS Credit Opportunities Cash Fund Weekly Dividend Plan | 1,52,22,980 | — |
| DWS Insta Cash Plus Fund | 1,49,75,519 | 50,18,874 |
| Grindlays Floating Rate Fund LT Institutional Plan B Daily Dividend | 1,54,07,323 | — |
| HDFC Cash Management Fund | — | 1,90,62,562 |
| HDFC Liquid Fund Premium Plan | 1,22,42,331 | 82,13,363 |
| HSBC Cash Fund Institutional Plus Daily Dividend | 2,99,87,440 | 50,15,776 |
| HSBC Fixed Term Series - 26 | 4,46,894 | — |
| HSBC Interval Fund Plan - 1 Institutional Dividend | 2,05,40,884 | — |
| HSBC Liquid Plus Institutional Plus Daily Dividend | 5,08,00,152 | — |
| ICICI Prudential Flexible Income Plan Dividend Daily Reinvest Dividend | 1,44,92,760 | — |
| ICICI Prudential Floating Rate Plan Daily Dividend Reinvest Dividend | 1,51,52,655 | — |
| ING Liquid Plus Fund Institutional Daily Dividend | 4,60,29,726 | — |
| ING Liquid Fund Institutional Daily Dividend Option | 5,50,04,455 | — |
| JM High Liquidity Fund - Super Institutional Plan Daily Dividend | 2,49,63,211 | — |
| JM Money Manager Fund Super Plus Plan Daily Dividend | 2,51,89,466 | — |
| Kotak Flexi Debt scheme Daily Dividend | 5,61,50,928 | — |
| Kotak Liquid (Institutional Premium) Daily Dividend | 2,45,37,244 | — |
| Kotak Quarterly Interval Plan Series 3 Dividend | 2,54,44,255 | — |
| LICMF - Floating Rate Fund -Dividend Plan | 2,48,32,250 | — |
| LICMF - Liquid Fund -Dividend Plan | 4,57,80,531 | 1,38,44,746 |
| LICMF - Fixed Maturity Plan Series 30 | 1,02,21,201 | — |
| LICMF - FMP Series 26 Dividend Plan | 1,52,73,316 | — |
| Prudential ICICI Liquid - Super IP - Daily Dividend | 5,50,20,424 | 1,50,65,201 |
| Reliance Liquid Plus Fund Institutional Option Daily Dividend | 4,01,861 | — |
| Reliance Liquidity Fund Daily Dividend Reinvestment Option | 3,99,95,665 | — |
| Standard Chartered Liquidity Manager - Daily Dividend | 1,49,994 | 50,46,337 |
| Standard Chartered Liquidity Manager Plus - Daily Dividend | — | 1,51,243 |
| Tata FRF ST IP - Daily Dividend | — | 50,14,210 |
| Tata Liquid Fund SHIP - Daily Dividend | — | 44,986 |
| Tata Liquid Mutual Fund - Daily Dividend | — | 45,013 |
| Templeton Floating Rate Income Fund Long Term Plan Super Institutional Option Daily Dividend | 9,44,82,298 | — |
| Templeton India Treasury Management Account | 10,50,354 | — |
| UTI Liquid Cash Plan Institutional Daily Income | 98,299 | 49,200 |

SCHEDULE 'F' : INVENTORIES

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|---|--------------------|---|
| 1. STORES AT OR BELOW COST | | 19.85 | 16.30 |
| 2. STOCK-IN-TRADE : | | | |
| (a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value | 9987.17 | | 8766.54 |
| (b) Work-in-Progress, (See Note 6, Schedule 'P') Less: Amounts Invoiced | 274227.21 247558.01 26669.20 | | 186111.92 <u>161535.25</u> 24576.67 |
| (c) Finished Goods at the lower of Cost (Less: Written off for obsolescence) and Realisable Value | 24282.35 | | 14891.29 |
| | | 60938.72 | <u>48234.50</u> |
| TOTAL | | 60958.57 | <u>48250.80</u> |

SCHEDULE 'G' : SUNDRY DEBTORS

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|--|--------------------|--------------------|--|
| Dues in respect of | | | |
| 1. SALES ON DEFERRED TERMS OF PAYMENT | | | |
| (i) Over six months old | 82.39 | | 102.08 |
| (ii) Others | Nil | | Nil |
| | | 82.39 | <u>102.08</u> |
| 2. OTHER SALES | | | |
| (i) Over six months old | 17126.42 | | 13182.08 |
| (ii) Others | 39457.11 | | <u>33527.17</u> |
| | | 56583.53 | 46709.25 |
| | | 56665.92* | 46811.33* |
| 3. Less: PROVISION FOR DOUBTFUL DEBTS | | 3496.76 | 3433.31 |
| TOTAL | | 53169.16 | <u>43378.02</u> |
| * Of the above debts | | | |
| (a) Fully secured , considered good | | 228.35 | 303.09 |
| (b) Unsecured, considered good | | 52940.81 | 43074.93 |
| (c) Considered doubtful | | 3496.76 | 3433.31 |
| TOTAL | | 56665.92 | <u>46811.33</u> |
| 1. Due by Officers | | Nil | Nil |
| 2. Maximum due by Officers at any time during the year | | Nil | Nil |
| 3. Due by firms or Private companies respectively in which any Director of this company is a Partner, a Director or a Member. | | Nil | Nil |



SCHEDULE 'H' : CASH AND BANK BALANCES

| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|------------------------|--|
| 1. CASH IN HAND | 84.01 | 135.08 |
| 2. CHEQUES ON HAND | 2056.07 | 4067.96 |
| 3. BANK BALANCES WITH SCHEDULED BANKS (See Note 7, Schedule 'P') | 6571.73 | 3097.60 |
| 4. BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 8, Schedule 'P') | 18808.97 | 6724.37 |
| TOTAL | <u>27520.78</u> | <u>14025.01</u> |

SCHEDULE 'I' : LOANS AND ADVANCES

| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|------------------------|--|
| 1. ADVANCES TO SUBSIDIARY COMPANIES (See Note 9, Schedule 'P') | 77.19 | 255.25 |
| 2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED | 11395.38 | 13388.16 |
| 3. ADVANCE PAYMENT OF TAXES (NET) | 144.78 | 2419.11 |
| 4. LOANS TO EMPLOYEES | 201.88 | 216.82 |
| 5. ADVANCE SHARE APPLICATION MONEY | 997.46 | 706.52 |
| 6. DEPOSITS WITH CUSTOMERS / OTHERS | 1892.13 | 1332.47 |
| 7. BALANCE WITH CUSTOMS, PORT TRUST, ETC. | 351.60 | 474.18 |
| | 15060.42* | 18792.51* |
| 8. Less: PROVISION FOR DOUBTFUL ADVANCES | 740.43 | 1865.53 |
| TOTAL | <u>14319.99</u> | <u>16926.98</u> |

* Of the above advances

| | | |
|------------------------------------|-----------------|----------|
| (a) Fully secured, considered good | 91.78 | 40.06 |
| (b) Unsecured, considered good | 14228.21 | 16886.92 |
| (c) Considered doubtful | 740.43 | 1865.53 |

| | | |
|--|------------------------|-----------------|
| TOTAL | <u>15060.42</u> | <u>18792.51</u> |
| 1. Due by Officers | 3.45 | 4.09 |
| 2. Maximum due by Officers at any time during the year | 4.09 | 4.70 |
| 3. Due by firms or Private companies respectively in which any Director of this company is a Partner, a Director or a Member. | Nil | Nil |

SCHEDULE 'J' : CURRENT LIABILITIES AND PROVISIONS

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|--|--------------------|--------------------|--|
| (A) CURRENT LIABILITIES | | | |
| 1. ACCEPTANCES | | 7895.60 | 7636.51 |
| 2. SUNDRY CREDITORS | | | |
| (a) Due to Micro and Small Enterprises (See Note 10, Schedule 'P') | 216.12 | | Nil |
| (b) Others [including subsidiaries: Rs. 394.73 Lakhs (31-3-2007: Rs.435.32 Lakhs)] | 61193.64 | | 51410.19 |
| | | 61409.76 | 51410.19 |
| 3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED : | | | |
| (a) From Customers / Others | 47256.62 | | 26104.68 |
| (b) Against Unexpired Service Contracts | 1316.82 | | 977.16 |
| | | 48573.44 | 27081.84 |
| 4. OTHER LIABILITIES | | 3733.87 | 3059.44 |
| 5. INTEREST ACCRUED BUT NOT DUE ON LOANS | | 3.92 | 12.51 |
| 6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * | | | |
| (a) Unpaid Dividend | | 107.05 | 82.30 |
| (b) Unpaid Matured Deposits | | 11.48 | 19.62 |
| (c) Interest accrued and due on (b) above | | 4.19 | 5.37 |
| TOTAL (A) | | 121739.31 | 89307.78 |
| (B) PROVISIONS | | | |
| 7. PROVISION FOR TAXATION (NET) | | 3505.99 | 2617.68 |
| 8. PROPOSED DIVIDEND | | 4466.94 | 3308.85 |
| 9. PROVISION FOR CORPORATE DIVIDEND TAX | | 759.16 | 562.34 |
| 10. PROVISION FOR TRADE GUARANTEES (See Note 10, Schedule 'P') | | 3883.42 | 2473.62 |
| 11. PROVISION FOR COMPENSATED ABSENCES | | 2103.78 | 1972.32 |
| 12. PROVISION FOR PENSION | | 949.22 | 1092.41 |
| 13. PROVISION FOR GRATUITY | | 2321.16 | 2182.04 |
| 14. PROVISION FOR CONTINGENCIES (See Note 10, Schedule 'P') | | 1908.59 | 2008.59 |
| 15. PROVISION FOR POST RETIRAL MEDICAL BENEFITS | | 521.62 | 508.09 |
| TOTAL (B) | | 20419.88 | 16725.94 |
| TOTAL (A) + (B) | | 142159.19 | 106033.72 |

* These figures reflects the position as at 31st March, 2008. The actual amount to be the transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008
SCHEDULE 'K' : OTHER INCOME

| | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|--|--------------------|---|
| 1. Miscellaneous Income | 1127.05 | 1474.46 |
| 2. Profit / (Loss) on Sale/Retirement of Fixed Assets (Net) [including Capital Surplus of Rs.Nil (2006-07 : Rs. 11.47 Lakhs)] | Nil | 56.94 |
| 3. Profit on Sale of Non-Trade Current Investments (Net) | 47.99 | 0.10 |
| 4. Rent Received [Tax deducted at source: Rs 459.40 Lakhs (2006-07 : Rs 303.97 Lakhs)] | 1991.96 | 1408.68 |
| 5. Adjustment in respect of previous years (Net) (See Note 13, Schedule 'P') | Nil | 130.89 |
| TOTAL | 3167.00 | 3071.07 |



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

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|--------------------|--------------------|---|
| 1. Stock-in-Trade per 1-4-2007 [including Work-in-Progress : Rs. 186111.92 Lakhs (1-4-2006 : Rs. 101656.99 Lakhs)] | | 209769.75 | 120281.78 |
| 2. Purchases and cost of jobs, manufacture and services | | 322234.74 | 270564.90 |
| 3. Stock-in-Trade per 31-3-2008 [including Work-in-Progress : Rs.274227.21 Lakhs (31-3-2007 : Rs. 186111.92 Lakhs)] | | 308496.73 | <u>209769.75</u> |
| 4. Cost of Sales and Services (1 + 2 - 3) | | 223507.76 | 181076.93 |
| 5. Staff Expenses | | | |
| (a) Salaries,Wages and Bonus | 24379.50 | | 20863.09 |
| (b) Company's contribution to Provident Funds and other Funds | 1640.16 | | 866.94 |
| (c) Provision for Gratuity | 320.30 | | 603.22 |
| (d) Welfare Expenses | 1345.31 | | <u>1674.33</u> |
| | | 27685.27 | 24007.58 |
| 6. Forwarding Charges (Net) (See Note 14, Schedule 'P') | | 1696.72 | 1394.38 |
| 7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956 | | 4388.00 | 2343.27 |
| 8. Advertising (Net) | | 1250.76 | 710.57 |
| 9. Rent paid | 1791.04 | | 1555.74 |
| Less: Rent recovered | 4.97 | | <u>13.70</u> |
| | | 1786.07 | 1542.04 |
| 10. Rates and Taxes | | 148.67 | 128.77 |
| 11. Insurance | | 521.96 | 521.05 |
| 12. Stores Consumed | | 501.04 | 354.15 |
| 13. Power | | 278.85 | 305.30 |
| 14. Repairs to Buildings | | 167.89 | 82.36 |
| 15. Repairs to Plant and Machinery | | 419.05 | 354.67 |
| 16. Travelling and Conveyance | | 3868.76 | 3442.37 |
| 17. Stationery, Postage, Telex and Telephone | | 1432.79 | 1386.30 |
| 18. Auditors' Remuneration : | | | |
| (a) Audit fees including reimbursement towards expenses Rs.1.68 Lakhs (2006-07 : Rs. 0.93 Lakh) | 46.68 | | 45.93 |
| (b) In Other capacity (See Note 23, Schedule 'P') | 48.84 | | <u>42.74</u> |
| | | 95.52 | 88.67 |
| 19. Audit fees payable to Branch Auditors (See Note 23, Schedule 'P') | | 24.09 | 22.88 |
| 20. Audit fees payable to Cost Auditors | | 1.12 | 0.23 |
| 21. Legal and Professional charges (See Note 14, Schedule 'P') | | 809.30 | 1175.69 |
| 22. Other expenses (See Note 14, Schedule 'P') | | 10729.46 | 8637.91 |
| 23. Bad and Doubtful Debts / Advances | | (63.41) | 1566.96 |
| 24. Donations and Charities | | 40.31 | 20.72 |
| 25. Net Loss on Sale of Fixed Assets [including Capital Surplus of Rs. 1.08 Lakhs (2006-07 : Rs. Nil)] | | 76.73 | Nil |
| TOTAL | | 279366.71 | <u>229162.80</u> |

SCHEDULE "M" : FINANCIAL ITEMS

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|----------------------------|----------------------------|---|
| 1. Interest Paid | | | |
| (a) On fixed loans | 175.87 | | 193.16 |
| (b) On other accounts | 420.07 | | 539.79 |
| [Net of write back of Rs. Nil (2006-07 : Rs. 101.83 Lakhs)] | | 595.94 | 732.95 |
| 2. Less: Interest received | | | |
| (a) in respect of sales on deferred payment terms and other accounts-Gross [Tax deducted at source Rs. 3.12 Lakhs (2006-07: Rs. 12.22 Lakhs)] (See Note 15, Schedule 'P') | 115.90 | | 577.23 |
| (b) On fixed deposits with Banks | 214.55 | | 202.86 |
| | | 330.45 | 780.09 |
| | | 265.49 | (47.14) |
| 3. Less : Income from Investments | | | |
| [Tax deducted at source Rs. Nil (2006-07 : Rs. 8.81 Lakhs)] | | | |
| (a) Dividend from Subsidiary companies | 59.25 | | 1674.45 |
| (b) Trade Investments (Long Term) | 254.20 | | 956.67 |
| (c) Other Investments (Long Term) | 11.19 | | 11.11 |
| (d) Other Investments (Current) | 809.85 | | 91.76 |
| | | 1134.49 | 2733.99 |
| TOTAL | | (869.00) | (2781.13) |

SCHEDULE 'N' : EXCEPTIONAL ITEMS

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|----------------------------|----------------------------|---|
| 1. Profit on Sale of Property / Transfer of Development Rights/ Surrender of Tenancy Rights [Including Capital Surplus Rs. 2821.81 Lakhs (2006-07 : Rs. 2247.96 Lakhs)] | | 2828.90 | 2247.96 |
| 2. Profit on Sale of Trade Investments (Net) | | Nil | 7806.24 |
| | | 2828.90 | 10054.20 |
| Less : | | | |
| 3. Provision for diminution in value of Investments | | 4.55 | 17.90 |
| 4. Cost of Voluntary Retirement Scheme | | 45.73 | 358.77 |
| 5. Provision for Doubtful Advances (Net) | | (108.87) | 246.38 |
| 6. Provision for Contingencies (Net) (See Note 10, Schedule 'P') | | (100.00) | 1133.59 |
| 7. Revision in Estimated Gratuity Liability at the beginning of the year (See Note 16, Schedule 'P') | | Nil | 752.68 |
| 8. Factory Closure Cost (See Note 16, Schedule 'P') | | Nil | 773.71 |
| | | (158.59) | 3283.03 |
| TOTAL | | 2987.49 | 6771.17 |



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

| | | Year ended 31st March, 2007 | |
|--|----------------------------|-----------------------------------|--------------------|
| | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs |
| 1. Profit before Taxation as per Profit and Loss Account | | 30753.95 | 22283.35 |
| 2. Add: | | | |
| (a) Managerial Remuneration, including benefits in cash or in kind (See Note below) | 196.05 | | 144.13 |
| (b) Provision for Diminution in value of Investments | 4.55 | | 17.90 |
| (c) Directors' Sitting fees | 13.20 | | 7.15 |
| | | 213.80 | 169.18 |
| | | 30967.75 | 22452.53 |
| 3. Less: | | | |
| (a) Capital Surplus on Sale / Retirement of Fixed Assets | 1.08 | | 11.47 |
| (b) Profit on Sale of Investments (Net) | 47.99 | | 7806.34 |
| (c) Wealth Tax | 32.00 | | 32.00 |
| (d) Profit on Sale of property / Transfer of Development Rights /Surrender of Tenancy Rights | 2828.90 | | 2247.96 |
| | | 2909.97 | 10097.77 |
| Net Profit for Directors' Commission referred to below: | | 28057.78 | 12354.76 |
| Commission to Directors (other than Wholetime Director) at 1% of the Net Profit : Rs. 280.58 Lakhs, restricted to | | 55.00 | 35.00 |
| Commission to Wholetime Director | | 80.00 | 55.00 |

Note : The above excludes retirement benefits relating to former Wholetime Directors.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

- (i) The accounts are prepared on historical cost convention on accrual basis of accounting and comply with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 of the Companies Act, 1956.

