VOLTAS

A TATA Enterprise

Annual Report
2010-2011

Milestones of achievement

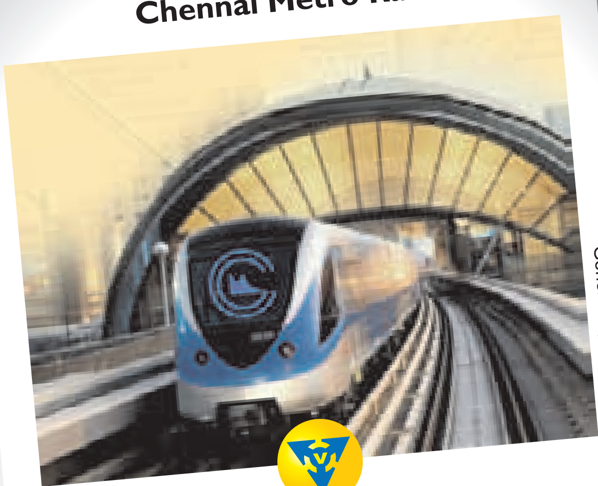
Milestones of achievement

The year was marked by several notable projects won or completed by Voltas. Each represented the Company's breakthrough into new market segments or territories, or new domains of expertise, or even a new record in sheer size and scale...opening up new prospects for the years ahead.

The Company's achievements won more than their share of accolades and recognitions, from industry associations and business apex bodies as well as directly from grateful customers.

Highlights of these performance milestones are featured in the following pages.

Chennai Metro Rail



Generic representation

A design-and-build HVAC contract, the Company's first in this fast-growing segment of urban infrastructure. The order covers 19 underground stations over a 24 km span.

Delhi's F1 Circuit

Artist's impression

Breakthrough order for MEP works, for India's first world-class racing arena. A repeat performance of Voltas' F1 Circuit triumph at Abu Dhabi.

Delhi's Paryavaran Bhawan

Artist's impression

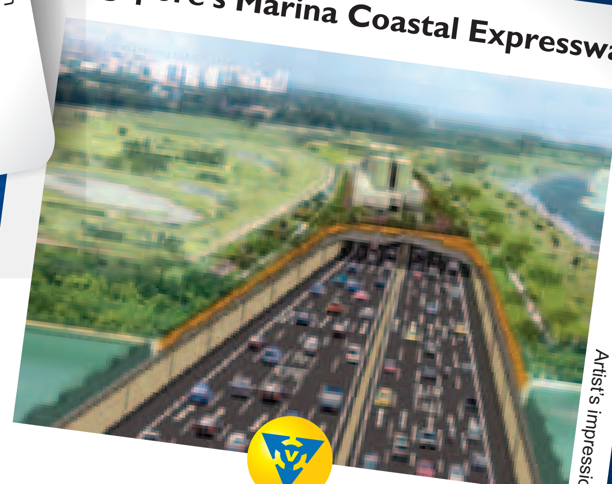
HVAC contract for India's first building with 'net-zero' energy usage, for Ministry of Environment & Forests HQ: a major showcase for Voltas' eco-friendly energy-saving capability. Meant to qualify for LEED India Platinum & GRIHA 5-Star ratings.

All India Institute of Medical Science

Artist's impression

HVAC orders for 3 new hospital-and-college complexes of this highly respected national institution – a landmark for Voltas in healthcare.

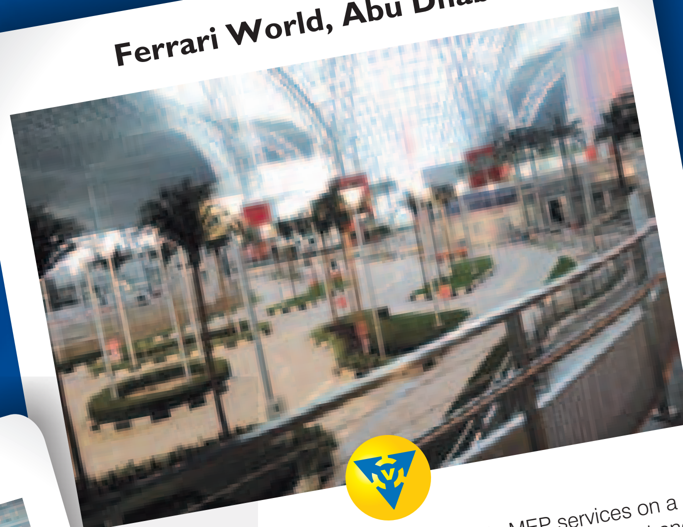
Singapore's Marina Coastal Expressway



Artist's impression

Order for tunnel ventilation & environmental control systems for this major development by Singapore's Land Transport Authority. A priceless addition to Voltas' infrastructure pre-qualifications.

Ferrari World, Abu Dhabi

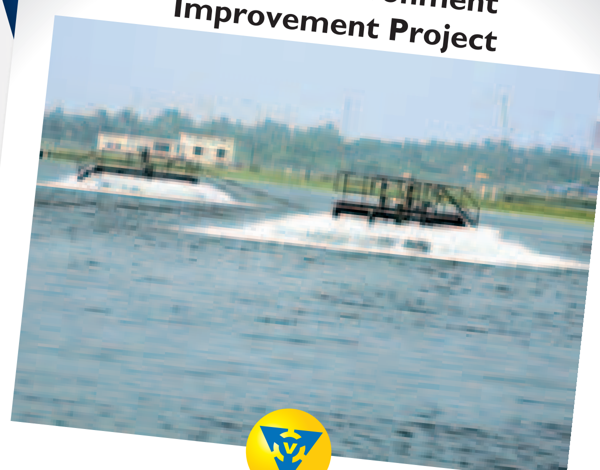


For the world's largest indoor theme park, MEP services on a design-and-build basis, including 10,000TR HVAC of a vast and challenging enclosed space. A triumph of scale and complexity.