The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(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 is 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 of 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.

- (d) Long-Term Annual Maintenance Contracts :

The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Unexpired Service Revenue.

In case of Mining Equipment, the revenue from such contracts is recognised in proportion to the cost actually incurred during the year in terms of total cost after completion of such contracts, as repairs and maintenance of such machineries depends on its utilisation and wear and tear which varies from year to year. The excess of revenue over cost is deferred and accounted for as "Unexpired Service Revenue". In case the actual cost incurred is higher than the billings, such cost is accounted for immediately.

(iii) JOINT VENTURES

The accounts of the Company reflect its share of the 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 / AMORTISATION

Depreciation on all fixed assets has been provided on the 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 the Written Down Value Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

Premium paid on Leasehold Land is amortised over the period of the lease.

(v) PROVISION FOR TRADE GUARANTEES

Provision for estimated costs to be incurred in providing warranty services is made in the accounts in the year in which goods are sold or a long term contract is completed.

(vi) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

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

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



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

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 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 amortisation.

(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 such assets is estimated and impairment is recognised, if the carrying amount of these 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 the future cash flows to their present value based on an 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.

(ix) PROVISIONS AND CONTINGENCIES

A provision is recognised 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 a reliable estimate can be made. 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 disclosed in Notes to Accounts.

(x) INVESTMENTS

Long term investments are carried at cost less provision for any diminution other than temporary, in the value of such investments.

Current investments are carried at the lower of cost and fair value.

(xi) INVENTORIES

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 recognised.

(xii) TAXES ON INCOME

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

Deferred Tax is recognised on timing differences, being the differences between the taxable income and the 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 realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise 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 the foreign branches are incorporated in the Company's accounts at the 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 date of the Balance Sheet. 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 are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEMES

- (a) The cost of Voluntary Retirement Schemes / Retrenchment Compensation including ex-gratia and additional gratuity liability arising therefrom are 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) and the additional gratuity liability arising therefrom are 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) EMPLOYEE BENEFITS

- (i) 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 the respective countries.

- (ii) In respect of employees in India :

- (a) Defined Contribution Plan

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Profit and Loss Account. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

- (b) Defined Benefit Plans

- (i) The Company's liabilities towards gratuity and post retirement medical benefit schemes are determined using the projected unit cost method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- (ii) The Company's Contribution to recognised Provident Fund paid / payable during the year is recognised in the Profit and Loss Account. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund.

- (c) Other Benefits

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.

(xvii) SEGMENT REPORTING

The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income / expenses".

2. SHARE CAPITAL

Equity Share Capital includes :

- (a) 9,76,61,300 shares of Re. 1 each allotted as fully paid bonus shares by capitalising Rs. 80.82 Lakhs out of the Securities Premium Account, Rs. 100.00 Lakhs from Capital Reserve and Rs. 795.79 Lakhs out of General Reserve.
- (b) 1,77,29,040 shares of Re. 1 each allotted to the 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) 11,97,84,000 shares of Re. 1 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.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

3. GENERAL RESERVE

Consequent to the Accounting Standard 15 "Employee Benefits" (Revised AS-15) notified under the Companies (Accounting Standards) Rules, 2006, the net difference of Rs. Nil (2006-2007 : Rs. 487.99 Lakhs net of tax Rs. 247.59 Lakhs) and Rs. Nil (2006-2007 : Rs. 318.11 Lakhs net of tax Rs. 161.42 Lakhs) between the liability in respect of compensated absences and post retirement medical benefits, respectively existing on the date of adoption 1st April 2006, and the liability that would have been recognised at the same date under the previous accounting policy has been adjusted against the opening balance in the General Reserve. In the previous year, provision for compensated absences was made on accrual basis. On the basis of a clarification issued by the Institute of Chartered Accountants of India, the opening provision for compensated absences was recomputed on an actuarial basis and the resultant differences of Rs. 145.62 Lakhs (net of tax of Rs.73.89 Lakhs) has been credited to General Reserve.

4. SECURED LOANS – FROM BANKS

| Nature of Security | As at | |
|---|--------------------|--------------------|
| | Rupees in Lakhs | Rupees in Lakhs |
| (a) Loan from Exim Bank (Deposit of title deeds of certain immovable properties of the Company) | 2000.00 | 3000.00 |
| (b) Cash Credit from Banks Secured against assignment of contract dues and lien on Term Deposits | 2766.60 | 5214.19 |
| | 4766.60 | 8214.19 |

5. 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 the 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 recognised.

6. INVENTORIES – WORK-IN-PROGRESS, AT COST

In respect of long term Construction Contracts which are in progress as at the year end:

| | As at | |
|--|--------------------|--------------------|
| | Rupees in Lakhs | Rupees in Lakhs |
| Aggregate amount of costs incurred and recognised profits (less recognised losses) upto 31 st March, 2008 for all the contracts in progress | 269492.66 | 177965.61 |
| Advances received for such contracts in progress | 26067.40 | 14161.99 |
| The amount of retentions due for such contracts | 7428.74 | 3759.64 |
| The gross amount due from customers for such contracts | 28850.11 | 23545.52 |
| The gross amount due to customers for such contracts | 9617.19 | 6871.04 |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

7. CASH AND BANK BALANCES – BANK BALANCES WITH SCHEDULED BANKS

| | As at 31-3-2007 | As at 31-3-2007 |
|-------------------------------|--------------------|--------------------|
| | Rupees | Rupees |
| | in Lakhs | in Lakhs |
| (a) On Current Accounts | 5967.63 | 2881.50 |
| (b) On Fixed Deposit Accounts | 604.10 | 216.10 |
| | 6571.73 | 3097.60 |

8. CASH AND BANK BALANCES – BANK BALANCES WITH NON-SCHEDULED BANKS

| | As at 31-3-2007 | As at 31-3-2007 |
|--|--------------------|--------------------|
| | Rupees | Rupees |
| | in Lakhs | in Lakhs |
| (a) ON CURRENT ACCOUNTS | | |
| (i) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 1106.95 Lakhs (2006-2007 : Rs. 4425.59 Lakhs)] | 560.34 | 414.63 |
| (ii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs. 3286.02 Lakhs (2006-2007 : Rs. 3395.65 Lakhs)] | 652.96 | 128.50 |
| (iii) HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 265.61 Lakhs (2006-2007 : Rs. 1101.94 Lakhs)] | 32.58 | 527.59 |
| (iv) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs. 11865.05 Lakhs (2006-2007 : Rs. 1388.89 Lakhs)] | 218.44 | 145.71 |
| (v) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Rs. 607.41 Lakhs (2006-2007 : Rs. 757.44 Lakhs)] | 39.23 | 107.79 |
| (vi) Doha Bank, Qatar [Maximum balance during the year : Rs. 4548.26 Lakhs (2006-2007 : Rs. 1576.98 Lakhs)] | 543.50 | 268.45 |
| (vii) HSBC Bank Middle East, Bahrain [Maximum balance during the year : Rs. 3572.63 Lakhs (2006-2007 : Rs. 4618.60 Lakhs)] | 110.94 | 82.36 |
| (viii) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 243.53 Lakhs (2006-2007 : Rs. Nil)] | 138.30 | Nil |
| (ix) First Gulf Bank, U.A.E. [Maximum balance during the year : Rs. 3104.36 Lakhs (2006-2007 : Rs. Nil)] | 165.60 | Nil |
| (x) Standard Chartered Bank, Singapore [Maximum balance during the year : Rs. 1080.76 Lakhs (2006-2007 : Rs. Nil)] | 1.94 | Nil |
| | 2463.83 | 1675.03 |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| | | As at 31-3-2007 | As at 31-3-2007 |
|-------|--|--------------------|--------------------|
| | | Rupees in Lakhs | Rupees in Lakhs |
| 8. | (b) ON FIXED DEPOSIT ACCOUNTS | | |
| | (i) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 61.62 Lakhs (2006–2007 : Rs. 243.20 Lakhs)] | 56.42 | 61.62 |
| | (ii) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.81.13 Lakhs (2006–2007 : Rs.1634.92 Lakhs)] | 66.46 | 81.13 |
| | (iii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs.1941.23 Lakhs (2006–2007 : Rs.973.27 Lakhs)] | 661.44 | 11.14 |
| | (iv) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs.11123.59 Lakhs (2006–2007 : Rs.1211.50 Lakhs)] | 10055.94 | 956.00 |
| | (v) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Rs.1625.08 Lakhs (2006–2007 : Rs.1613.91 Lakhs)] | Nil | 478.00 |
| | (vi) Doha Bank, Qatar [Maximum balance during the year : Rs.4332.69 Lakhs (2006–2007 : Rs.1472.68 Lakhs)] | 1767.16 | 1447.25 |
| | (vii) HSBC Bank Middle East, Bahrain [Maximum balance during the year : Rs.3195.23 Lakhs (2006–2007 : Rs.4579.83 Lakhs)] | 3195.22 | 2014.20 |
| | (viii) First Gulf Bank, U.A.E. [Maximum balance during the year : Rs.2169.00 Lakhs (2006–2007 : Rs.Nil)] | 542.50 | Nil |
| TOTAL | | 16345.14 | 5049.34 |
| | | 18808.97 | 6724.37 |

9. LOANS AND ADVANCES

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

| Sr.No. | Name of the Company | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs | Maximum Balance during the year | |
|--------|--------------------------------|--------------------|--|------------------------------------|--|
| | | | | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
| 1. | Auto Aircon (India) Ltd. | 77.10 | 77.10 | 77.10 | 77.10 |
| 2. | Metrovol FZE | Nil | 0.40 | 0.40 | 0.48 |
| 3. | Simtools Ltd. (upto 22-3-2007) | Nil | Nil | Nil | 313.34 |
| 4. | Weathermaker Ltd., U.A.E. | 0.09 | 177.75 | 177.75 | 188.70 |
| 5. | VIL Overseas Enterprises B.V. | Nil | Nil | Nil | 90.72 |

Note :

Loans and Advances shown in 1, 2, 4 and 5 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, 2008 (contd.)

10. CURRENT LIABILITIES AND PROVISIONS

- (a) According to information available with the Management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are as follows:
- (b) The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2008.

| | As at 31-3-2008 Rupees in Lakhs |
|--|--|
| 1. (a) Principal amount remaining unpaid to any supplier as on 31-3-2008 | 216.12 |
| (b) Interest on 1(a) above | 0.99 |
| 2. (a) The amount of principal paid beyond the appointed date during 2007-2008 | 345.51 |
| (b) The amount of interest paid beyond the appointed date during 2007-2008 | Nil |
| 3. Amount of interest due and payable on delayed payments | 7.82 |
| 4. Amount of interest accrued and due as at 31-3-2008 (1(b) + 3) | 8.81 |
| 5. Amount of further interest remaining due and payable even in succeeding years (in case of entities registered prior to 31-3-2007) | 0.52 |
| 6. Total outstanding dues of Micro and Small Enterprises | |
| – Principal | 216.12 |
| – Interest | 9.33 |

(c) Provisions

| | Opening Balance | Additions | Utilisation | Reversal | Rupees in Lakhs Closing Balance |
|-----------------------------|----------------------------|------------------|--------------------|-----------------|--|
| Trade Guarantee | 2473.62 | 4267.83 | 2521.95 | 336.08 | 3883.42 |
| | (2396.31) | (2769.83) | (2173.78) | (518.74) | (2473.62) |
| Contingency for tax matters | 1225.00 | Nil | Nil | 100.00 | 1125.00 |
| | (875.00) | (350.00) | (Nil) | (Nil) | (1225.00) |
| Contingency for claims | 783.59 | Nil | Nil | Nil | 783.59 |
| | (Nil) | (783.59) | (Nil) | (Nil) | (783.59) |

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 5 years.

Note : Figures in brackets are of the previous year.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

11. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are :

| | As at 31st March, 2007 | | | |
|--|---|--|---|--|
| | Deferred Tax Assets Rupees in Lakhs | Deferred Tax Liabilities Rupees in Lakhs | Deferred Tax Assets Rupees in Lakhs | Deferred Tax Liabilities Rupees in Lakhs |
| (i) Depreciation | — | 2486.00 | — | 2405.00 |
| (ii) Voluntary Retirement Scheme | 617.00 | — | 1038.00 | — |
| (iii) Unpaid Statutory Liabilities | 1246.12 | — | 1378.01 | — |
| (iv) Provision for Doubtful Debts and Advances | 1370.00 | — | 1703.00 | — |
| (v) Provision for Contingency | 450.00 | — | 484.00 | — |
| (vi) Others | 846.00 | — | 769.00 | — |
| Total | 4529.12 | 2486.00 | 5372.01 | 2405.00 |
| Net Timing Differences | 2043.12 | — | 2967.01 | — |

12. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs.126317.18 Lakhs (2006-2007: Rs.91623.61 Lakhs).

13. OTHER INCOME

Adjustment in respect of previous year includes the following :

| | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|-------------------------------------|--------------------|---------------------------------|
| (i) Distributor Margin / Commission | Nil | 61.70 |
| (ii) Cost of Purchases (Net) | Nil | 69.19 |
| | Nil | 130.89 |

14. OPERATING AND ADMINISTRATION EXPENSES

- (i) Staff expenses (in respect of employees in India) includes employee defined benefits as given below :
Defined Benefit Plans – As per Actuarial Valuation on 31st March, 2008

| | Gratuity Funded Rupees in Lakhs | Post Employment Medical Benefits Rupees in Lakhs | Pension Plan Rupees in Lakhs |
|---|--|---|---------------------------------------|
| I. Expense recognised in the Profit and Loss Account for the year ended 31st March, 2008 | | | |
| 1. Current Service Cost | 168.55 (156.32) | 24.95 (21.32) | — (—) |
| 2. Interest Cost | 219.45 (217.96) | 40.65 (37.16) | 50.15 (28.47) |
| 3. Expected return on plan assets | (95.48) [(67.28)] | — (—) | — (—) |
| 4. Actuarial (Gains) / Losses | 419.80 (106.62) | (21.06) (13.43) | 21.83 (293.46) |
| 5. Total expense | 712.32 (413.62) | 44.54 (71.91) | 71.98 (321.93) |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| | Gratuity Funded | Post Employment Medical Benefits | Pension Plan |
|---|---------------------------------|---|-------------------------------|
| | Rupess in Lakhs | Rupess in Lakhs | Rupess in Lakhs |
| II. Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2008 | | | |
| 1. Present value of Defined Benefit Obligation as at 31st March, 2008 | (3310.10) [(2831.55)] | (521.62) [(508.09)] | (631.30) [(626.92)] |
| 2. Fair value of plan assets as at 31st March, 2008 | 1824.47 (1232.06) | — (—) | — (—) |
| 3. Funded status [Surplus / (Deficit)] | (1485.63) [(1599.49)] | (521.62) [(508.09)] | (631.30) [(626.92)] |
| 4. Net asset/(liability) as at 31st March, 2008 | (1485.63) [(1599.49)] | (521.62) [(508.09)] | (631.30) [(626.92)] |
| III. Change in Obligation during the Year ended 31st March, 2008 | | | |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | (2831.55) (2812.42) | (508.09) (479.51) | (626.92) (367.32) |
| 2. Current Service Cost | 168.55 (156.32) | 24.95 (21.32) | — (—) |
| 3. Interest Cost | 219.45 (217.96) | 40.65 (37.16) | 50.15 (28.47) |
| 4. Actuarial (Gains)/Losses | 434.79 (113.17) | (21.06) (13.43) | 21.83 (293.46) |
| 5. Benefits Payments | (344.24) [(468.32)] | (31.01) [(43.33)] | (67.60) [(62.33)] |
| 6. Present value of Defined Benefit Obligation at the end of the year | (3310.10) [(2831.55)] | (521.62) [(508.09)] | (631.30) [(626.92)] |
| IV. Change in Assets during the Year ended 31st March, 2008 | | | |
| 1. Plan assets at the beginning of the year | 1232.06 (868.22) | — (—) | — (—) |
| 2. Expected return on plan assets | 95.48 (67.28) | — (—) | — (—) |
| 3. Contributions by employers | 826.18 (758.32) | 31.01 (—) | 67.60 (—) |
| 4. Actual benefits paid | (344.24) [(468.32)] | (31.01) (—) | (67.60) (—) |
| 5. Actuarial Gains / (Losses) | 14.99 (6.56) | — (—) | — (—) |
| 6. Plan assets at the end of the year | 1824.47 (1232.06) | — (—) | — (—) |
| 7. Actual return on plan assets (2+5) | 110.47 (73.84) | — (—) | — (—) |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| | Gratuity Funded | Post Employment Medical Benefits | Pension Plan |
|--|--|---|---------------------------------|
| | Rupess in Lakhs | Rupess in Lakhs | Rupess in Lakhs |
| V. Amount Recognised in the Balance Sheet | | | |
| 1. Opening Liability | 1599.49 (1944.19) | 508.09 (479.51) | 626.92 (367.32) |
| 2. Expenses as above (I) | 712.32 (413.62) | 44.54 (71.91) | 71.98 (321.93) |
| 3. Employers Contribution | 826.18 (758.32) | 31.01 (43.33) | 67.60 (62.33) |
| 4. Closing Net Liability | 1485.63 (1599.49) | 521.62 (508.09) | 631.30 (626.92) |
| VI. Actuarial Assumptions | | | |
| 1. Mortality Table (LIC) | 1994-96 (Ultimate) | 1994-96 | 1996-98 |
| 2. Discount Rate | 8% (7.75%) | 8% (7.75%) | 8% (7.75%) |
| 3. Increase in Salary/Health Care Cost/Pension | 5% & 7% (5%) | 5% (5%) | 3.75% (3.75%) |
| 4. Rate of Return on Plan Assets | 8% (7.75%) | 8% (7.75%) | 8% (7.75%) |
| (a) | The Actuarial calculations used to estimate defined benefit commitments and expenses are based on the above assumptions which if changed would affect the defined benefit commitment's size, the funding requirement and expenses. | | |
| (b) | The estimates of future salary increases, considered in the Actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. | | |
| (ii) | Forwarding charges are net of Freight Recovery of Rs. 407.23 Lakhs (2006-2007 : Rs. 321.31 Lakhs). | | |
| (iii) | Other Expenses include : | | |
| | | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
| (a) | Payment to Directors other than Wholetime Directors for Sitting Fees and Commission | 68.20 | 42.15 |
| (b) | Lease rentals | 443.15 | 206.77 |
| (c) | Foreign Exchange Loss (Net) | 562.16 | 916.81 |
| (iv) | Legal and Professional charges includes Rs.8.91 Lakhs (2006-2007 : Rs.7.81 Lakhs) paid to a firm in which some of the partners of the statutory auditors are partners. | | |
| 15. | Interest received in respect of sales on deferred payment terms and other accounts includes Rs.83.54 Lakhs (2006-2007 : Rs.461.48 Lakhs) being the interest received on Income Tax Refunds. | | |
| 16. | EXCEPTIONAL ITEMS | | |
| (a) | The gratuity liability at the commencement of the year has been re-estimated by the Actuary at Rs. Nil (2006-2007 : Rs.752.68 Lakhs) as an incremental liability. | | |
| (b) | Factory Closure Cost of Rs.Nil (2006-2007 : Rs.773.71 Lakhs) is the difference between the Net Book Value of assets and estimated Realisable Price of the assets of Hyderabad Unit. | | |
| 17. | Earnings per Share has been computed as under : | | |
| | | | 2006-2007 |
| | Net profit (Rs.Lakhs) | 20836.50 | 18608.22 |
| | Weighted average number of Equity Shares Outstanding | 330884740 | 330884740 |
| | Earnings Per Share (Rs.) - Basic and Diluted | 6.30 | 5.62 |
| | (Face Value of Re.1 per share) | | |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

18. 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, 2008 :

| <u>Currency</u> | <u>Amt. in Lakhs</u> | <u>Sell / Buy</u> | <u>Cross Currency</u> |
|-----------------|-------------------------|-------------------|------------------------|
| US Dollar | 5.00 (32.91) | Sell Sell | Rupees Rupees |
| US Dollar | 5.31 (112.80) | Buy Buy | Rupees Rupees |
| GB Pound | 15.70 (22.69) | Buy Buy | US Dollar US Dollar |
| Euro | 10.00 (Nil) | Buy | US Dollar |

The pro rata difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to Profit and Loss Account is Rs.(9.77) Lakhs (2006-2007 : Rs.32.29 Lakhs).

- (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. 2300.75 Lakhs (Rs. 3229.12 Lakhs) | US\$ 57.73 Lakhs (US\$ 74.20 Lakhs) |
| - Overseas Operations | Rs. 59159.43 Lakhs (Rs. 42331.23 Lakhs) | US\$ 1484.37 Lakhs (US\$ 972.80 Lakhs) |

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

| | | |
|--------------------------------|---|--|
| - Import of goods and services | Rs. 5707.80 Lakhs (Rs. 223.36 Lakhs) | US\$ 143.21 Lakhs (US\$ 5.13 Lakhs) |
| - Overseas Operations | Rs. 43472.61 Lakhs (Rs. 28939.68 Lakhs) | US\$ 1090.77 Lakhs (US\$ 665.05 Lakhs) |

Note : Figures in brackets are of the previous year.

19. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs.807.54 Lakhs (31-3-2007 : Rs.1036.78 Lakhs) net of advance paid against such contracts : Rs.1742.71 Lakhs (31-3-2007 : Rs.392.77 Lakhs).

20. Contingent liabilities not provided for :

- (a) Guarantees on behalf of other companies :

Limits Rs.3104.75 Lakhs (31-3-2007 : Rs.2661.65 Lakhs) against which amount outstanding was Rs.1372.68 Lakhs (31-3-2007 : Rs.1497.27 Lakhs) against which a provision has been made for contingencies Rs.583.59 Lakhs (31-3-2007 : Rs.583.59 Lakhs).

- (b) Claims against the Company not acknowledged as debts :

In respect of various matters aggregating Rs.20198.81 Lakhs (31-3-2007 : Rs.19723.84 Lakhs), net of tax Rs.13333.25 Lakhs (31-3-2007 : Rs.13084.80 Lakhs) against which a provision has been made for contingencies Rs.1125 Lakhs (31-3-2007 : Rs.1225 Lakhs). In respect of a contingent liability of Rs.4502.84 Lakhs (31-3-2007 : Rs.4365.08 Lakhs) the Company has a right to recover the same from a third party.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| | 2006-2007 | 2006-2007 |
|---|------------------------|------------------------|
| | Rupees | Rupees |
| | in Lakhs | in Lakhs |
| Taxes, Cesses and Duties (other than income tax) | 12278.60 | 12101.40 |
| Contractual matters in the course of business | 4100.32 | 3802.55 |
| Real Estate Disputes and Demands | 3519.76 | 3519.76 |
| Ex-employees matters | 248.63 | 248.63 |
| Others | 51.50 | 51.50 |
| | <u>20198.81</u> | <u>19723.84</u> |
| (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.225.32 Lakhs (31-3-2007 : Rs.400.98 Lakhs). | | |
| (ii) In respect of other matters - Rs.142.82 Lakhs (31-3-2007 : Rs.142.82 Lakhs). | | |
| (d) Staff demands under adjudication : Amount indeterminate. | | |
| (e) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount indeterminate. | | |
| 21. In respect of guarantees aggregating Rs.48292.49 Lakhs (31-3-2007 : Rs.38840.12 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. | | |
| 22. Amounts paid by the Company to Directors as remuneration for services rendered in any capacity (See Schedule 'O' for Computation of Net Profit in accordance with Sections 198 and 309 of the Companies Act, 1956): | | |
| | 2006-2007 | 2006-2007 |
| | Rupees | Rupees |
| | in Lakhs | in Lakhs |
| Remuneration to the Managing Director (2006-2007 : Managing Director) inclusive of contribution to Provident Fund and other funds : Rs.7.29 Lakhs (2006-2007: Rs.6.16 Lakhs), estimated money value of benefits : Rs.14.44 Lakhs (2006-2007: Rs.14.91 Lakhs) and commission : Rs.80 Lakhs (2006-2007: Rs.55 Lakhs). It does not include provision for compensated absences and gratuity as separate actuarial valuation for Managing Director is not available. | 141.05 | 109.13 |
| 23. (a) Auditors' Remuneration in Other Capacity : | | |
| | 2006-2007 | 2006-2007 |
| | Rupees | Rupees |
| | in Lakhs | in Lakhs |
| Tax Audit Fees | 13.50 | 13.50 |
| Company Law Matters | 0.30 | 0.30 |
| Other Services [Exclude Service Tax set off of Rs.11.53 Lakhs (2006-2007 : Rs.10.45 Lakhs)] | 35.04 | 28.94 |
| | <u>48.84</u> | <u>42.74</u> |
| (b) Remuneration to Branch Auditors : | | |
| Audit Fees | 14.28 | 13.78 |
| Other Services | 8.84 | 7.52 |
| Out of Pocket Expenses | 0.97 | 1.58 |
| | <u>24.09</u> | <u>22.88</u> |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

24. Fixed assets acquired under operating Leases :

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

| | 2006-2007 |
|---|-----------|
| | Rupees |
| | in Lakhs |
| Not later than one year | 324.40 |
| Later than one year but not later than five years | 237.13 |
| Later than five years | Nil |

25. 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.

26. The Company had accounted in 2004-2005 the profit on transfer of development rights of Rs.505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities are pending completion.

27. The Company had accounted in 2003-2004, the profit on transfer of development rights of 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 are pending completion.

28. The Company had accounted in 1999-2000 the profit on transfer of development rights of 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 are pending completion.

29. The Company had accounted in 2006-2007 the profit on transfer of development rights in respect of Upvan land and Henkel Switchgear Limited approach land at Thane for which agreements were executed and consideration received (Rs.2070 Lakhs and Rs.223.40 Lakhs, respectively) but for which conveyance formalities are pending completion.

30. The Company has accounted in 2007-2008 the profit on transfer of development rights in respect of land adjoining Simtools at Thane for which an Agreement was executed and consideration received Rs.919.96 Lakhs but for which conveyance formalities are pending completion.

31. Remittance in foreign currencies for dividends :

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders which were declared during the year, are as under :

| | 2006-2007 |
|---|------------|
| | Rupees |
| | in Lakhs |
| (i) Number of non-resident shareholders | 940 |
| (ii) Number of Equity shares held by them | 31,68,178 |
| (iii) Gross amount of dividend (Rs.) | 3168178 |
| (iv) Year ended to which the dividend related | March-2007 |
| | March-2006 |

32. Earnings in foreign exchange received in India :

| | 2006-2007 |
|--|-----------|
| | Rupees |
| | in Lakhs |
| (a) F.O.B. Value of exports (including amounts invoiced against work-in-progress) | 3819.31 |
| (b) Service Commission (On Cash basis) | 3006.86 |
| (c) Other Income | 292.67 |
| (d) Foreign Projects Profit | 7624.54 |
| (e) Insurance Claim Received | 318.46 |
| (f) Warranty Recovery | 142.63 |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

33. Expenditure (subject to deduction of tax wherever applicable) in foreign currency from India :

| | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|---------------|--------------------|---------------------------------|
| Royalty | 53.55 | 39.72 |
| Other matters | 248.12 | 196.69 |

34. Value of Imports on C.I.F. basis :

| | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|---------------------|--------------------|---------------------------------|
| Raw Materials | 2188.85 | 1973.45 |
| Finished Goods | 40463.55 | 20020.65 |
| Components & Spares | 5927.49 | 5363.29 |
| Capital Goods | 369.54 | 26.15 |

35. Information in regard to Raw Materials and Components consumed :

| (a) Items | Unit of Measurement | Quantity | 2006-2007 | | 2006-2007 | |
|------------------------------|------------------------------|-----------------------------|---|--|-----------------------------|--|
| | | | Quantity | Value Rupees in Lakhs | Value Rupees in Lakhs | |
| Steel/Ferrous Metals | M.Tonnes | 5053 | 6076 | 2950.79 | 3119.77 | |
| Non-Ferrous Metals | M.Tonnes | 723 | 739 | 2443.27 | 2471.11 | |
| Engines | Numbers | 1231 | 1168 | 980.54 | 930.22 | |
| Motors | Numbers | 101435 | 76908 | 1203.84 | 1076.84 | |
| Castings & Forgings | Numbers | 69254 | 88810 | 1212.48 | 1101.48 | |
| Compressors | Numbers | 85206 | 62086 | 4165.06 | 3106.61 | |
| Shells | Numbers | 1240 | 1082 | 86.83 | 64.04 | |
| Valves | Numbers | 44681 | 35989 | 467.19 | 423.77 | |
| Thermostats & Pressurestats | Numbers | 87815 | 70358 | 128.28 | 101.29 | |
| Tyres, Tubes, Flaps and Rims | Numbers | 19882 | 17962 | 388.32 | 393.23 | |
| Centrifugal Components | Numbers | 5 | 38 | 2.24 | 6.86 | |
| Others | | | | 14580.28 | 13802.59 | |
| | | | | 28609.12 | 26597.81 | |
| (b) | | | | | | |
| | % to total Consumption | Value Rupees in Lakhs | 2006-2007 % to total Consumption | 2006-2007 Value Rupees in Lakhs | | |
| Imported | 20.00 | 5719.97 | 18.87 | 5020.04 | | |
| Indigenous | 80.00 | 22889.15 | 81.13 | 21577.77 | | |
| | 100.00 | 28609.12 | 100.00 | 26597.81 | | |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

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

| | | Installed Capacity | Installed Capacity 2006-2007 | Actual Production | Actual Production 2006-2007 |
|--|-----------|---------------------------|---------------------------------|--------------------------|--------------------------------|
| Air Conditioners and Water Coolers: | | | | | |
| Room Air Conditioners | (Numbers) | Nil | Nil | Nil | 6 |
| Airconditioners for Specialised Applications | (Numbers) | 2000 | 2000 | 100 | 2502 |
| Water Coolers | (Numbers) | 45000 | 45000 | 21428 | 11979 |
| White Goods: | | | | | |
| Commercial Refrigerators | (Numbers) | 75000 | 75000 | 47862 | 42376 |
| Open Type Compressors with Accessories | (Numbers) | 1000 | 1000 | 420 | 380 |
| Packaged Airconditioners | (Numbers) | 18050 | 16050 | 12681 | 11415 |
| Package Chillers | (Numbers) | 1130 | 1130 | 592 | 548 |
| Semi Hermetic Compressors | (Numbers) | 3600 | 3600 | 1158 | 1113 |
| Vapour Absorption Machine | (Numbers) | 135 | 135 | 40 | 33 |
| Materials Handling Equipment: | | | | | |
| Forklift Trucks | | 500 | 500 | 1429 | 1291 |
| Hydraulic Truck Cranes | | 100 | 100 | 15 | 23 |
| Construction and Mining Equipment: | | | | | |
| Crushers | | 10 | 10 | 13 | 5 |

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 and relied upon by the Auditors. These are alternative and not cumulative and as such production is not strictly comparable with the same.
- (iii) Production includes for captive consumption.