Commonwealth Games 2010 stadia in Delhi

Challenging and complex HVAC works completed at 9 stadia out of 15 projects awarded for this global event. A major success in the 'public spaces' segment.

Kolkata Environment Improvement Project



A series of wastewater treatment projects, including Voltas' single largest domestic Water Management order, funded by the Asian Development Bank – demonstrating Voltas' capabilities in the urban sector.

BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	Sanjay Johri
Directors	Nasser Munjee
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	J. S. Bilimoria
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
General Manager - Taxation & Company Secretary	V. P. Malhotra

AUDIT COMMITTEE

Chairman	J. S. Bilimoria
	Nasser Munjee
	Nani Javeri
	R. N. Mukhija

REMUNERATION COMMITTEE

	Nasser Munjee
	S. N. Menon
	Nani Javeri

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Chairman	N. N. Tata

CORPORATE MANAGEMENT

Managing Director	Sanjay Johri
President (EMP&S)	A. K. Joshi
Executive Vice Presidents	Anil George
	Shaukat Ali Mir
	M. Gopi Krishna
	Milind M. Shahane
	Pradeep Bakshi

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
The Royal Bank of Scotland
Credit Agricole Corporate and Investment Bank

Overseas

Emirates NBD Bank PJSC (UAE)
Union National Bank (UAE)
HSBC Bank Middle East Limited (UAE, Qatar, Bahrain)
The Commercial Bank of Qatar (Qatar)
First Gulf Bank (UAE)
Doha Bank (Qatar)
The Royal Bank of Scotland N. V. (Singapore)
Credit Agricole Corporate and Investment Bank
(Singapore)

Registered Office

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

Share Registrars

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
Tel: +91-22-6656 8484; Fax: +91-22-6656 8494
email: csg-unit@tsrdarashaw.com

Annual General Meeting :
Tuesday, 16th August, 2011 at 3.30 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

			2010-11	2009-10	2008-09	2007-08	2006-07
1.	**SALES AND SERVICES**	₹	**516936**	**451666**	**407025**	**308617**	**245078**
2.	**OTHER INCOME**	₹	**8178**	**7520**	**9416**	**4632**	**3071**
3.	**COST OF SALES AND SERVICES** (incl. Excise Duty)	₹	**376211**	**319388**	**299802**	**227671**	**186100**
4.	**OPERATING, ADMINISTRATION AND OTHER EXPENSES**	₹	**101117**	**94873**	**83107**	**57811**	**46537**
5.	Staff Expenses (included in 3 & 4)	₹	(51450)	(49631)	(42860)	(27685)	(24008)
	Number of Employees (including Contract Staff)	Nos.	11527	8608	9594	7378	5848
6.	**OPERATING PROFIT**	₹	**47786**	**44925**	**33532**	**27767**	**15512**
7.	**EXCEPTIONAL INCOME/(EXPENSES)**	₹	**4480**	**3639**	**3201**	**2987**	**6771**
8.	**PROFIT/(LOSS) BEFORE TAXATION**	₹	**52266**	**48564**	**36733**	**30754**	**22283**
	Percentage to Sales	*%*	*10.1*	*10.8*	*9.0*	*10.0*	*9.1*
	Percentage to Total Assets	*%*	*38.3*	*47.9*	*42.8*	*52.5*	*48.1*
9.	**TAXATION**	₹	**16913**	**14142**	**11474**	**9917**	**3675**
10.	**PROFIT/(LOSS) AFTER TAXATION**	₹	**35353**	**34422**	**25259**	**20837**	**18608**
	Percentage to Sales	*%*	*6.8*	*7.6*	*6.2*	*6.8*	*7.6*
	Percentage to Shareholders' Funds	*%*	*27.8*	*34.6*	*34.6*	*38.7*	*48.9*
11.	**RETAINED PROFIT**	₹	**27662**	**26705**	**19065**	**15610**	**14737**
12.	**DIVIDEND ON EQUITY CAPITAL**	₹	**6618**	**6618**	**5294**	**4467**	**3309**
	Percentage	*%*	*200*	*200*	*160*	*135*	*100*
13.	**FIXED ASSETS (AT COST)**	₹	**34899**	**31399**	**30358**	**28178**	**24493**
14.	**DEPRECIATION**	₹	**15121**	**13931**	**13053**	**12228**	**11506**
15.	**INVESTMENTS**	₹	**38623**	**33997**	**23580**	**26793**	**13741**
16.	**NET CURRENT ASSETS**	₹	**76467**	**48062**	**42700**	**13813**	**16594**
17.	**DEFERRED TAX ASSET (NET)**	₹	**1696**	**1903**	**2158**	**2043**	**2967**
18.	**DEFERRED REVENUE EXPENDITURE**	₹	—	—	—	—	—
19.	**TOTAL ASSETS**	₹	**136564**	**101430**	**85743**	**58599**	**46289**
20.	**SHARE CAPITAL**	₹	**3307**	**3307**	**3307**	**3307**	**3307**
21.	**RESERVES AND SURPLUS**	₹	**123866**	**96215**	**69592**	**50525**	**34768**
22.	**SHAREHOLDERS' FUNDS**	₹	**127174**	**99522**	**72899**	**53832**	**38075**
	Equity per Share	₹†	***38.43**	*30.08	*22.03*	*16.27*	*11.50*
	Earnings per Share	₹†	***10.68**	*10.40	*7.63*	*6.30*	*5.62*
	Number of Shareholders	*Nos.*	**93220**	98788	119549	81371	96312
	Share Prices on Stock Exchange - High	₹†	***263**	*190	*197	*267	*120
	- Low	₹†	***147**	*46	*31	*79	*75
23.	**BORROWINGS**	₹	**9391**	**1908**	**12844**	**4767**	**8214**
	Debt/Equity Ratio (Percentage to Shareholders' Funds)	*%*	***7***	*2*	*18*	*9*	*22*