37. 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 2006-2007 | Quantity 2006-2007 | Rupees in Lakhs | Rupees in Lakhs | Quantity 2006-2007 | Quantity 2006-2007 | Rupees in Lakhs | Rupees in Lakhs |
| Airconditioners and Water Coolers | | | | | | | | | |
| Room Airconditioners | Numbers | 390966 | 257677 | 54237.60 | 35339.98 | 338569 | 226983 | 59778.73 | 39731.82 |
| Airconditioners for Specialised Applications | Numbers | 4 | Nil | 4.39 | Nil | 82 | 2496 | 243.71 | 1811.91 |
| Water Coolers | Numbers | 41022 | 45386 | 1423.35 | 1738.17 | 72310 | 54915 | 7185.12 | 5556.65 |
| White Goods | | | | | | | | | |
| Refrigerators | Numbers | Nil | Nil | Nil | Nil | 168 | 1078 | 3.99 | 50.95 |
| Freezers and Bottle Coolers | Numbers | 714 | 1083 | 63.24 | 94.53 | 48811 | 50398 | 6605.07 | 6048.98 |
| Airconditioning and Refrigeration | | | | | | | | | |
| Turnkey jobs | Number of jobs | | | | | 960 | 1076 | 56417.15 | 44470.53 |
| Packaged Airconditioners | Numbers | | | | | 8382 | 7382 | 5709.36 | 4783.59 |
| Package Chillers | Numbers | | | | | 431 | 393 | 4545.43 | 3180.06 |
| Vapour Absorption Machines | Numbers | | | | | 41 | 30 | 1833.53 | 1285.45 |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

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

| Class of Goods | Unit of Measurement | Purchases | | | | Sales | | | |
|--|---------------------|------------|-----------|-----------------|-----------------|-------------|-----------|------------------|------------------|
| | | Quantity | Quantity | Rupees | Rupees | Quantity | Quantity | Rupees | Rupees |
| | | 2006-2007 | 2006-2007 | in Lakhs | in Lakhs | 2006-2007 | 2006-2007 | in Lakhs | in Lakhs |
| Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts | | | | | | | | | |
| | | | | 4392.26 | 3613.14 | | | 6093.19 | 5084.40 |
| (Refer Note below) | | | | | | | | | |
| Materials Handling Equipment and Spares | | | | | | | | | |
| Forklift Trucks | Numbers | | | | | 1434 | 1278 | 13231.85 | 11521.51 |
| Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc. | | | | 1194.78 | 1027.41 | | | 2684.87 | 2285.58 |
| (Refer Note below) | | | | | | | | | |
| Hydraulic Truck Cranes | Numbers | | | | | 16 | 22 | 1740.43 | 2429.22 |
| Machine Tools | | | | | | | | | |
| Machine Tools, Accessories and Sundry Equipment | | | | 15.58 | 36.13 | | | 20.27 | 62.24 |
| Pollution Control Equipment and Systems | | | | | | | | | |
| Water Pollution Control Equipment and Systems | | | | 712.96 | 520.10 | | | 1124.22 | 694.55 |
| Construction and Mining Equipment | | | | | | | | | |
| Excavators | Numbers | 81 | 32 | 2868.84 | 1236.83 | 74 | 28 | 3146.43 | 1245.05 |
| Crushers | Numbers | 50 | 24 | 7334.32 | 3112.89 | 56 | 27 | 8287.01 | 3548.71 |
| Screening Equipment | Numbers | 82 | 41 | 6379.48 | 3369.96 | 70 | 41 | 6367.53 | 3546.54 |
| Sundry Equipment, Accessories and Spares for Drilling and Mining | | | | 4571.68 | 3041.56 | | | 6736.75 | 4474.94 |
| (Refer Note below) | | | | | | | | | |
| Textile Machinery and Equipment | | | | 2622.64 | 2243.32 | | | 3188.21 | 2776.58 |
| Pesticides and Chemicals | | | | | | | | | |
| Chemicals and Minerals | | | | 2846.49 | 2956.98 | | | 3516.36 | 3668.45 |
| Agro Industrial Products | | | | | | | | | |
| Hydraulic Pumps, Motors, and Other Agro Industrial Products | | | | 53.99 | 41.97 | | | 320.04 | 252.66 |
| Others | | | | | | | | | |
| Other Engineering Products | | | | 25.84 | 109.34 | | | 36.64 | 170.79 |
| Turnkey Contracts | | | | | | | | 78196.43 | 66443.89 |
| Camera | | 480 | 271 | 2.26 | 5.66 | 423 | 6 | 1.12 | 0.10 |
| Room Heaters | | | | | | 54 | 539 | 0.35 | 7.00 |
| Services Rendered | | | | | | | | 31603.54 | 29945.95 |
| | | | | 88749.70 | 58487.97 | | | 308617.33 | 245078.10 |

Note : Spare parts and sundry equipment purchased are either used for internal service/warranty or for sales. The purchases disclosed above are to the extent of sales made during the year.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

37(B). Opening and Closing Stocks :

| Class of Goods | Unit of Measurement | Opening Stock | | | | Closing Stock | | | |
|--|---------------------|---------------|-----------------------|--------------------|---------------------------------|---------------|-----------------------|--------------------|---------------------------------|
| | | Quantity | Quantity 2006-2007 | Rupees in Lakhs | Rupees in Lakhs 2006-2007 | Quantity | Quantity 2006-2007 | Rupees in Lakhs | Rupees in Lakhs 2006-2007 |
| Airconditioners and Water Coolers | | | | | | | | | |
| Room Airconditioners | Numbers | 58321 | 29057 | 6412.63 | 3319.41 | 110610 | 58321 | 13771.79 | 6412.63 |
| Water Coolers | Numbers | 22898 | 21143 | 1408.68 | 1961.30 | 12741 | 22898 | 945.10 | 1408.68 |
| Airconditioners for Specialised Applications | Numbers | 91 | 150 | 142.67 | 92.01 | 93 | 91 | 218.58 | 142.67 |
| White Goods | | | | | | | | | |
| Refrigerators | Numbers | 217 | 1255 | 9.16 | 62.02 | 32 | 217 | 0.92 | 9.16 |
| Freezers and Bottle Coolers | Numbers | 9656 | 16941 | 1142.93 | 1803.18 | 9114 | 9656 | 1061.34 | 1142.93 |
| Packaged Airconditioners | Numbers | 816 | 550 | 430.00 | 291.02 | 632 | 816 | 332.38 | 430.00 |
| Package Chillers | Numbers | 44 | 32 | 361.04 | 231.79 | 33 | 44 | 304.93 | 361.04 |
| Vapour Absorption Machines | Numbers | 2 | 1 | 94.21 | 16.97 | 1 | 2 | 20.64 | 94.21 |
| Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts | | | | 2057.45 | 1764.90 | | | 2401.75 | 2057.45 |
| Materials Handling Equipment and Spares | | | | | | | | | |
| Forklift Trucks | Numbers | 14 | 1 | 94.45 | 6.26 | 9 | 14 | 75.88 | 94.45 |
| Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc. | | | | 125.03 | 77.24 | | | 51.46 | 125.03 |
| Hydraulic Truck Cranes | Numbers | 1 | Nil | 110.07 | Nil | Nil | 1 | Nil | 110.07 |
| Machine Tools | | | | | | | | | |
| Machine Tools, Accessories and Sundry Equipment | | | | 0.06 | | Nil | | 0.45 | 0.06 |
| Pollution Control Equipment and Systems | | | | | | | | | |
| Electrostatic Precipitators, Mechanical Dust Collectors, etc. - Components and Parts | | | | 1.04 | 1.22 | | | 24.90 | 1.04 |
| Construction and Mining Equipment | | | | | | | | | |
| Excavators | | 7 | 3 | 248.18 | 115.69 | 14 | 7 | 468.00 | 248.18 |
| Crushers | | 2 | Nil | 125.34 | Nil | 9 | 2 | 692.68 | 125.34 |
| Screening Equipments | | Nil | Nil | Nil | Nil | 12 | Nil | 683.06 | Nil |
| Sundry Equipment, Accessories and Spares for Drilling and Mining | | | | 1591.45 | 1760.15 | | | 2578.27 | 1591.45 |
| Textile Machinery and Equipment | | | | 244.94 | 228.56 | | | 370.52 | 244.94 |
| Chemicals | | | | | | | | | |
| Chemicals and Minerals | | | | 281.18 | 359.01 | | | 274.51 | 281.18 |
| Agro Industrial Products | | | | | | | | | |
| Hydraulic Pumps, Motors, etc. | | | | 0.01 | 0.55 | | | Nil | 0.01 |
| Others | | | | | | | | | |
| Camera | | 758 | 790 | 6.68 | 6.32 | 702 | 758 | 4.75 | 6.68 |
| Room Heaters | | 213 | 1983 | 4.09 | 38.07 | 22 | 213 | 0.44 | 4.09 |
| | | | | 14891.29 | 12135.67 | | | 24282.35 | 14891.29 |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

37(B). Opening and Closing Stocks (contd.) :

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

| | Unit of Measurement | Quantity | Quantity 2006-2007 |
|--|---------------------|----------|--------------------|
| Room Airconditioners | Numbers | 108 | 1436 |
| Water Coolers | Numbers | 297 | 695 |
| Refrigerators | Numbers | 17 | (40) |
| Airconditioners for Specialised Applications | Numbers | 20 | 65 |
| Freezers and Bottle Coolers | Numbers | 307 | 346 |
| Camera | Numbers | 113 | 297 |
| Room Heaters | Numbers | 137 | 1231 |
| Packaged Airconditioners | Numbers | 4483 | 3767 |
| Package Chillers | Numbers | 172 | 143 |
| Vapour Absorption Machines | Numbers | Nil | 2 |

38. In compliance with the Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' (AS-27) as notified by the Companies (Accounting Standards) Rules 2006, the Company has interests in the following jointly controlled entities and operations:

| As at 31st March, 2008 | | | | | | Rupees in Lakhs Year ended 31st March, 2008 | |
|--|-----------|-----------------------|----------------------|------------------------|--------------------|---|------------------------|
| Name of the Joint Venture / Operations | % Holding | Assets | Liabilities | Contingent Liabilities | Capital Commitment | Income | Expenses |
| Universal Comfort Products Private Limited | 50 | 7117.95 (6299.32) | 5002.05 (4215.75) | 1609.95 (2126.17) | Nil (55.02) | 10104.93 (10590.73) | 10222.61 (10484.05) |
| Lalbuksh Voltas Engineering Services & Trading LLC | 49 | 1610.06 (1399.44) | 680.92 (623.59) | 124.76 (73.89) | Nil (Nil) | 1818.98 (1527.13) | 1509.95 (1285.39) |
| *Universal Voltas LLC | 49 | 3000.77 (3525.25) | 2365.29 (2933.08) | 1553.26 (1641.45) | Nil (Nil) | 6650.88 (5299.57) | 6100.34 (4891.11) |
| *Saudi Ensas Company for Engineering Services WLL | 49 | 675.77 (1447.09) | 1352.35 (1308.31) | 13.00 (108.99) | Nil (Nil) | 660.84 (703.09) | 1341.05 (967.87) |
| Naba Diganta Water Management Limited | 26 | 95.42 (Nil) | 95.24 (Nil) | Nil (Nil) | 1136.25 (Nil) | Nil (Nil) | 1.12 (Nil) |
| ETA-Voltas - Hitachi Plant | 37.50 | 10616.34 (7160.56) | 7710.48 (5840.72) | 4235.48 (5521.78) | Nil (13.01) | 16910.78 (9605.95) | 15191.48 (8230.23) |

* As the accounting year of these companies ends on 31st December, 2007, the figures are as of that date.

Notes: (i) The previous years figures of Saudi Ensas Company for Engineering Services WLL were unaudited.
(ii) Figures in brackets are of the previous year.

39. Segmental Reporting :
Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standards (AS-17) on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.

40. 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. Weathermaker Ltd. Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation) | Subsidiary |
| B. Associate Brihat Trading Private Ltd. Terrot GmbH | Shareholding of the Company on its own or along with subsidiaries exceed 20% |

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

40(a). List of Related Parties and Relationships (contd.) :

| Party | Relation |
|---|---|
| C. Joint Ventures Universal Comfort Products Private Ltd. Saudi Ensas Company for Engineering Services WLL Universal Voltas LLC Lalbuksh Voltas Engineering Services & Trading LLC Naba Diganta Water Management Ltd. AVCO Marine S.a.S. (Under liquidation) 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 | Managing Director |

40(b). Related Party Transactions :

| Transactions | Rupees in Lakhs | | | | |
|---|---------------------------|--------------------------------------|---------------------------------|---------------------------|-------------------------------|
| | Subsidiaries | Associates and Joint Ventures | Key Management Personnel | Promoter | Total |
| Purchase of Goods [Refer 40 (c) (1)] | 124.58 (577.52) | 19184.73 (19836.87) | — (—) | — (—) | 19309.31 (20414.39) |
| Sale of Goods [Refer 40 (c) (2)] | 3.31 (83.51) | 3.41 (1721.68) | 2.25 (—) | 5.60 (2.32) | 14.57 (1807.51) |
| Service Income [Refer 40 (c) (3)] | — (—) | 802.46 (703.78) | — (—) | 0.15 (2.68) | 802.61 (706.46) |
| Sale of Fixed Assets [Refer 40 (c) (4)] | — (—) | — (7.98) | — (—) | — (—) | — (7.98) |
| Interest Income [Refer 40 (c) (5)] | — (18.60) | — (49.73) | — (—) | — (—) | — (68.33) |
| Dividend Income [Refer 40 (c) (6)] | 59.25 (1674.45) | 33.88 (32.36) | — (—) | — (—) | 93.13 (1706.81) |
| Freight Recovery [Refer 40 (c) (7)] | — (—) | 108.95 (85.17) | — (—) | — (—) | 108.95 (85.17) |
| Advertising Recovery [Refer 40 (c) (8)] | — (—) | 435.17 (341.28) | — (—) | — (—) | 435.17 (341.28) |
| Commision Received [Refer 40 (c) (9)] | 49.97 (33.70) | 61.85 (61.60) | — (—) | — (—) | 111.82 (95.30) |
| Provision / Write off of Debts and Advances - Reversal [Refer 40 (c) (10)] | — (—) | 710.99 (—) | — (—) | — (—) | 710.99 (—) |
| Remuneration Paid / Payable [Refer 40 (c) (11)] | — (—) | — (—) | 141.05 (109.13) | — (—) | 141.05 (109.13) |
| Tata Brand Equity [Refer 40 (c) (12)] | — (—) | — (—) | — (—) | 464.18 (364.23) | 464.18 (364.23) |
| Interest Expenses [Refer 40 (c) (13)] | — (—) | 43.61 (98.93) | — (—) | — (—) | 43.61 (98.93) |
| Other Operating and Administration Expenses Received/Receivable [Refer 40 (c) (14)] | 0.09 (14.59) | 37.89 (0.87) | — (—) | 0.08 (—) | 38.06 (15.46) |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

40(b). Related Party Transactions (contd.):

| Transactions | Rupees in Lakhs | | | | |
|---|---------------------------|-------------------------------|--------------------------|---------------------------|-----------------------------|
| | Subsidiaries | Associates and Joint Ventures | Key Management Personnel | Promoter | Total |
| Other Operating and Administration Expenses -Paid / Payable [Refer 40 (c) (15)] | 33.01 (14.73) | — (—) | — (—) | 96.31 (14.82) | 129.32 (29.55) |
| Advance Share Application Money [Refer 40 (c) (16)] | — (—) | — (638.98) | — (—) | — (—) | — (638.98) |
| Purchase of Fixed Assets [Refer 40 (c) (17)] | — (5.54) | — (—) | — (—) | — (—) | — (5.54) |
| Investments [Refer 40 (c) (18)] | 0.10 (0.05) | 1.30 (140.43) | — (—) | — (—) | 1.40 (140.48) |
| Refund of Intercompany Deposits Placed [Refer 40 (c) (19)] | — (—) | — (1000.00) | — (—) | — (—) | — (1000.00) |
| Warranty Recovery [Refer 40 (c) (20)] | — (—) | 49.62 (44.59) | — (—) | — (—) | 49.62 (44.59) |
| Provision for Debts and Advances [Refer 40 (c) (21)] | — (—) | — (296.74) | — (—) | — (—) | — (296.74) |
| Provision for Debts and Advances Due as on 31-3-2008 [Refer 40 (c) (22)] | 77.10 (77.10) | 296.74 (1097.09) | — (—) | — (—) | 373.84 (1174.19) |
| Debit Balance Outstanding as on 31-3-2008 [Refer 40 (c) (23)] | 123.37 (106.18) | 335.92 (902.87) | — (—) | 0.29 (—) | 459.58 (1009.05) |
| Credit Balance Outstanding as on 31-3-2008 [Refer 40 (c) (24)] | 394.64 (252.77) | 3649.85 (3073.36) | — (—) | 464.90 (343.79) | 4509.39 (3669.92) |

Note : Figures in bracket are of previous year.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

40(c). Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party :

| | | Rupees In Lakhs | |
|---|--------------------------|--------------------------------|--|
| Name of Party | Transaction Value | Transaction Value 2006-2007 | |
| 1. Purchase of Goods | | | |
| Universal Comfort Products Private Ltd. | 18541.66 | 19429.23 | |
| 2. Sale of Goods | | | |
| Universal Comfort Products Private Ltd. | 2.33 | 1683.31 | |
| Tata Sons Ltd. | 5.60 | — | |
| Weathermaker Ltd. | 2.00 | — | |
| Mr. A.Soni | 2.25 | — | |
| 3. Service Income | | | |
| Universal Comfort Products Private Ltd. | 601.55 | 555.37 | |
| Universal Voltas LLC | 199.54 | 148.41 | |
| 4. Sale of Fixed Assets | | | |
| Universal Comfort Products Private Ltd. | — | 7.98 | |
| 5. Interest Income | | | |
| Simtools Ltd. (upto 22-3-2007) | — | 18.60 | |
| Universal Comfort Products Private Ltd. | — | 49.73 | |
| 6. Dividend Income | | | |
| Simto Investment Company Ltd. | — | 1212.48 | |
| Weathermaker Ltd. | — | 371.25 | |
| Lalbuksh Voltas Engg.Services & Trading Co. LLC | 33.88 | — | |
| Metrovol FZE | 59.25 | — | |
| 7. Freight Recovery | | | |
| Universal Comfort Products Private Ltd. | 108.95 | 85.17 | |
| 8. Advertising Recovery | | | |
| Universal Comfort Products Private Ltd. | 435.17 | 341.28 | |
| 9. Commission Received | | | |
| Terrot GmbH (w.e.f. 19-6-2006) | 61.85 | 61.60 | |
| Metrovol FZE | 49.97 | 33.70 | |
| 10. Provision / Write off of Debts and Advances - Reversal | | | |
| AVCO Marine S.a.S. | 710.99 | — | |
| 11. Remuneration Paid / Payable | | | |
| Mr. A.Soni | 141.05 | 109.13 | |
| 12. Tata Brand Equity | | | |
| Tata Sons Ltd. | 464.18 | 364.23 | |
| 13. Interest Expenses | | | |
| Universal Comfort Products Private Ltd. | 43.61 | 98.93 | |