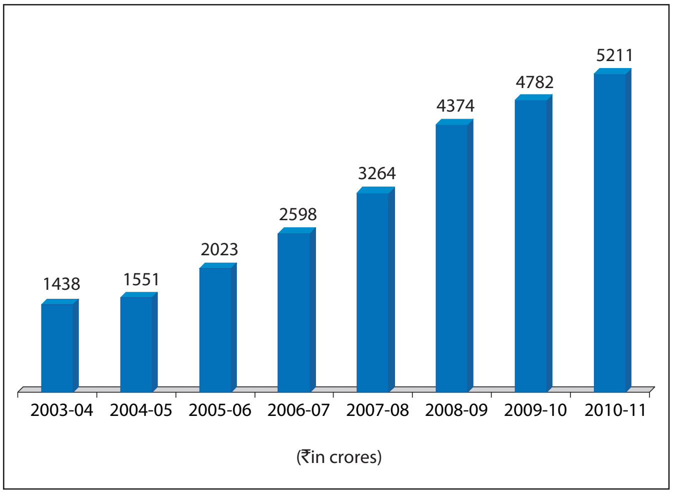
Note : All amounts are Rupees in lakhs except those marked †
** Face Value of ₹ 1 each*

2005-06	2004-05	2003-04	2002-03	2001-02	1994-95	1984-85	1974-75	1964-65	1954-55	
190418	**144143**	**132994**	**123041**	**94066**	**81089**	**26607**	**15934**	**4223**	**991**	1
2431	**1953**	**1688**	**1413**	**1243**	**759**	**150**	**40**	**5**	**2**	2
145162	**108570**	**100562**	**101926**	**74302**	**60368**	**21080**	**13856**	**3468**	**815**	3
35899	**32264**	**30422**	**20122**	**19190**	**19225**	**5556**	**1955**	**522**	**153**	4
(17623)	(14435)	(12619)	(12573)	(10982)	(9997)	(3170)	(1031)	(363)	(109)	5
5390	5747	4484	5147	5096	10667	8147	7252	5082	2324	
11788	**5262**	**3698**	**2406**	**1817**	**2255**	**121**	**163**	**238**	**25**	6
(2619)	**504**	**989**	**499**	**(146)**	**(78)**	—	—	—	—	7
9169	**5766**	**4687**	**2905**	**1671**	**2177**	**121**	**163**	**238**	**25**	8
4.8	*4.0*	*3.5*	*2.4*	*1.8*	*2.7*	*0.5*	*1.0*	*5.9*	*2.5*	
29.3	*19.2*	*17.2*	*11.5*	*5.9*	*5.0*	*1.1*	*4.6*	*18.3*	*6.5*	
2120	**725**	**784**	**347**	**(12)**	**5**	**Nil**	**83**	**141**	**11**	9
7049	**5041**	**3903**	**2558**	**1683**	**2172**	**121**	**80**	**97**	**14**	10
3.7	*3.5*	*2.9*	*2.1*	*1.8*	*2.7*	*0.5*	*0.5*	*2.3*	*1.4*	
29.2	*26.1*	*20.6*	*15.9*	*9.0*	*13.2*	*4.1*	*6.7*	*17.6*	*9.1*	
4785	**3155**	**2783**	**1624**	**1088**	**997**	**23**	**5**	**59**	**6**	11
1985	**1654**	**993**	**827**	**596**	**1158**	**98**	**75**	**38**	**8**	12
60	*50*	*30*	*25*	*18*	*35*	*10*	*12*	*15*	*5.5*	
28074	**24858**	**24751**	**23987**	**23140**	**30651**	**5014**	**1232**	**447**	**53**	13
14592	**16615**	**12491**	**11799**	**10500**	**10718**	**1580**	**642**	**82**	**3**	14
6103	**4622**	**4547**	**3626**	**3139**	**8245**	**512**	**132**	**67**	–	15
9089	**14974**	**9396**	**7107**	**6241**	**14230**	**6583**	**2859**	**867**	**336**	16
2668	**2153**	**1021**	**1375**	**1169**	—	—	—	—	—	17
—	—	—	**899**	**5317**	**720**	—	—	—	—	18
31342	**29992**	**27224**	**25195**	**28506**	**43128**	**10529**	**3581**	**1299**	**386**	19
3306	**3305**	**3305**	**3305**	**3305**	**3428**	**978**	**623**	**255**	**150**	20
20835	**16046**	**15595**	**12811**	**15496**	**13048**	**2002**	**570**	**295**	**4**	21
24141	**19351**	**18900**	**16116**	**18801**	**16476**	**2980**	**1193**	**550**	**154**	22
72.96	*58.48*	*57.12*	*48.7*	*56.8*	*49.5*	*305*	*191*	*216*	*1027*	
21.3	*15.2*	*11.8*	*7.7*	*5.1*	*6.8*	*12*	*13*	*38*	*93*	
52365	53674	60622	72174	76512	84180	45237	14395	7356	150	
1088	248	159	66	57	176	470	211	276		
218	88	50	42	31	92	356	125	183		
7201	**10641**	**8324**	**9079**	**9705**	**26652**	**7549**	**2388**	**749**	**232**	23
30	*55*	*44*	*56*	*52*	*162*	*253*	*200*	*136*	*151*	