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

40(c). Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.):

| Name of Party | Transaction Value | Rupees In Lakhs | |
|---|-------------------|-------------------|-----------|
| | | Transaction Value | 2006-2007 |
| 14. Other Operating and Administration Expenses -Received / Receivable | | | |
| Universal Voltas LLC | 24.19 | — | — |
| Simtools Ltd. (upto 22-3-2007) | — | — | 10.00 |
| Metrovol FZE | — | — | 4.59 |
| Universal Comfort Products Private Ltd. | 13.50 | — | — |
| 15. Other Operating and Administration Expenses -Paid / Payable | | | |
| Metrovol FZE | 33.01 | — | 14.73 |
| Tata Sons Ltd. | 96.31 | — | 14.82 |
| 16. Advance Share Application Money | | | |
| Saudi Ensas Company for Engineering Services WLL | — | — | 206.48 |
| Universal Comfort Products Private Ltd. | — | — | 432.50 |
| 17. Purchase of Fixed Assets | | | |
| Auto Aircon (India) Ltd . | — | — | 5.54 |
| 18. Investments | | | |
| Naba Diganta Water Management Ltd. | 1.30 | — | — |
| Terrot GmbH (w.e.f. 19-6-2006) | — | — | 140.43 |
| 19. Refund of Intercorporate Deposits Placed | | | |
| Universal Comfort Products Private Ltd. | — | — | 1000.00 |
| 20. Warranty Recovery | | | |
| Universal Comfort Products Private Ltd. | 49.62 | — | 44.59 |
| 21. Provision for Debts and Advances | | | |
| Saudi Ensas Company for Engineering Services WLL | — | — | 296.74 |
| 22. Provision for Debts and Advances Due as on 31-3-2008 | | | |
| Saudi Ensas Company for Engineering Services WLL | 296.74 | — | 296.74 |
| Auto Aircon (India) Ltd . | 77.10 | — | 77.10 |
| AVCO Marine S.a.S. | — | — | 782.45 |
| 23. Debit Balance Outstanding as on 31-3-2008 | | | |
| Saudi Ensas Company for Engineering Services WLL | 296.74 | — | 296.74 |
| Auto Aircon (India) Ltd. | 77.10 | — | 77.10 |
| Metrovol FZE | 46.27 | — | — |
| Terrot GmbH | 36.11 | — | — |
| AVCO Marine S.a.S. | — | — | 782.45 |
| 24. Credit Balance Outstanding as on 31-3-2008 | | | |
| Universal Comfort Products Private Ltd. | 3630.89 | — | 2914.93 |
| Tata Sons Ltd. | 464.90 | — | — |

41. Figures for the previous year have been regrouped/recast, wherever necessary.

For and on behalf of the Board

Chairman
Managing Director
Directors

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

Executive Vice President (Finance)

General Manager - Taxation
& Company Secretary

Mumbai, 15th May, 2008

V. P. Malhotra



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"), its subsidiaries and jointly controlled entities (the Company, its Subsidiaries and jointly controlled entities constitute " the Group") as at 31st March, 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan 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. We did not audit the financial statements of the Qatar, Bahrain and UAE Branches, certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 68863 lakhs, total revenues of Rs. 83335 lakhs and net cash inflows amounting to Rs. 11783 lakhs for the year ended on that date as considered in the Consolidated Financial Statements and an associate whose financial statement reflect the Group's share of profit for the year ended on 31st December, 2007 of Rs. 20 lakhs. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these branches, subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.
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 Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. On the basis of the information and according to the explanation given to us and on consideration of the separate audit reports and the individual financial statements of the Company, its aforesaid branches, subsidiaries, joint ventures and associates, 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 state of affairs of the Group as at 31st March, 2008;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Nalin M. Shah
Partner

Membership No. 15860

Mumbai,
15th May, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

| | Schedule | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|--|----------|--------------------|--------------------|--|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS FUNDS | | | | |
| 1. SHARE CAPITAL | A | | 3306.95 | 3306.83 |
| 2. RESERVES AND SURPLUS | B | | 54415.37 | 39067.16 |
| 3. TOTAL | | | 57722.32 | 42373.99 |
| 4. MINORITY INTEREST | | | 54.80 | 43.73 |
| LOAN FUNDS | | | | |
| 5. SECURED LOANS | C | | 7374.10 | 11130.28 |
| 6. UNSECURED LOANS | D | | Nil | 27.85 |
| 7. DEFERRED TAX LIABILITY (Net) (See Note 6, Schedule 'M') | | | 150.00 | 177.25 |
| | TOTAL | | 65301.22 | 53753.10 |
| APPLICATION OF FUNDS | | | | |
| 8. FIXED ASSETS | | | | |
| GROSS BLOCK | E | 31632.90 | | 28512.26 |
| LESS : DEPRECIATION | | 14620.39 | | 13787.21 |
| NET BLOCK | | 17012.51 | | 14725.05 |
| CAPITAL WORK-IN-PROGRESS | | 1971.93 | | 1284.54 |
| | | | 18984.44 | 16009.59 |
| 9. INVESTMENTS | F | | 25852.76 | 12479.43 |
| 10. DEFERRED TAX ASSET (Net) (See Note 6, Schedule 'M') | | | 2043.12 | 2967.01 |
| 11. CURRENT ASSETS, LOANS AND ADVANCES | G | | | |
| 1. Inventories | | 63984.61 | | 51229.25 |
| 2. Sundry Debtors | | 57025.01 | | 48588.33 |
| 3. Cash and Bank balances | | 30018.09 | | 16766.61 |
| 4. Interest accrued on Investments | | 3.70 | | 48.83 |
| 5. Loans and Advances | | 15272.18 | | 17456.73 |
| | | 166303.59 | | 134089.75 |
| 12. LESS : CURRENT LIABILITIES AND PROVISIONS | H | | | |
| (A) Current Liabilities | | 126197.01 | | 93864.77 |
| (B) Provisions | | 21685.68 | | 17927.91 |
| | | 147882.69 | | 111792.68 |
| 13. NET CURRENT ASSETS | | | 18420.90 | 22297.07 |
| | TOTAL | | 65301.22 | 53753.10 |

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

For and on behalf of the Board

Chairman
Managing Director
Directors

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

In terms of our Report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
Mumbai, 15th May, 2008

General Manager - Taxation
& Company Secretary
Mumbai, 15th May, 2008

V. P. Malhotra



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

| | Schedule | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|----------|--------------------|--------------------|---|
| 1. SALES AND SERVICES | | 326438.78 | | 259830.10 |
| Less : EXCISE DUTY | | 6146.11 | | 7156.40 |
| NET SALES AND SERVICES | | | 320292.67 | 252673.70 |
| 2. OTHER INCOME | I | | 3321.37 | 5119.68 |
| 3. COST OF SALES, SERVICES AND EXPENSES | J | | 294987.51 | 239853.27 |
| 4. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS | | | 28626.53 | 17940.11 |
| 5. FINANCIAL ITEMS | K | | (609.88) | (898.21) |
| 6. DEPRECIATION ON FIXED ASSETS | | | 1669.26 | 1556.68 |
| 7. PROFIT BEFORE EXCEPTIONAL ITEMS | | | 27567.15 | 17281.64 |
| 8. EXCEPTIONAL ITEMS | L | | 3158.86 | 6963.93 |
| 9. PROFIT BEFORE TAXATION | | | 30726.01 | 24245.57 |
| 10. PROVISION FOR TAXATION | | | | |
| - Provision for Current Tax | | 8784.19 | | 4063.80 |
| - Provision for Taxation of Earlier Years | | 0.05 | | (467.24) |
| - Provision for Deferred Tax | | 822.75 | | 183.48 |
| - Provision for Wealth Tax | | 32.10 | | 32.10 |
| - Provision for Fringe Benefit Tax | | 327.30 | | 262.25 |
| | | | 9966.39 | 4074.39 |
| 11. PROFIT AFTER TAXATION | | | 20759.62 | 20171.18 |
| 12. MINORITY INTEREST IN PROFITS | | | (11.74) | (17.53) |
| 13. SHARE OF PROFIT OF ASSOCIATE | | | 20.15 | 4.32 |
| 14. PROFIT AFTER MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATE | | | 20768.03 | 20157.97 |
| 15. PREACQUISITION ADJUSTMENTS TRANSFERRED TO CAPITAL RESERVE | | | Nil | (54.96) |
| 16. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR | | | 5759.20 | 3474.59 |
| 17. AMOUNT TRANSFERRED TO FOREIGN EXCHANGE TRANSLATION RESERVE | | | (63.10) | (18.81) |
| 18. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE | | | 250.00 | 344.00 |
| 19. PROFIT AVAILABLE FOR APPROPRIATIONS | | | 26714.13 | 23902.79 |
| 20. APPROPRIATIONS : | | | | |
| (a) GENERAL RESERVE | | 14306.07 | | 13673.40 |
| (b) SPECIAL RESERVE | | 52.31 | | 366.00 |
| (c) INTERIM DIVIDEND | | Nil | | 55.21 |
| (d) PROPOSED DIVIDEND | | 4466.94 | | 3308.85 |
| (e) TAX ON DIVIDEND | | 759.16 | | 740.13 |
| | | | 19584.48 | 18143.59 |
| 21. BALANCE CARRIED FORWARD | | | 7129.65 | 5759.20 |
| Basic and diluted earnings per share of Re. 1 each (including Exceptional items) (in Rs.) (See Note 10, Schedule 'M') | | | 6.27 | 6.09 |

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

For and on behalf of the Board

*Chairman
Managing Director
Directors*

**Ishaat Hussain
A. Soni
Nasser Munjee
N. J. Jhaveri
S. D. Kulkarni
Ravi Kant
N. D. Khurody
N. N. Tata**

In terms of our Report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

*General Manager - Taxation
& Company Secretary*

V. P. Malhotra

Nalin M. Shah
Partner
Mumbai, 15th May, 2008

Mumbai, 15th May, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES

| | Rupees in Lakhs | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|--|--------------------|--------------------|---------------------------------|
| Net Profit before Taxation | | 30726.01 | 24245.57 |
| Add - Adjustments for: | | | |
| Depreciation | 1669.26 | | 1556.68 |
| Share in profit of Associate | 20.15 | | 4.32 |
| Impairment of Assets | 19.65 | | 77.57 |
| Provision for Contingencies | (100.00) | | 1133.59 |
| Provision for Diminution in value of Investments | 4.55 | | Nil |
| Net Profit on Sale/Transfer of Fixed Assets and Tenancy Rights | (2762.27) | | (1527.63) |
| Profit on Sale of Investments | (267.35) | | (9886.93) |
| Interest paid [Net] | 498.85 | | 176.91 |
| Income from Investments | (1108.73) | | (1075.12) |
| Exchange Fluctuation on Consolidation | (191.46) | | (15.00) |
| Provision for Compensated Absences | 292.06 | | 235.23 |
| Provision for Gratuity | 180.42 | | 636.35 |
| Provision for Post Retiral Medical Benefits | 13.53 | | 28.58 |
| Cost of Voluntary Retirement Scheme | 45.73 | | 358.77 |
| | | (1685.61) | (8296.68) |
| Operating Profit before Working Capital changes | | 29040.40 | 15948.89 |
| Adjustments for: | | | |
| (Increase)/Decrease in Inventories | (12755.36) | | (19359.99) |
| (Increase)/Decrease in Trade and other Receivables | (8436.68) | | (5503.74) |
| (Increase)/Decrease in Loans and Advances | 199.11 | | (4645.56) |
| (Decrease)/Increase in Advances from Customers | 21164.52 | | 10439.08 |
| (Decrease)/Increase in Trade Payables | 12618.44 | | 7198.15 |
| | | 12790.03 | (11872.06) |
| Cash generated from operations | | 41830.43 | 4076.83 |
| Less: | | | |
| Taxes paid | 5967.64 | | 3218.75 |
| Voluntary Retirement /Pension Scheme Payments | 188.92 | | 204.53 |
| | | 6156.56 | 3423.28 |
| <i>NET CASH FROM OPERATING ACTIVITIES</i> | | 35673.87 | 653.55 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (4838.97) | | (3556.57) |
| Sale of Fixed Assets | 1966.70 | | 3693.61 |
| Proceeds from Surrender of Tenancy Rights | 970.78 | | 95.54 |
| Purchase of Investments | (116071.89) | | (26904.01) |
| Sale of Investments | 102720.39 | | 28876.24 |
| Preacquisition profit on Investment in Associate | Nil | | 3.81 |
| Minority Interest | (0.67) | | (0.18) |
| Interest received | 443.78 | | 786.68 |
| Income from Investments | 1108.73 | | 1075.12 |
| Inter Corporate Deposits | Nil | | 500.00 |
| <i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i> | | (13701.15) | 4570.24 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Share Capital (Calls in Arrears) | 0.12 | | 0.57 |
| Securities Premium (Calls in Arrears) | 0.57 | | 2.87 |
| Increase/(Decrease) in other Borrowings | (1742.53) | | 1809.11 |
| Proceeds from Long Term Borrowings | Nil | | 500.00 |
| Repayment of Long Term Loans | (2041.50) | | (158.32) |
| Interest paid | (901.25) | | (1117.41) |
| Decrease in unpaid Deposits | (8.14) | | (43.09) |
| Dividend paid including dividend tax | (3880.06) | | (2426.65) |
| <i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i> | | (8572.79) | (1432.92) |
| <i>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</i> | | 13399.93 | 3790.87 |
| CASH AND CASH EQUIVALENTS AS AT 1-4-2007 (See Schedule G) | | 16766.61 | 12975.74 |
| Adjustment of dividend received from a Joint Venture in previous year | | (148.45) | Nil |
| CASH AND CASH EQUIVALENTS AS AT 31-3-2008 (See Schedule G) | | 30018.09 | 16766.61 |

For and on behalf of the Board

 Chairman
 Managing Director
 Directors

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

Executive Vice President (Finance)

 General Manager - Taxation
 & Company Secretary

Mumbai, 15th May, 2008

V. P. Malhotra

In terms of our Report of even date attached.