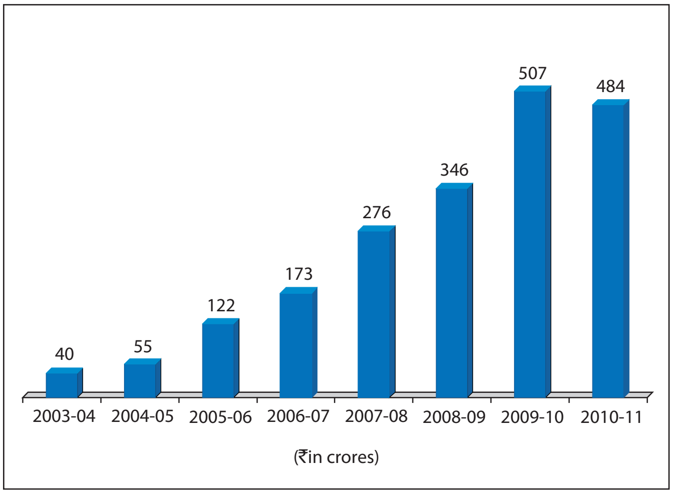
CONTENTS

SIGNIFICANT TRENDS AT VOLTAS (CONSOLIDATED)

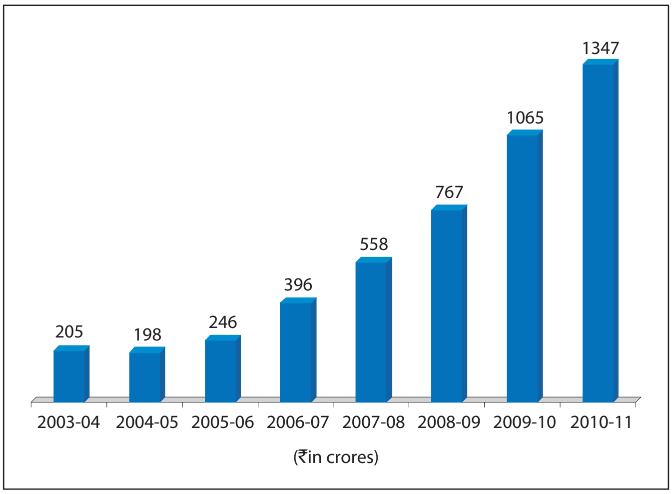
SALES AND SERVICES



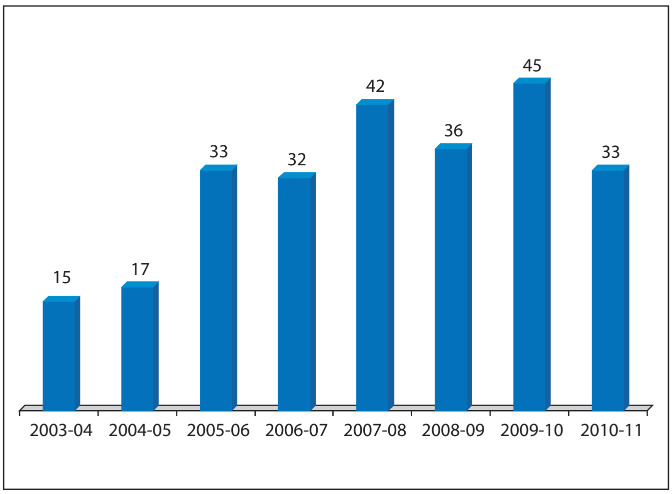
OPERATING PROFIT



NET WORTH

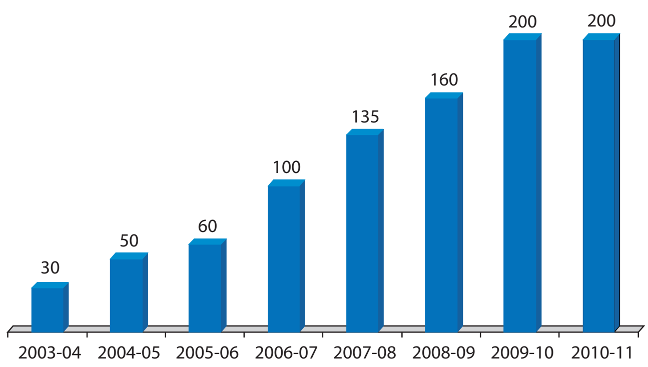


RETURN ON CAPITAL EMPLOYED %

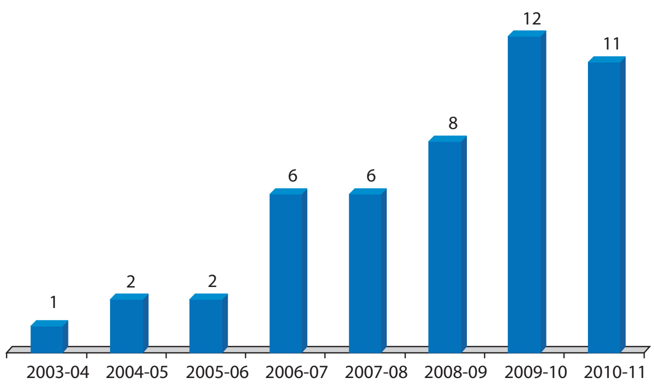


SIGNIFICANT TRENDS AT VOLTAS (CONSOLIDATED)