 For Deloitte Haskins & Sells
 Chartered Accountants

Nalin M. Shah
 Partner

Mumbai, 15th May, 2008



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 'A': SHARE CAPITAL

| | | As at 31-3-2007 | Rupees in Lakhs | Rupees in Lakhs |
|---|------------------------|--------------------|--------------------|--------------------|
| 1. AUTHORISED | | | | |
| 60,00,00,000 Equity Shares of Re. 1 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 | | | | |
| 33,08,84,740 Equity Shares of Re.1 each | 3308.85 | | | 3308.85 |
| Less: Calls in Arrears | 1.90 | | | 2.02 |
| TOTAL | <u>3306.95</u> | | | <u>3306.83</u> |

SCHEDULE 'B': RESERVES AND SURPLUS

| | | As at 31-3-2007 | Rupees in Lakhs | Rupees in Lakhs |
|--|------------------------|--------------------|--------------------|--------------------|
| 1. SECURITIES PREMIUM | 624.62 | | | 624.05 |
| 2. CAPITAL RESERVE | 155.52 | | | 155.52 |
| 3. CAPITAL REDEMPTION RESERVE | 125.70 | | | 125.70 |
| 4. CAPITAL RESERVE ON CONSOLIDATION | 872.47 | | | 871.90 |
| 5. GENERAL RESERVE | 44019.59 | | | 29615.81 |
| 6. STAFF WELFARE RESERVE | 1.00 | | | 1.00 |
| 7. FOREIGN PROJECTS RESERVE | 575.00 | | | 825.00 |
| 8. SURPLUS IN PROFIT AND LOSS ACCOUNT | 7129.65 | | | 5759.20 |
| 9. FOREIGN EXCHANGE TRANSLATION RESERVE | 193.66 | | | 260.39 |
| 10. SPECIAL RESERVE | 451.48 | | | 399.17 |
| 11. ADJUSTMENTS ON CONSOLIDATION | 208.02 | | | 356.47 |
| 12. LEGAL RESERVE (See Note 3, Schedule 'M') | 58.66 | | | 72.95 |
| TOTAL | <u>54415.37</u> | | | <u>39067.16</u> |

SCHEDULE 'C': SECURED LOANS

| | | As at 31-3-2007 | Rupees in Lakhs | Rupees in Lakhs |
|------------------|-----------------------|--------------------|--------------------|--------------------|
| LOANS FROM BANKS | | | | |
| TOTAL | <u>7374.10</u> | | | <u>11130.28</u> |
| | <u>7374.10</u> | | | <u>11130.28</u> |

SCHEDULE 'D': UNSECURED LOANS

| | | As at 31-3-2007 | Rupees in Lakhs | Rupees in Lakhs |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|
| SHORT TERM LOANS AND ADVANCES | | | | |
| From Other than Banks | | | | 27.85 |
| TOTAL | <u>Nil</u> | | | <u>27.85</u> |
| | <u>Nil</u> | | | <u>27.85</u> |

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, 2007 | Adjustments | Additions | Deductions | Exchange Difference | As at March 31, 2008 | Up to March 31, 2007 | Adjustments | For the Year | On Deductions | Impairment | Exchange Difference | Up to March 31, 2008 | As at March 31, 2008 | As at March 31, 2007 |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) |
| | 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 | Rupees in Lakhs | Rupees in Lakhs |
| 1. Leasehold Land | 440.85 | Nil | Nil | Nil | Nil | 440.85 | 2.03 | Nil | 4.88 | Nil | Nil | Nil | 6.91 | 433.94 | 438.82 |
| 2. Freehold Land | 159.41 | Nil | 567.48 | 0.15 | Nil | 726.74 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 726.74 | 159.41 |
| 3. Buildings (See Notes c, d & e below) | 8531.06 | Nil | 930.34 | 72.97 | 11.11 | 9377.32 | 2071.77 | Nil | 303.01 | 33.98 | Nil | 10.03 | 2330.77 | 7046.55 | 6459.29 |
| 4. Plant & Machinery | 14656.59 | Nil | 2194.81 | 641.62 | 83.43 | 16126.35 | 8456.90 | Nil | 867.13 | 565.79 | 19.65 | 66.97 | 8710.92 | 7415.43 | 6199.69 |
| 5. Furniture & Fittings | 1599.55 | Nil | 237.41 | 57.78 | 8.74 | 1770.44 | 1155.64 | Nil | 149.11 | 52.44 | Nil | 6.58 | 1245.73 | 524.71 | 443.91 |
| 6. Vehicles | 998.60 | Nil | 100.00 | 116.16 | 37.97 | 944.47 | 605.71 | Nil | 106.64 | 85.76 | Nil | 33.17 | 593.42 | 351.05 | 392.89 |
| Intangible Assets: | | | | | | | | | | | | | | | |
| 7. Manufacturing Rights & Technical Know-how | 1004.33 | Nil | Nil | Nil | Nil | 1004.33 | 997.34 | Nil | 6.59 | Nil | Nil | Nil | 1003.93 | 0.40 | 6.99 |
| 8. Software | 1121.87 | Nil | 121.54 | Nil | 1.01 | 1242.40 | 497.82 | Nil | 231.90 | Nil | Nil | 1.01 | 728.71 | 513.69 | 624.05 |
| Previous Year | 28512.26 | Nil | 4151.58 | 888.68 | 142.26 | 31632.90 | 13787.21 | Nil | 1669.26 | 737.97 | 19.65 | 117.76 | 14620.39 | 17012.51 | 14725.05 |
| 9. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.1742.71 Lakhs (31-3-2007: Rs 541.46 Lakhs)] | (31632.25) | (278.26) | (3335.72) | (6688.63) | (45.34) | (28512.26) | (16420.38) | (205.04) | (1556.68) | (4435.14) | (77.57) | (37.32) | (13787.21) | (14725.05) | |
| | | | | | | 1971.93 | | | | | | | | 1971.93 | 1284.54 |
| | | | | | | 33604.83 | | | | | | | | 18984.44 | 16009.59 |

Notes :

- (a) Previous year's figures represent assets and depreciation of Weathermaker Limited which became a subsidiary in the previous year.
- (b) Exchange Difference in column (5) and (12) above relates to the opening balances.
- (c) Includes Rs.9.33 Lakhs (31-3-2007 : Rs.10.19 Lakhs) (original cost) and Rs.Nil (31-3-2007 : Rs.Nil) (net book value) being leasehold improvements. The lease is renewed annually.
- (d) Includes factory building of Rs.97.99 Lakhs (31-3-2007 : Rs.106.78 Lakhs) (original cost) and Rs.9.67 Lakhs (31-3-2007 : Rs.13.21 Lakhs) (net book value) of factory building constructed on leasehold land, the lease period being fifteen years with a renewal option.
- (e) Buildings include Gross Block Rs.662.79 Lakhs (31-3-2007 : Rs.662.79 Lakhs) and Accumulated Depreciation Rs. 255.92 Lakhs (31-3-2007 : Rs.255.92 Lakhs) which has been held for sale and the estimated realisable value is higher than the net book value.


SCHEDULE 'F' : INVESTMENTS (at Cost)

| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|--------------------|--|
| LONG TERM INVESTMENTS | | |
| 1. TRADE INVESTMENTS (See Note 4, Schedule 'M') | | |
| Subsidiary Companies (Unconsolidated) (See Note 2(b), Schedule 'M') | 119.63 | 119.63 |
| Shares (Quoted) | 1401.34 | 1225.37 |
| Shares (Unquoted) (See Note 4(c), Schedule 'M') | 1898.61 | 1878.79 |
| 2. OTHER INVESTMENTS | | |
| Shares (Quoted) | 0.04 | 0.04 |
| Shares (Unquoted) | 0.48 | 0.15 |
| 6.75% Tax Free US 64 Bonds | 164.59 | 164.59 |
| TOTAL LONG TERM INVESTMENTS | 3584.69 | 3388.57 |
| CURRENT INVESTMENTS | | |
| Units of Mutual Fund (Unquoted) | 22644.79 | 9502.73 |
| Government Securities (Unquoted) | 0.55 | 0.55 |
| Other Securities (Quoted) | 83.49 | 43.79 |
| TOTAL CURRENT INVESTMENTS | 22728.83 | 9547.07 |
| TOTAL INVESTMENTS | 26313.52 | 12935.64 |
| LESS: PROVISION FOR DIMINUTION IN VALUE | 460.76 | 456.21 |
| TOTAL | 25852.76 | 12479.43 |

SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|--------------------|--------------------|--|
| 1. INVENTORIES | | | |
| STORES AT OR BELOW COST | | 21.01 | 17.45 |
| STOCK-IN-TRADE : | | | |
| (a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value | 12297.99 | | 10800.62 |
| (b) Work-in-Progress | 274588.31 | | 186728.87 |
| Less: Amounts Invoiced | 247558.01 | | 161535.25 |
| | 27030.30 | | 25193.62 |
| (c) Finished Goods at the lower of Cost (Less: Written off for obsolescence) and Realisable Value | 24635.31 | | 15217.56 |
| | | 63963.60 | 51211.80 |
| | | 63984.61 | 51229.25 |
| 2. SUNDRY DEBTORS | | 57025.01 | 48588.33 |
| 3. CASH AND BANK BALANCES | | 30018.09 | 16766.61 |
| 4. INTEREST ACCRUED ON INVESTMENTS | | 3.70 | 48.83 |
| 5. LOANS AND ADVANCES | | | |
| – Deposits with public bodies, others | 2298.40 | | 1910.68 |
| – Other advances | 12967.41 | | 14438.39 |
| – Advance payment of taxes (Net) | 538.15 | | 2764.56 |
| | 15803.96 | | 19113.63 |
| Less: Provision for doubtful advances | 531.78 | | 1656.90 |
| | | 15272.18 | 17456.73 |
| TOTAL | | 166303.59 | 134089.75 |

SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS

| | Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
|---|--------------------|--------------------|--|
| (A) CURRENT LIABILITIES | | | |
| 1. ACCEPTANCES | | 9370.35 | 8502.98 |
| 2. SUNDRY CREDITORS | | 63972.47 | 54338.63 |
| 3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED : | | | |
| (a) From Customers / Others | 47569.40 | | 26748.39 |
| (b) Against Unexpired Service Contracts | 1320.67 | | 977.16 |
| | | 48890.07 | 27725.55 |
| 4. OTHER LIABILITIES | | 3954.18 | 3285.10 |
| 5. INTEREST ACCRUED BUT NOT DUE ON LOANS | | 9.94 | 12.51 |
| TOTAL (A) | | 126197.01 | 93864.77 |
| (B) PROVISIONS | | | |
| 6. PROVISION FOR TAXATION (NET) | | 3959.04 | 3009.45 |
| 7. PROPOSED DIVIDEND | | 4466.94 | 3308.85 |
| 8. PROVISION FOR CORPORATE DIVIDEND TAX | | 759.16 | 562.34 |
| 9. PROVISION FOR TRADE GUARANTEES (See Note 5 , Schedule 'M') | | 4074.73 | 2644.77 |
| 10. PROVISION FOR COMPENSATED ABSENCES | | 2155.76 | 2083.21 |
| 11. PROVISION FOR PENSION | | 949.22 | 1092.41 |
| 12. PROVISION FOR GRATUITY | | 2890.62 | 2710.20 |
| 13. PROVISION FOR CONTINGENCIES (See Note 5, Schedule 'M') | | 1908.59 | 2008.59 |
| 14. PROVISION FOR POST RETIRAL MEDICAL BENEFITS | | 521.62 | 508.09 |
| TOTAL (B) | | 21685.68 | 17927.91 |
| TOTAL (A) + (B) | | 147882.69 | 111792.68 |

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008
SCHEDULE 'I' : OTHER INCOME

| | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|--------------------|---|
| 1. Miscellaneous Income | 1214.66 | 1492.22 |
| 2. Profit / (Loss) on Sale/Retirement of Fixed Assets (Net) | Nil | 53.38 |
| 3. Profit on Sale of Non-Trade Current Investments (Net) | 76.33 | 2034.73 |
| 4. Rent Received | 1991.96 | 1408.68 |
| 5. Difference in Foreign Exchange (Net) | 38.42 | Nil |
| 6. Adjustment in respect of previous years (Net) | Nil | 130.67 |
| TOTAL | 3321.37 | 5119.68 |



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

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|--------------------|--------------------|---|
| 1. Stock-in-Trade per 1-4-2007 | | 212747.05 | 122226.52 |
| 2. Stock-in-Trade taken over on acquisition of Subsidiary | | Nil | 151.64 |
| 3. Purchases and cost of jobs, manufacture and services | | 332615.38 | 278184.68 |
| 4. Stock-in-Trade per 31-3-2008 | | 311521.61 | 212747.05 |
| 5. Cost of Sales and Services (1 + 2 + 3 - 4) | | 233840.82 | 187815.79 |
| 6. Staff Expenses | | | |
| (a) Salaries, Wages and Bonus | 26336.73 | | 22564.38 |
| (b) Company's contribution to Provident Funds and other Funds | 1651.28 | | 879.92 |
| (c) Provision for Gratuity | 448.22 | | 725.43 |
| (d) Welfare Expenses | 1473.15 | | 1802.77 |
| | | 29909.38 | 25972.50 |
| 7. Forwarding Charges | | 1751.73 | 1439.78 |
| 8. Commission | | 4343.46 | 2353.23 |
| 9. Advertising | | 1478.75 | 891.39 |
| 10. Rent paid | 2045.08 | | 1850.29 |
| Less: Rent recovered | 4.97 | | 13.70 |
| | | 2040.11 | 1836.59 |
| 11. Rates & Taxes | | 150.83 | 142.51 |
| 12. Insurance | | 561.74 | 564.15 |
| 13. Stores Consumed | | 539.32 | 384.40 |
| 14. Power | | 406.43 | 425.80 |
| 15. Repairs to Buildings | | 173.40 | 85.28 |
| 16. Repairs to Plant & Machinery | | 572.17 | 537.48 |
| 17. Travelling & Conveyance | | 4189.22 | 3774.93 |
| 18. Stationery, Postage, Telex & Telephone | | 1513.39 | 1464.28 |
| 19. Auditors' Remuneration | | | |
| (a) Audit fees including reimbursement towards expenses Rs.1.71 Lakhs (2006-07 : Rs. 1.03 Lakhs) | 72.23 | | 63.94 |
| (b) In Other capacity | 48.89 | | 44.83 |
| | | 121.12 | 108.77 |
| 20. Audit fees payable to Branch Auditors | | 24.09 | 24.10 |
| 21. Audit fees payable to Cost Auditors | | 1.60 | 0.48 |
| 22. Legal & Professional charges | | 855.17 | 1219.45 |
| 23. Other expenses (See Note 11, Schedule 'M') | | 11304.36 | 9212.81 |
| 24. Bad and Doubtful Debts / Advances | | 1102.67 | 1578.49 |
| 25. Donation and Charities | | 41.12 | 21.06 |
| 26. Net Loss on Sale of Fixed Assets | | 66.63 | Nil |
| | TOTAL | 294987.51 | 239853.27 |



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

1. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Voltas Limited ("the Company") and its subsidiary companies, joint ventures and associates. The Company and its Subsidiaries constitute the "Group". 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 notified under the Companies (Accounting Standards) Rules, 2006.
- (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 Exchange 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 notified under the Companies (Accounting Standards) Rules, 2006.
- (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 notified under the Companies (Accounting Standards) Rules, 2006.
- (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, 2008 except Saudi Ensas Company for Engineering Services WLL, Weathermaker Limited, Universal Voltas LLC and Terrot GmbH where the accounts are drawn upto 31st December, 2007.
- (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 to the Company of its investment in subsidiaries and joint ventures 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.

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 | |
|---|--------------------------|--|-----------|
| | | 2007-2008 | 2006-2007 |
| Indian Subsidiaries : | | | |
| – Simto Investment Company Ltd. | | 95.51 | 95.44 |
| – Auto Aircon (India) Ltd. | | 100.00 | 100.00 |
| – Agro Foods Punjab Ltd. (under liquidation) | | 100.00 | 100.00 |
| – Westerwork Engineers Ltd. (under liquidation) | | 51.00 | 51.00 |

SCHEDULE 'K': FINANCIAL ITEMS

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|--|--------------------|--------------------|---|
| 1. Interest Paid | | | |
| (a) On fixed loans | 247.01 | | 321.51 |
| (b) On other accounts [Net of write back of Rs. Nil (2006-07 : Rs. 101.83 Lakhs)] | 650.49 | | 664.98 |
| | | 897.50 | 986.49 |
| 2. Less: Interest received | | | |
| (a) in respect of sales on deferred payment terms and other accounts | 182.04 | | 528.55 |
| (b) On fixed deposits with Banks | 216.61 | | 281.03 |
| | | 398.65 | 809.58 |
| | | 498.85 | 176.91 |
| 3. Less : Income from Investments | | | |
| (a) Trade Investments (Long Term) | 262.82 | | 968.95 |
| (b) Other Investments (Long Term) | 36.06 | | 11.11 |
| (c) Other Investments (Current) | 809.85 | | 95.06 |
| | | 1108.73 | 1075.12 |
| TOTAL | | (609.88) | (898.21) |

SCHEDULE 'L': EXCEPTIONAL ITEMS

| | Rupees in Lakhs | Rupees in Lakhs | Year ended 31st March, 2007 Rupees in Lakhs |
|---|--------------------|--------------------|---|
| 1. Profit on Sale of Property / Transfer of Development Rights/ Surrender of Tenancy Rights | | 2828.90 | 2247.96 |
| 2. Profit on Sale of Long Term Trade Investments (Net) | | 191.02 | 7852.20 |
| | | 3019.92 | 10100.16 |
| Less : | | | |
| 3. Provision for diminution in value of Investments | | 4.55 | Nil |
| 4. Cost of Voluntary Retirement Scheme amortised | | 45.73 | 358.77 |
| 5. Provision for Doubtful Advances (Net) | | (108.87) | 39.91 |
| 6. Provision for Contingencies (Net) (See Note 5 , Schedule 'M') | | (100.00) | 1133.59 |
| 7. Impairment of Fixed Assets | | 19.65 | 77.57 |
| 8. Revision in Estimated Gratuity Liability at the beginning of the year (See Note 8 , Schedule 'M') | | Nil | 752.68 |
| 9. Factory Closure Cost (See Note 8 , Schedule 'M') | | Nil | 773.71 |
| | | (138.94) | 3136.23 |
| TOTAL | | 3158.86 | 6963.93 |

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| Name of the Company | Country of Incorporation | Ownership in % either directly or through Subsidiaries | |
|--|--------------------------|--|---------|
| | | 2007-08 | 2006-07 |
| 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. | Isle of Man | 100.00 | 100.00 |
| Indian Joint Ventures : | | | |
| - Universal Comfort Products Private Ltd. | | 50.00 | 50.00 |
| - Naba Diganta Water Management Ltd. | | 26.00 | Nil |
| Foreign Joint Ventures : | | | |
| - Lalbuksh Voltas Engineering Services & Trading LLC, Muscat | Sultanate of Oman | 49.00 | 49.00 |
| - Saudi Ensas Company for Engineering Services WLL | 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 |
| - ETA – Voltas – Hitachi Plant (Jointly Controlled Operations) | United Arab Emirates | 37.50 | 37.50 |
| Associates : | | | |
| - Terrot GmbH (w.e.f. 19.06.2006) | Germany | 24.00 | 24.00 |
| - Brihat Trading Pvt. Ltd. | | 33.33 | 33.33 |
| [Refer Note (a) below] | | | |

Notes:

- (a) The accounts of Brihat Trading Private Limited, 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.
- (b) The accounts of Agrotech Industries Limited have not been consolidated as it is under closure and the investment in the books of Voltas Limited is fully provided. Similarly, the accounts of Agro Foods Punjab Limited, Westerwork Engineers Limited and AVCO Marine S.a.S. have not been consolidated as they are under liquidation and the investments in the books of Voltas Limited are fully provided.

3. SIGNIFICANT ACCOUNTING POLICIES:

- (i) The accounts are prepared on historical cost convention on accrual basis of accounting and comply with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 of the Companies Act, 1956.
- The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
- (ii) **SALES & 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.



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

- (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 of 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. 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.

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.
- (d) Long-Term Annual Maintenance Contracts :

The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Unexpired Service Contracts.

In case of Mining Equipment, the revenue from such contracts is recognised in proportion to the cost actually incurred during the year in terms of total cost after completion of such contracts, as repairs and maintenance of such machineries depends on its utilisation and wear and tear which varies from year to year. The excess of revenue over cost is deferred and accounted for as "Unexpired Service Revenue". In case the actual cost incurred is higher than the billings, such cost is accounted for immediately.
- (iii) DEPRECIATION / AMORTISATION
 - (a) Depreciation on all assets of the Parent Company has been provided on the 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 the Written Down Value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
 - (ii) Intangible assets are amortised on the Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how have been amortised over 72 months and Software is amortised over 60 months.
 - (iii) Premium paid on Leasehold Land is amortised over the period of the lease.
 - (b) 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.
 - (c) In some of the foreign subsidiaries and foreign joint ventures, the cost of assets including intangible assets has been depreciated using the Straight Line Basis over their useful lives.
 - (d) In one of the Joint Ventures, depreciation on Computers and Vehicles has been charged at 20% and furniture on the Straight Line Basis at the rate prescribed in Schedule XIV to the Companies Act, 1956.
- (iv) PROVISION FOR TRADE GUARANTEES

Provision for estimated costs to be incurred in providing warranty services is made in the accounts in the year in which goods are sold or a long term contract is completed.
- (v) 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.
- (vi) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

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

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

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(vii) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation.

(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 such assets is estimated and impairment is recognised, if the carrying amount of these 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 the future cash flows to their present value based on an 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.

(ix) PROVISIONS AND CONTINGENCIES

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

(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 the Straight Line Basis over the terms of the operating lease.

(xi) INVESTMENTS

Long-term investments are carried at cost less provision for any diminution other than temporary, in the value of such investments.

Current investments are carried at the lower of cost and fair value.

(xii) INVENTORIES

Inventories including Work-in-Progress are valued at cost or realisable value whichever is lower, cost being worked out on weighted average basis (except in the case of a foreign subsidiary, where cost is determined on FIFO 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. With regard to construction contracts, Work-in-Progress includes profits/losses to the extent recognised.

(xiii) TAXES ON INCOME

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

Deferred Tax is recognised on timing differences, being the differences between the taxable income and the 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 realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets.



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(xiv) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

- (a) The foreign branches of the Group have been classified as "Integral Foreign Operations". Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the resultant difference is recognised as income or expense. Non-monetary items outstanding at the Balance Sheet date are reported using the exchange rate at the date of the transactions.
- (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 are recognised in the Profit & Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the 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 SCHEME

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

(xvi) PRE-OPERATIVE 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) EMPLOYEE BENEFITS

- (i) 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 the respective countries.

- (ii) In respect of employees in India :

- (a) Defined Contribution Plan

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Profit and Loss Account. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

- (b) Defined Benefit Plans

- (i) The Group's liabilities towards gratuity and post retirement medical benefit schemes are determined using the projected unit cost method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- (ii) The Company's Contribution to recognised Provident Fund paid/payable during the year is recognised in the Profit and Loss Account. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund.

- (c) Other Benefits

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(xviii) SEGMENT REPORTING

The accounting policies used in the preparation of the financial statements of the Group are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income / expenses".

4. INVESTMENTS

- (a) The Company has pursuant to a loan agreement given an undertaking to Punjab State Industrial Development Corporation Ltd. that it will not dispose of its investments in one of the subsidiary company. The Company had in 1998-99 transferred its beneficial rights in the shares of that subsidiary.
- (b) As the title of ownership of shares costing Rs. 4.55 Lakhs is under dispute, pursuant to an injunction order passed by the Court in Kanpur, the Company has not recognised dividend on this investment.
- (c) Movement in Associate Investment – (Terrot GmbH)

| | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|--|----------------------|---------------------------------|
| Opening Balance in Investment | 148.56 | 140.43 |
| Add : Pre-acquisition Profit | Nil | 3.81 |
| Add : Post-acquisition Profit for the year | 20.15 | 4.32 |
| Closing Balance in Investment | <u>168.71</u> | <u>148.56</u> |

5. CURRENT LIABILITIES AND PROVISIONS

Provisions

| | Opening Balance | Additions | Utilisation | Reversal | Rupees in Lakhs Closing Balance |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|--|
| Trade Guarantee | 2644.77 (2434.48) | 4373.73 (2950.97) | 2607.69 (2221.94) | 336.08 (518.74) | 4074.73 (2644.77) |
| Contingency for tax matters | 1225.00 (875.00) | Nil (350.00) | Nil (Nil) | 100.00 (Nil) | 1125.00 (1225.00) |
| Contingency for claim | 783.59 (Nil) | Nil (783.59) | Nil (Nil) | Nil (Nil) | 783.59 (783.59) |

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 5 years.
Note : Figures in brackets are for the previous year.

6. DEFERRED TAX ASSET / LIABILITY

- (a) Major components of deferred tax assets (Net) :

| | Deferred Tax Assets | Deferred Tax Liabilities | As at 31-3-2007 | |
|---|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Rupees in Lakhs | Rupees in Lakhs | Deferred Tax Assets | Deferred Tax Liabilities |
| | | | Rupees in Lakhs | Rupees in Lakhs |
| (i) Depreciation | — | 2486.00 | — | 2405.00 |
| (ii) Unabsorbed Depreciation | — | — | — | — |
| (iii) Voluntary Retirement Scheme | 617.00 | — | 1038.00 | — |
| (iv) Unpaid Statutory Liabilities | 1246.12 | — | 1378.01 | — |
| (v) Provision for Doubtful Debts and Advances | 1370.00 | — | 1703.00 | — |
| (vi) Provision for Contingencies | 450.00 | — | 484.00 | — |
| (vii) Others | 846.00 | — | 769.00 | — |
| Total | <u>4529.12</u> | <u>2486.00</u> | <u>5372.01</u> | <u>2405.00</u> |
| Net Timing Differences | 2043.12 | — | 2967.01 | — |

[Net of Deferred Tax Rs. (73.89) Lakhs (2006-2007 : Rs. 409.01 Lakhs) (credited)/adjusted to General Reserve]



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(b) Major components of deferred tax liability (Net) :

| | As at 31-3-2007 | | | |
|--|--|---|--|---|
| | Deferred Tax Assets Rupees in Lakhs | Deferred Tax Liabilities Rupees in Lakhs | Deferred Tax Assets Rupees in Lakhs | Deferred Tax Liabilities Rupees in Lakhs |
| (i) Depreciation | — | 295.78 | — | 259.36 |
| (ii) Unabsorbed Depreciation | 145.78 | — | 66.56 | — |
| (iii) Voluntary Retirement Scheme | — | — | — | — |
| (iv) Unpaid Statutory Liabilities | — | — | 7.03 | — |
| (v) Provision for Doubtful Debts and Advances | — | — | — | — |
| (vi) Provision for Contingencies | — | — | — | — |
| (vii) Others | — | — | 8.52 | — |
| Total | 145.78 | 295.78 | 82.11 | 259.36 |
| Net Timing Differences | — | (150.00) | — | (177.25) |
| [Net of Deferred Tax Rs. Nil (2006-2007 : Rs. 2.42 Lakhs) adjusted to Profit and Loss Account] | | | | |

7. OPERATING AND ADMINISTRATION EXPENSES

Staff expenses (in respect of employees in India) includes employee defined benefits as given below :

Defined Benefit Plans - As per Actuarial Valuation on 31st March, 2008

| | Gratuity Funded Rupees in Lakhs | Post Employment Medical Benefits Rupees in Lakhs | Pension Plan Rupees in Lakhs |
|--|------------------------------------|---|---------------------------------|
| I Expense recognised in the Profit and Loss Account for the year ended 31st March, 2008 | | | |
| 1. Current Service Cost | 170.18 | 24.95 | — |
| | (157.59) | (21.32) | (—) |
| 2. Interest Cost | 220.75 | 40.65 | 50.15 |
| | (219.02) | (37.16) | (28.47) |
| 3. Expected return on plan assets | (95.48) | — | — |
| | [(67.28)] | (—) | (—) |
| 4. Actuarial Gains / (Losses) | 422.06 | (21.06) | (21.83) |
| | (106.45) | (13.43) | (293.46) |
| 5. Total expense | 717.51 | 44.54 | 71.98 |
| | (415.78) | (71.91) | (321.93) |
| II Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2008 | | | |
| 1. Present value of Defined Benefit Obligation as at 31st March, 2008 | (3329.39) | (521.62) | (631.30) |
| | [(2846.54)] | [(508.09)] | [(626.92)] |
| 2. Fair value of plan assets as at 31st March, 2008 | 1824.47 | — | — |
| | (1232.06) | (—) | (—) |
| 3. Funded status [Surplus / (Deficit)] | (1504.92) | (521.62) | (631.30) |
| | [(1614.48)] | [(508.09)] | [(626.92)] |
| 4. Net asset / (liability) as at 31st March, 2008 | (1504.92) | (521.62) | (631.30) |
| | [(1614.48)] | [(508.09)] | [(626.92)] |

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

| | Gratuity Funded | Post Employment Medical Benefits | Pension Plan |
|--|-------------------------------------|---|-------------------------------|
| | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs |
| III Change in Obligation during the Year ended 31st March, 2008 | | | |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | (2846.54) (2826.73) | (508.09) (479.51) | (626.92) (367.32) |
| 2. Current Service Cost | 170.18 (157.59) | 24.95 (21.32) | — (—) |
| 3. Interest Cost | 220.75 (219.02) | 40.65 (37.16) | 50.15 (28.47) |
| 4. Actuarial (Gains) / Losses | 437.05 (113.01) | (21.06) (13.43) | 21.83 (293.46) |
| 5. Benefits Payments | (345.13) [(469.81)] | (31.01) [(43.33)] | (67.60) [(62.33)] |
| 6. Present value of Defined Benefit Obligation at the end of the year | (3329.39) [(2846.54)] | (521.62) [(508.09)] | (631.30) [(626.92)] |
| IV Change in Assets during the Year ended 31st March, 2008 | | | |
| 1. Plan assets at the beginning of the year | 1232.06 (868.22) | — (—) | — (—) |
| 2. Expected return on plan assets | 95.48 (67.28) | — (—) | — (—) |
| 3. Contributions by employers | 827.07 (759.81) | 31.01 (—) | 67.60 (—) |
| 4. Actual benefits paid | (345.13) [(469.81)] | (31.01) (—) | (67.60) (—) |
| 5. Actuarial Gains / (Losses) | 14.99 (6.56) | — (—) | — (—) |
| 6. Plan assets at the end of the year | 1824.47 (1232.06) | — (—) | — (—) |
| 7. Actual return on plan assets (2+5) | 110.47 (73.84) | — (—) | — (—) |
| V Amount Recognised in the Balance Sheet | | | |
| 1. Opening Liability | 1614.48 (1958.51) | 508.09 (479.51) | 626.92 (367.32) |
| 2. Expenses as above (I) | 717.51 (415.78) | 44.54 (71.91) | 71.98 (321.93) |
| 3. Employers Contribution | 827.07 (759.81) | 31.01 (43.33) | 67.60 (62.33) |
| 4. Closing Net Liability | 1504.92 (1614.48) | 521.62 (508.09) | 631.30 (626.92) |
| VI Actuarial Assumptions | | | |
| 1. Mortality Table (LIC) | 1994-96 (Ultimate) | 1994-96 | 1996-98 |
| 2. Discount Rate | 8% (7.75% to 8%) | 8% (7.75%) | 8% (7.75%) |
| 3. Increase in Salary/Health/Care Cost/Pension | 5% & 7% (3.50% to 5%) | 5% (5.00%) | 3.75% (3.75%) |
| 4. Rate of Return on Plan Assets | 8% (7.75%) | 8% (7.75%) | 8% (7.75%) |



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

- (a) The Actuarial Calculations used to estimate defined benefit commitments and expenses are based on the above assumptions which if changed would affect the defined benefit commitment's size, the funding requirement and expenses.
- (b) The estimates of future salary increases, considered in the Actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

8. EXCEPTIONAL ITEMS

- (a) The gratuity liability at the commencement of the year has been re-estimated by the Actuary at Rs. Nil (2006-2007 : Rs. 752.68 Lakhs) as an incremental liability.
- (b) Factory Closure Cost of Rs. Nil (2006-2007 : Rs. 773.71 Lakhs) is the difference between the Net Book Value of assets and estimated Realisable Price of the assets of Hyderabad Unit.

9. The Company has taken the decision to purchase 51% shareholding in Saudi Ensas Company for Engineering Services WLL (SECL), a joint venture company in Saudi Arabia and 50% shareholding in Universal Comfort Products Private Limited (UCPL), a joint venture company in India subject to requisite clearances from the Regulatory Authorities / approvals, in that behalf. Upon transfer of aforesaid shareholding, SECL and UCPL would become wholly owned subsidiaries of the Company.

10. EARNINGS PER EQUITY SHARE

| | | 2006-2007 |
|--|------------------|-----------|
| Net Profit after Minority Interest and Share of Profit of Associates (Rs. Lakhs) | 20768.03 | 20157.97 |
| Weighted average number of Equity Shares outstanding | 330884740 | 330884740 |
| Earning Per Share (Rs.) - Basic and Diluted (Face value of Re.1 per share) | 6.27 | 6.09 |

11. LEASES

- (a) Other expenses include lease rentals Rs. 466.28 Lakhs (2006-2007 : Rs. 238.99 Lakhs)
- (b) Fixed assets under operating leases :

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

| | As at 31-03-2007 |
|---|----------------------------|
| | Rupees in Lakhs |
| Not later than one year | 324.40 |
| Later than one year but not later than five years | 237.13 |
| Later than five years | Nil |

12. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- (a) Bills and Letter of Credits discounted with Banks : Rs.1723.97 Lakhs (31-3-2007 : Rs. 2167.65 Lakhs)
- (b) Other Guarantees given Rs. 10.04 Lakhs (31-3-2007 : Rs. 2.24 Lakhs)
- (c) Claims against the Group not acknowledged as debts :
- In respect of various matters aggregating Rs. 20709.07 Lakhs (31-3-2007 : Rs. 20304.59 Lakhs) against which a provision has been made for contingencies Rs. 1125 Lakhs (31-3-2007 : Rs. 1225 Lakhs). In respect of a contingent liability of Rs. 4502.84 Lakhs (31-3-2007 : Rs. 4365.08 Lakhs), the Group has a right to recover the same from a third party.
- (d) Income tax demands in respect of matters :
- (i) Decided in Group's favour by Appellate Authorities where the Department is in further appeal - Rs. 225.32 Lakhs (31-3-2007 : Rs. 400.98 Lakhs).
- (ii) Other matters - Rs. 142.82 Lakhs (31-3-2007 : Rs. 151.96 Lakhs).