DIVIDEND % ON EQUITY CAPITAL

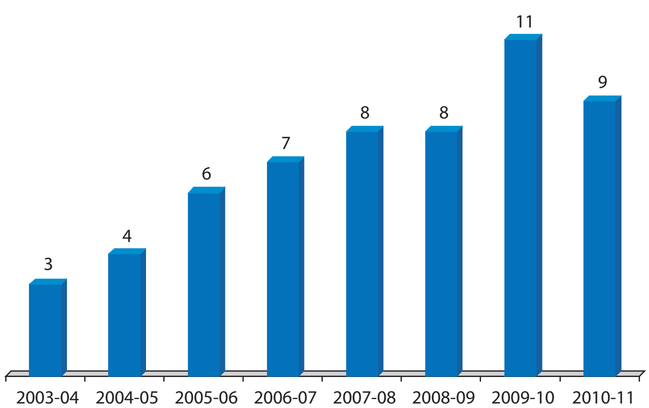


EARNINGS PER SHARE (₹)*

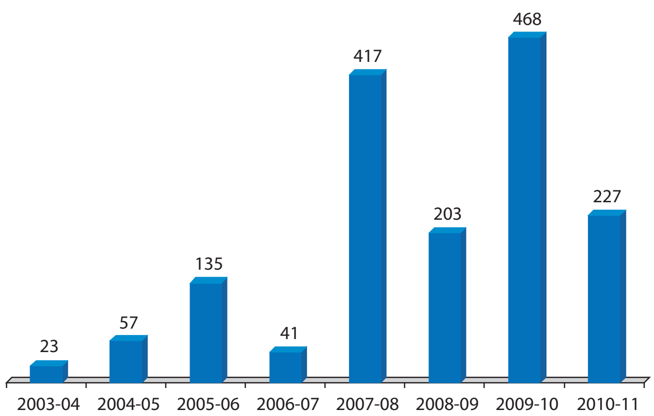


* Face Value of ₹ 1 each

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS AND TAX AS % TO TURNOVER



CASH GENERATED FROM OPERATIONS



(₹in crores)

REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors present their Fifty-Seventh Annual Report and the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

₹ in Crores

		Stand-alone		Consolidated	
		2010-11	2009-10	**2010-11**	2009-10
2.	Sales and Services	**5169**	4517	**5211**	4782
	Profit for the year after meeting all expenses but before interest, depreciation and exceptional items	**507**	472	**522**	538
	Interest	**13**	7	**16**	10
	Depreciation	**16**	16	**21**	21
	Profit before exceptional items	**478**	449	**485**	507
	Exceptional items	**45**	36	**40**	25
	Profit before tax	**523**	485	**525**	532
	Provision for taxation	**169**	141	**173**	147
	Profit after tax	**354**	344	**352**	385
	Minority Interest and Share of (Profit)/Loss of Associate	**—**	—	**5**	(4)
	Profit after Minority Interest and Share of (Profit)/Loss of Associate	**354**	344	**357**	381
	Adding thereto:				
	– Balance brought forward from the previous year	**82**	62	**125**	71
	– Amount transferred from Foreign Projects Reserve	**—**	3	**—**	3
	– Foreign Exchange Translation Difference	**—**	—	**1**	(1)
	– Reserves and Surplus of a subsidiary transferred on liquidation	**—**	—	**5**	—
	Profit available for appropriations	**436**	409	**488**	454
	Appropriations:				
	– General Reserve	**270**	250	**271**	251
	– Proposed Dividend	**66**	66	**66**	66
	– Tax on Dividend	**11**	11	**11**	11
	– Legal and Special Reserve	**—**	—	**1**	1
	Leaving a balance to be carried forward	**89**	82	**139**	125

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 dividend and of conserving resources to meet the Company's future needs. The Directors recommend a dividend of ₹ 2 per equity share of ₹ 1 each (200%) for the year 2010-11 (2009-10: 200%).

OPERATIONS

4. The Business Environment during the year under review was full of uncertainty both in domestic as well as in international markets. In India, major areas of concern were high inflation and increase in commodity prices. Interest rates were increased by RBI almost every quarter and there was a declining trend in the growth rate of IIP numbers. Despite this difficult scenario, the Company has been able to augment its revenue from ₹ 4517 crores to ₹ 5169 crores. While profits have also kept pace on a stand-alone basis, they were impacted by significant negative swing in Rohini Industrial Electricals Limited. The domestic Projects business focused on non-traditional areas of Industrial and Infrastructure, as also on Water supply and Water treatment as a result of which, there has been around 45% increase in the order book position as compared to the previous year.

5. A very challenging and competitive environment prevailed in the Middle East and there was a significant drop in announcement of new projects in Dubai. This resulted in new order booking being much lower than what was anticipated. However, the carry forward order book continues to be comfortable at almost ₹ 3000 crores on a consolidated basis.

6. Engineering Products and Services business had a conducive environment and in particular, Textile Machinery business performed well despite several unfavorable conditions like closure of looms in Tirupur due to environmental issues, high cotton prices and suspension of the Textile Upgradation Fund.