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

- (e) Duty saved of Rs. Nil (31-3-2007 : Rs. 19.63 Lakhs) on purchase of capital goods under EPCG license against future export obligations.
- (f) In respect of guarantees aggregating Rs. 49793.77 Lakhs (31-3-2007 : Rs. 40619.43 Lakhs) issued by Banks at the request of the Group in favour of third parties.
- (g) Staff demands under adjudication : Amount indeterminate.
- (h) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount indeterminate.
13. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs. 1943.80 Lakhs (31-3-2007 : Rs. 1152.95 Lakhs). Advance paid against such contracts : Rs. 1745.31 Lakhs (31-3-2007 : Rs. 434.75 Lakhs).
14. The Group has consolidated the accounts of the following joint ventures as on 31st March, 2008 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, Oman | 49 |
| Saudi Ensas Company for Engineering Services WLL, Saudi Arabia | 49 |
| Universal Voltas LLC, United Arab Emirates | 49 |
| Naba Diganta Water Management Ltd. | 26 |
| ETA-Voltas-Hitachi Plant, United Arab Emirates | 37.5 |

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

| | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|-------------------------------------|--------------------|---------------------------------|
| ASSETS | | |
| Net Block (including Capital WIP) | 2811.85 | 2915.64 |
| Current Assets | 17257.33 | 14655.63 |
| Loans and Advances | 1145.06 | 959.90 |
| | 21214.24 | 18531.17 |
| LIABILITIES | | |
| Reserves and Surplus | 4102.81 | 3083.86 |
| Secured Loans | 5374.14 | 4662.07 |
| Unsecured Loans | Nil | 27.85 |
| Deferred Tax Liability | 150.00 | 177.25 |
| Current Liabilities and Provisions | 10946.02 | 9577.40 |
| | 20572.97 | 17528.43 |
| INCOME | | |
| Sale of Products and other Services | 26543.18 | 17868.54 |
| Other Income | 83.86 | 33.73 |
| EXPENSES | | |
| Manufacturing and other Expenses | 33098.25 | 23764.61 |
| Depreciation | 330.47 | 315.61 |
| Interest | 425.10 | 219.20 |
| Exceptional Items | 19.65 | 73.57 |
| Taxes : | | |
| - Current | 48.55 | 67.97 |
| - Deferred | (27.25) | 73.48 |
| - Earlier years | 0.05 | (0.10) |
| CONTINGENT LIABILITIES | 7536.45 | 9472.28 |
| CAPITAL COMMITMENT | 1138.85 | 68.03 |



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

15(A). Information about Consolidated Segments :

| Particulars | Rupees in Lakhs | 2006-2007 Rupees in Lakhs |
|---|-------------------------|---------------------------------|
| 1. SEGMENT REVENUE | | |
| (a) Segment - A (Electro - mechanical Projects and Services) | 174486.03 | 143828.83 |
| (b) Segment - B (Engineering Products and Services) | 55348.90 | 41620.16 |
| (c) Segment - C (Unitary Cooling Products for Comfort and Commercial use) | 82593.88 | 59573.90 |
| (d) Others | 8945.90 | 8180.46 |
| Less : Inter segment revenue | 1082.04 | 529.65 |
| Net Sales / Income from Operations | <u>320292.67</u> | <u>252673.70</u> |
| 2. SEGMENT RESULTS | | |
| (a) Segment - A (Electro - mechanical Projects and Services) | 11698.55 | 6847.77 |
| (b) Segment - B (Engineering Products and Services) | 11361.71 | 9841.98 |
| (c) Segment - C (Unitary Cooling Products for Comfort and Commercial use) | 5531.16 | 257.97 |
| (d) Others | 1024.14 | (688.60) |
| | 29615.56 | 16259.12 |
| Less: (i) Interest | 498.85 | 176.91 |
| (ii) Other unallocable expenditure net of unallocable income | (1609.30) | (8163.36) |
| Profit before Tax | <u>30726.01</u> | <u>24245.57</u> |

| Particulars | Segment Assets | | Segment Liabilities | |
|---|-------------------------|--|-------------------------|--|
| | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs | Rupees in Lakhs | As at 31-3-2007 Rupees in Lakhs |
| (a) Segment - A (Electro - mechanical Projects and Services) | 103327.80 | 80773.19 | 86007.17 | 65240.52 |
| (b) Segment - B (Engineering Products and Services) | 19099.95 | 15173.85 | 11220.47 | 7349.22 |
| (c) Segment - C (Unitary Cooling Products for Comfort and Commercial use) | 38371.10 | 30198.34 | 26308.79 | 18353.66 |
| (d) Others | 3213.77 | 3738.17 | 1986.84 | 2303.18 |
| Segment Total | 164012.62 | 129883.55 | 125523.27 | 93246.58 |
| Unallocated | 49171.29 | 35662.23 | 22509.42 | 18723.35 |
| Total | <u>213183.91</u> | <u>165545.78</u> | <u>148032.69</u> | <u>111969.93</u> |

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

15(A). Information about Consolidated Segments (contd.) :

| Particulars | Capital Expenditure | | Depreciation | | Non-Cash Expenses other than Depreciation | |
|---|---------------------|-----------------|-----------------|-----------------|---|-----------------|
| | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs | Rupees in Lakhs |
| (a) Segment - A (Electro - mechanical Projects and Services) | 1343.94 | 1319.86 | 605.71 | 441.13 | 2641.16 | 842.75 |
| (b) Segment - B (Engineering Products and Services) | 531.28 | 175.08 | 87.91 | 67.70 | 86.43 | 122.83 |
| (c) Segment - C (Unitary Cooling Products for Comfort and Commercial use) | 931.52 | 1632.13 | 423.91 | 472.14 | 925.82 | 273.61 |
| (d) Others | 102.72 | 60.02 | 86.04 | 106.12 | 67.55 | 880.77 |
| Segment Total | 2909.46 | 3187.09 | 1203.57 | 1087.09 | 3720.96 | 2119.96 |
| Unallocated | 1242.12 | 148.63 | 465.69 | 469.59 | - | - |
| Total | 4151.58 | 3335.72 | 1669.26 | 1556.68 | 3720.96 | 2119.96 |

15(B). Information about Consolidated Secondary Business Segments :

| Particulars | Rupees in Lakhs | 2006 -2007 Rupees in Lakhs |
|--|------------------|----------------------------|
| Revenue by Geographical Market | | |
| India | 232395.33 | 178631.86 |
| Middle East | 85166.53 | 68215.96 |
| Others | 2730.81 | 5825.88 |
| Total | 320292.67 | 252673.70 |
| Capital Expenditure | | |
| India | 2333.40 | 2669.21 |
| Middle East | 565.41 | 515.90 |
| Others | 10.65 | 1.98 |
| Total | 2909.46 | 3187.09 |
| Carrying Amount of Segment Assets | | |
| India | 97640.61 | 78147.58 |
| Middle East | 63391.20 | 46459.68 |
| Others | 2980.81 | 5276.29 |
| Total | 164012.62 | 129883.55 |



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

16. Related Party Disclosures :

(a) List of Related Parties and Relationships :

| Party | Relation |
|---|--|
| A. Associate Brihat Trading Private Ltd. Terrot GmbH | Shareholding of the Company on its own or along with subsidiaries exceed 20% |
| B. Joint Ventures Universal Comfort Products Private Ltd. Saudi Ensas Company for Engineering Services WLL Universal Voltas LLC Lalbuksh Voltas Engineering Services & Trading LLC Naba Diganta Water Management Ltd. AVCO Marine S.a.S. (Under liquidation) 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 | Managing Director |

(b) Related Party Transactions :

| Transactions | Rupees in Lakhs | | | |
|---|-------------------------------|--------------------------|-----------------------|-----------------------------|
| | Associates and Joint Ventures | Key Management Personnel | Promoter | Total |
| Purchase of Goods [Refer 16 (c) (1)] | 9665.37 (9922.51) | — (—) | — (—) | 9665.37 (9922.51) |
| Sale of Goods [Refer 16 (c) (2)] | 1.71 (861.22) | 2.25 (—) | 5.60 (2.32) | 9.56 (863.54) |
| Service Income [Refer 16 (c) (3)] | 302.14 (353.37) | — (—) | 0.15 (2.68) | 302.29 (356.05) |
| Sale of Fixed Assets [Refer 16 (c) (4)] | — (3.99) | — (—) | — (—) | — (3.99) |
| Interest Income [Refer 16 (c) (5)] | — (24.86) | — (—) | — (—) | — (24.86) |
| Freight Recovery [Refer 16 (c) (6)] | 54.47 (42.59) | — (—) | — (—) | 54.47 (42.59) |
| Advertising Recovery [Refer 16 (c) (7)] | 217.58 (170.64) | — (—) | — (—) | 217.58 (170.64) |

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(b) Related Party Transactions (contd.) :

| Transactions | Rupees in Lakhs | | | |
|---|-------------------------------|---------------------------|---------------------------|-----------------------------|
| | Associates and Joint Ventures | Key Management Personnel | Promoter | Total |
| Commission Received [Refer 16 (c) (8)] | 61.85 (61.60) | — (—) | — (—) | 61.85 (61.60) |
| Provision / Write off of Debts and Advances — Reversal [Refer 16 (c) (9)] | 710.99 (—) | — (—) | — (—) | 710.99 (—) |
| Remuneration Paid / Payable [Refer 16 (c) (10)] | — (—) | 141.05 (109.13) | — (—) | 141.05 (109.13) |
| Tata Brand Equity [Refer 16 (c) (11)] | — (—) | — (—) | 464.18 (364.23) | 464.18 (364.23) |
| Interest Expenses [Refer 16 (c) (12)] | 21.81 (49.47) | — (—) | — (—) | 21.81 (49.47) |
| Other Operating and Administration Expenses Received/Receivable [Refer 16 (c) (13)] | 8.48 (0.44) | — (—) | 0.08 (—) | 8.56 (0.44) |
| Other Operating and Administration Expenses Paid/Payable [Refer 16 (c) (14)] | — (—) | — (—) | 96.31 (14.82) | 96.31 (14.82) |
| Refund of Intercorporate Deposits Placed [Refer 16 (c) (15)] | — (500.00) | — (—) | — (—) | — (500.00) |
| Provision for Debts and Advances Due as on 31-3-2008 [Refer 16 (c) (16)] | — (828.49) | — (—) | — (—) | — (828.49) |
| Warranty Recovery [Refer 16 (c) (17)] | 24.81 (22.30) | — (—) | — (—) | 24.81 (22.30) |
| Debit Balance Outstanding as on 31-3-2008 [Refer 16 (c) (18)] | 39.18 (858.52) | — (—) | 0.29 (—) | 39.47 (858.52) |
| Credit Balance Outstanding as on 31-3-2008 [Refer 16 (c) (19)] | 1816.50 (1538.27) | — (—) | 464.90 (343.79) | 2281.40 (1882.06) |

Note: Figures in bracket are of previous year.



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

(c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party :

Rupees in Lakhs

| Name of Party | Transaction Value | Transaction Value 2006-2007 |
|--|-------------------|--------------------------------|
| 1. Purchase of Goods | | |
| Universal Comfort Products Private Ltd. | 9270.83 | 9714.62 |
| 2. Sale of Goods | | |
| Universal Comfort Products Private Ltd. | 1.17 | 841.65 |
| Mr. A. Soni | 2.25 | - |
| Tata Sons Ltd. | 5.60 | - |
| 3. Service Income | | |
| Universal Comfort Products Private Ltd. | 300.77 | 277.68 |
| Universal Voltas LLC. | - | 75.69 |
| 4. Sale of Fixed Assets | | |
| Universal Comfort Products Private Ltd. | - | 3.99 |
| 5. Interest Income | | |
| Universal Comfort Products Private Ltd. | - | 24.86 |
| 6. Freight Recovery | | |
| Universal Comfort Products Private Ltd. | 54.47 | 42.59 |
| 7. Advertising Recovery | | |
| Universal Comfort Products Private Ltd. | 217.58 | 170.64 |
| 8. Commission Received | | |
| Terrot GmbH | 61.85 | 61.60 |
| 9. Provision / Write off of Debts and Advances - Reversal | | |
| AVCO Marine S.a.S. | 710.99 | - |
| 10. Remuneration Paid / Payable | | |
| Mr. A. Soni | 141.05 | 109.13 |
| 11. Tata Brand Equity | | |
| Tata Sons Ltd. | 464.18 | 364.23 |
| 12. Interest Expenses | | |
| Universal Comfort Products Private Ltd. | 21.81 | 49.47 |

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)

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

| Name of Party | Transaction Value | Rupees in Lakhs |
|---|-------------------|--------------------------------|
| | | Transaction Value 2006-2007 |
| 13. Other Operating & Administration Expenses -Received/Receivable | | |
| Lalbuksh Voltas Engineering Services & Trading LLC. | – | 0.34 |
| Universal Voltas LLC. | 1.52 | 0.10 |
| Universal Comfort Products Private Ltd. | 6.75 | – |
| 14. Other Operating & Administration Expenses -Paid/Payable | | |
| Tata Sons Ltd. | 96.31 | 14.82 |
| 15. Refund of Intercorporate Deposits Placed | | |
| Universal Comfort Products Private Ltd. | – | 500.00 |
| 16. Provision for Debts and Advances Due as on 31-3-2008 | | |
| AVCO Marine S.a.S. | – | 782.45 |
| 17. Warranty Recovery | | |
| Universal Comfort Products Private Ltd. | 24.81 | 22.30 |
| 18. Debit Balance Outstanding as on 31-3-2008 | | |
| Terrot GmbH | 36.11 | – |
| AVCO Marine S.a.S. | – | 782.45 |
| 19. Credit Balance Outstanding as on 31-3-2008 | | |
| Universal Comfort Products Private Ltd. | 1815.45 | 1457.47 |
| Tata Sons Ltd. | 464.90 | 343.79 |

17. Figures for the previous year have been regrouped, wherever necessary.

For and on behalf of the Board

Chairman
Managing Director
Directors

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

Executive Vice President (Finance)

M. M. Miyajiwala

General Manager - Taxation
& Company Secretary

V. P. Malhotra

Mumbai, 15th May, 2008



Details of Subsidiary Companies as at 31st March, 2008

| Name of Subsidiary Company | Simto Investment Company Limited (Simto) | | Auto Aircon (India) Limited (AAIL) | | 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 | 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 | 2000000 | 217.00 | 618729 | 389.61 | 400000 | 159.42 | 1500000 | 161.10 | | |
| 2. Reserves and Surplus | 1067.48 | - | 4203344 | 456.06 | 559952 | 352.60 | 685865 | 273.35 | 11338485 | 1217.75 | | |
| 3. Total Assets (Fixed Assets+Current Assets) | 312.58 | 41.25 | 12510487 | 1357.39 | 772589 | 486.50 | 892760 | 355.81 | 22189012 | 2383.10 | | |
| 4. Total Liabilities (Debts+Current Liabilities) | 302.74 | 111.94 | 6307143 | 684.33 | 34503 | 21.73 | 196895 | 78.47 | 9350527 | 1004.25 | | |
| 5. Investments * excluding investment in subsidiary | 1210.63 | - | - | - | 25934* | 16.33 | 390000 | 155.43 | - | - | | |
| 6. Turnover/Total Income | 289.21 | - | 2979136 | 323.24 | 582586 | 366.85 | 644892 | 257.02 | 6364167 | 683.51 | | |
| 7. Profit/(Loss) before Tax | 287.34 | (10.19) | 707752 | 76.79 | 515452 | 324.58 | 632526 | 252.09 | 4130823 | 443.65 | | |
| 8. Provision for Tax | 25.80 | - | - | - | - | - | 4602 | 1.83 | - | - | | |
| 9. Profit/(Loss) after Tax | 261.54 | (10.19) | 707752 | 76.79 | 515452 | 324.58 | 627924 | 250.26 | 4130823 | 443.65 | | |
| 10. Equity Dividend | - | - | 500000 | 54.25 | 154682 | 97.40 | **800000 | **318.84 | - | - | | |

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 31st March, 2008 : 1 AED = Rs.10.85; 1 Euro = Rs.62.97; 1 USD = Rs.39.855

@ Financials of WML are for the year ended 31st December, 2007 : 1 AED = Rs.10.74.

** including interim dividend of USD 618913 (Rs. 246.67 Lakhs) paid during the year.



*Freezer-on-Wheels
for mobile vending
of ice-cream*



'Star-rated' VERTIS range of energy-efficient room ACs

Products for present-day needs

Voltas is rapidly expanding its product portfolio to keep pace with the emerging needs of today's economic and infrastructural growth. It's part of our continuing drive to always be first with the best of technologies.

In all its offerings, Voltas is building on its key differentials. These are primarily ruggedness and reliability, suitability for Indian conditions, competitive pricing, ease of servicing, low operation and maintenance costs, and wider service reach. Along with international standards in performance, energy-efficiency, features and component quality.



Co-generation Vapour Absorption Machine with environment friendly technology.



VRF (Variable Refrigerant Flow) system for energy conservation



Thermal energy storage system for energy conservation



Electric Forklift with AC drive



*DVX Super (3 tons)
with automatic transmission*



Electric Stacker (1.5 tons)

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



*Bidwell 2450 Fixed Form Concrete Paver
for highway construction*



*Brueckner Power Frame
for textiles finishing*



*DILO Hyperpunch Needle Loom
for non-woven textiles*