7. Materials Handling business performed well due to higher volumes. Despite several new mining projects getting impacted due to non-availability of clearances and low award of new Road Construction projects, Mining and Construction business has done well. In the Mining business, the focus has been more on maintenance and operation contracts and stock and sale of spares and accessories. A significant achievement of the business during the year was its entry in Mozambique for providing the Maintenance and Operations Services.

8. Exceptionally severe summer and the generally upbeat consumer sentiment in the early part of the year helped in significant improvement in volumes of Airconditioners, where the growth in Company's volumes continued to be higher than the industry, resulting in an increase in the market share, from 15% to around 18%.

9. The Company continued to focus on higher productivity and lower costs as a means to improve its competitive position.

FINANCE

10. The Money market during most part of 2010-11 was tight with rising interest costs and inflation in India and some amount of stress in the international market. This along with changed business model in the projects business in India, with higher concentration on industrial and infrastructure MEP, where the Company operates more as a sub-contractor to the turnkey main contractors, elongated the cycle of submission and recovery of claims. In the international market, significant resources were engaged in design-build projects with high costs being incurred during the initial designing phase, which can only be recovered once the execution of projects commences. During the year under review, some large projects like Burj Khalifa were completed, where settlement of claims and final measurement take an extended period of time. All these factors have resulted in much higher receivables and consequently, engagement of working capital. Consequently, cash generation during the year has been low despite the Company's policy of ensuring cash generation.

11. Despite this, the liquidity position of the Company continues to be satisfactory with liquid investments of ₹ 225 crores. The Company also ensured that surplus funds are used to reduce borrowings of its subsidiary companies so that the overall cost of funds is minimised. However, there were some project specific borrowings in the international business which resulted in overall consolidated borrowings of ₹ 138 crores.

12. Inflationary pressures in India have resulted in higher interest rates, which while being a challenge for some other organizations, has benefited the Company in terms of interest earnings on surplus funds. Management will focus its attention in the future to bring down the levels of inventories and receivables and thereby release cash in the system. Investment of surplus funds, is being regularly monitored by the Investment Committee of the Board, so as to maximize the returns while ensuring low risk.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

13. The Company continued to put greater efforts on its business excellence model through a number of improvement initiatives including Six Sigma projects for operational excellence. The Balanced Scorecard mechanism adopted by the Company was made more robust through a strategy deployment matrix aimed at effective implementation of action plans in line with the strategic objectives. The initiatives at the manufacturing plants in the area of Total Quality Management and Total Productive Maintenance made satisfactory progress. OHSAS 18001 was rolled out across some major areas and during the current year, its coverage will be extended to other parts of the organization, to enhance the culture of safety.

14. During the year under review, the Company's Unitary Products business participated in the Tata Group level TBEM External Assessment and its performance was rated as 'Good Performance', entitling the business to an award at the Group level. Other businesses were subjected to a process of Internal Assessment to evaluate their respective progress on the Business Excellence journey. The overseas Electro-mechanical business recently received the "Dubai Quality Appreciation Programme Award" at UAE. This prestigious award was presented to Voltas by the Crown Prince of Dubai in the presence of the UAE Prime Minister/Dubai's Ruler, at a ceremony in Dubai on 5th April, 2011. The Company has developed a pool of trained TBEM assessors to support its Business Excellence initiatives and also to provide external assessors at the Group level.

IT INITIATIVES

15. The Company has taken various IT initiatives and SAP modules implemented for the international Electro-mechanical business have started showing benefits in terms of better budgetary control. The Primavera project management system has yielded better visibility of project schedules and variances.

16. Customer Relationship Management (CRM) software for the domestic Electro-mechanical business helped in better tracking of service calls and service SLAs for maintenance projects. Project dashboards prepared in SAP Business Objects yielded better control on project costs and working capital of domestic Electro-mechanical as well as Mining & Construction Equipment businesses.

17. The Unitary Products business continued its focus on enhancing its Customer Relationship Management (CRM) system and using the database for enabling better service deliveries. The automated system helped in better management of dealer accounts.

18. The Company has also successfully made its IT systems IFRS compliant.

COMMUNITY DEVELOPMENT

19. Community development takes the form of human development through Voltas' Core Competency projects. The underlying belief is in the sharing of knowledge and

REPORT OF THE BOARD OF DIRECTORS, continued

instruction and not charitable donation. The desired outcome is to free recipients from dependence on hand-outs and make them self-reliant and employable, with technical capabilities attested by end-of-course certificates and various 'soft' skills. The Company continued to partner with the Joseph Cardijn Technical School in Mumbai, offering a course that 249 students from 17 batches have successfully completed since 2002. Since 2008, the Company has also partnered with Bosco Boys, Mumbai and GMR Varalakshmi Foundation, Hyderabad, from which 20 students from 2 batches and 231 students from 13 batches, respectively have successfully completed the course.

20. The Company increased its footprint by tying up with CAP Foundation (Hyderabad) on an all-India basis and Manipal University (Karnataka), for imparting technical training in air conditioning and refrigeration. This was also pursued at the Company's Pantnagar plant through in-house training programme. More than 1000 trainees benefited from the programmes conducted during the year under review.

21. Affirmative Action is defined as a voluntary commitment by Indian companies to help the Government and civil society in the national endeavour to ensure equal opportunity to members of the Scheduled Castes and Scheduled Tribes (SCs/STs) communities. A beginning was made to embed Affirmative Action initiatives in the Company's HR and other business activities. About 260 SC/ST trainees are presently undergoing technical training through such programmes.

22. Voltas Organization of Women (VOW), a registered Public Charitable Trust, has been working towards providing medical and educational relief to the needy. The membership of VOW consists of lady employees and the wives of male employees. VOW supported the Bethany Society in the formation of self-help groups for women, the Shanti Avedna Sadan for terminally ill cancer patients and the Snehalaya Charitable Trust for vocational training for the mentally and physically challenged, besides giving medical relief to the poor and needy. Under the aegis of VOW, volunteers from Voltas as well as other Tata companies visited a village of the Kathkari tribe at Panvel to celebrate International Women's Day. The volunteers donated food and utility items to all families in the village.

GLOBAL COMPACT AND CARBON DISCLOSURE PROJECT

23. The Company is a signatory to the UN Global Compact and adheres to the ten key principles based on universally agreed and internationally applicable values and goals in the areas of Human Rights, Labour Standards and Environment.

24. The Company is also a signatory to the Carbon Disclosure Project initiated by CDP-UK with Confederation of Indian Industries and World Wild Life Fund. The Company shares information pertaining to sustainability-related issues with CDP, on an annual basis.

ENVIRONMENT AND SAFETY

25. In line with the Policy on Climate Change, the Company has put in place action plans to reduce its carbon footprint and also develop environment-friendly products and appropriate engineering solutions. Implementation of ISO 14001 is in an advanced stage at manufacturing locations, as also implementation of OHSAS 18001 for Health and Safety, at some of the key locations. All the manufacturing plants have appropriate safety initiatives underway, headed by senior officials who diligently oversee the safety aspect.

STATEMENT OF EMPLOYEES' PARTICULARS

26. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in an Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

APPOINTMENT OF COST AUDITOR

27. 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 Auditor of the Company for the year ending 31st March, 2012 in respect of refrigeration products manufactured by the Company.

SUBSIDIARIES AND JOINT VENTURES

28. Pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of subsidiary companies. The Central Government has by General Circular No.2/2011 dated 8th February, 2011, granted general exemption to companies from dispensing with the requirement of attaching the accounts of subsidiary companies, subject to certain conditions. As the Company has complied with all the conditions, the annual accounts and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. Details of capital, reserves, total assets, total liabilities, turnover/income, etc., of the subsidiaries forms part of the Consolidated Financial Statements. The Annual Accounts of the subsidiary companies are open for inspection by any member/investor and also available on the website of the Company - www.voltas.com. The Company will make the documents/details available, upon request by any member of the Company or its subsidiaries interested in obtaining the same.

29. Uncertain conditions in the Middle East, where most of the Company's subsidiaries/joint ventures (JV) operate, continued to face headwinds as a result of which, the overseas subsidiary and JV companies performed lower than the previous year. However, towards the end of the year, the environment improved for smaller projects in which arena these companies operate and therefore, the order booking has been much better as compared to the corresponding period in the previous year. The financial performance and other details of major operating subsidiaries/joint venture companies are given below.

30. Weathermaker Limited (WML) engaged in the business of manufacturing galvanized iron, aluminium, black mild steel, stainless steel ducts and other speciality air distribution products is a wholly-owned subsidiary of the Company and has its manufacturing facility in Jebel Ali Free Zone, UAE. WML has reported turnover of AED 27.659 million and Profit of AED 3.882 million for the year ended 31st December, 2010.

31. Saudi Ensas Company for Engineering Services WLL (Saudi Ensas), a wholly-owned subsidiary of the Company in Jeddah, Kingdom of Saudi Arabia is engaged in the execution and operations/maintenance of electro-mechanical installations in KSA and has for the year ended 31st December, 2010, recorded turnover of SR 2.882 million and higher Net Profit of SR 3.185 million, due to reversal of certain past provisions.

32. The Company has entered into a joint venture arrangement with Mustafa Sultan Group and established a joint venture company – Voltas Oman LLC on 15th February, 2011 in Sultanate of Oman with initial capital of Omani Riyal 500,000, to engage in the business of executing electro-mechanical projects in Sultanate of Oman. Voltas Oman LLC is a subsidiary of Voltas and 65% of its capital is held by Voltas Netherlands B.V., a wholly owned subsidiary of Voltas. The first financial year of Voltas Oman LLC is for the period between 15th February, 2011 and 31st December, 2011.

33. Lalbuksh Voltas Engineering Services & Trading LLC (Lalvol), a limited liability company incorporated in Sultanate of Oman is a joint venture company engaged in the business of Water Well Drilling, Water Management and Landscaping. The Company alongwith its subsidiary – Voltas Netherlands B.V. held 49% share capital and balance 51% was held by Lalbuksh Contracting & Trading Establishment LLC., the local partner. Voltas has recently through Voltas Netherlands B.V., acquired 11% shareholding of the local partner and increased the

REPORT OF THE BOARD OF DIRECTORS, continued

overall shareholding of Voltas Group in Lalvol to 60%. Upon completion of the legal process, Lalvol became a subsidiary of the Company effective 31st March, 2011.

34. Universal Comfort Products Limited (UCPL), a wholly-owned subsidiary of the Company, engaged in the business of manufacturing air conditioners, has due to larger volumes of own manufactured airconditioners, recorded higher turnover of ₹ 492 crores and Net Profit of ₹ 27 crores for the year ended 31st March, 2011 as compared to turnover of ₹ 332 crores and Net Profit of ₹ 14 crores in the previous year.

35. During the year under review, the Company increased its shareholding in Rohini Industrial Electricals Limited (RIEL) from 67.33% to 83.67% of its share capital. RIEL is engaged in undertaking large turnkey electrical and instrumentation projects for industrial and commercial sectors. The performance of RIEL was a major disappointment, where due to multiplicity of reasons, profit of ₹14 crores achieved in 2009-10 slid into a loss of ₹ 35 crores in 2010-11, a swing of ₹ 49 crores. However, the margins in the carry forward order book are at a satisfactory level and therefore, going forward, there should be improvement in its performance.

36. Kingdom of Saudi Arabia (KSA) has huge business potential in construction segment and provides good opportunity to the Company's overseas electro-mechanical business. After careful evaluation and selection process through external experts, the Company entered into a joint venture arrangement with Olayan Group in Riyadh, KSA to establish a joint venture company – Olayan Voltas Contracting LLC, with 50:50 shareholding to engage in the business of electro-mechanical projects in KSA. Olayan is one of the most influential business groups in KSA and is engaged in various businesses through successful joint ventures with globally renowned corporations.

37. Pursuant to a joint venture arrangement with KION Group, Germany, the Company has subsequent to the close of the financial year, transferred its Materials Handling business to a joint venture company (JVC) – Voltas Materials Handling Private Limited. Majority of the equity share capital of the JVC is held by Linde Material Handling Asia Pacific Pte Limited, Singapore, an affiliate of KION Group. The Company has also entered into a Supply Agreement with the JVC for forklifts and warehousing equipment and granted licence to the JVC for use of 'Voltas' brand for forklifts and warehousing equipment.

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

38. 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 for 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, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

39. 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;

REPORT OF THE BOARD OF DIRECTORS, continued

(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

40. 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

41. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Noel N. Tata and Mr. Jimmy S. Bilimoria retire by rotation and being, eligible, offer themselves for re-election.

42. Mr. N. D. Khurody, who is also due to retire by rotation has indicated his desire not to seek re-election. The Directors place on record their sincere appreciation of the valuable services rendered and advice given by Mr. N. D. Khurody during his long tenure on the Board since 28th January, 2002.

43. Mr. R. N. Mukhija was appointed as an Additional Director by the Board of Directors on 3rd December, 2010. In accordance with the provisions of the Companies Act, 1956, Mr. R. N. Mukhija holds office upto the date of the forthcoming Annual General Meeting and Notice under Section 257 of the Act has been received from a member proposing his appointment as Director of the Company. The Resolution seeking approval of the members for appointment of Mr. R. N. Mukhija as a Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

44. Mr. N. J. Jhaveri retired as a Director of the Company on 9th August, 2010 on completing 75 years of age, in line with the Company's Retirement Policy. The Directors place on record their sincere appreciation of the valuable services rendered and advice given by Mr. N. J. Jhaveri during his long tenure on the Board since 10th August, 1998.

AUDITORS

45. 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(1) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment. The approval of the members is also being sought for their appointment as the Branch Auditors of the Company. Attention of the members is invited to Item No. 7 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

GENERAL

46. 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, 19th May, 2011

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 high Coefficient of Performance (COP), Vapour Absorption Machines (VAM).

(ii) Development of VAMs operating on hot water generated by Solar Collectors.

(iii) Introduction of Energy efficient Chiller Packages.

(iv) Introduction of Air Handling Units conforming to CE, EN1886 and Coils of AHUs to AHRI- 410.

(v) Development of Milk Cooler, Water Cooler and Chocolate Cooler with Non CFC, eco-friendly refrigerant and zero global warming potential Insulating material foaming system.

(vi) Development of new Diesel Forklift Trucks – 3, 5, 6 and 10 ton capacity.

(vii) Development of new 3 ton Diesel Forklift Trucks with automatic transmission.

(viii) Development of new attachments – paper roll Clamp.

(ix) Development of Straddle Stacker 1.5 ton capacity.

2. Product and processes developed through in-house technology

(i) Chiller Package test facility, approved by AHRI.

(ii) Reciprocating Chiller packages with eco-friendly refrigerant R134a.

(iii) Milk Cooler Model 320 and Model 405 for Dairy products.

(iv) Water Cooler Models 40L/40L, 40L/80L, 60L/120L and 150L/150L.

(v) Chocolate Cooler Model CT30 and CT33 for Chocolate and Tetra pack products.

(vi) 125 TPH and 225 TPH Crushing and Screening plants.

(vii) 30 ton Truck Cranes.

(viii) Manual and Automatic Transmission for Forklift Trucks.

(ix) Cost effective Forklift Trucks 3 ton capacity.

(x) Powered Boom for Rough Terrain Cranes.

(xi) Endurance test process for forklift testing.

(xii) FEA process for static structural analysis.

(xiii) 12 ton and 14 ton P&C Cranes.

3. Imported Technology

No technology has been imported during the last five years.

4. Expenditure on R&D

The expenditure on R&D activities for the year 2010–11 was ₹ 6.93 crores (including capital expenditure of ₹ 0.49 crore). In relation to turnover of own manufactured products, the R&D expenditure was 1.24% 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:

(i) Use of small DG of 25 KVA for office premises instead of 160 KVA.

(ii) Provision of natural roof lighting in factory to reduce energy consumption.

(iii) Use of CFL lighting in all offices and shop floor areas.

(iv) Installation of improved energy efficient CNC which does not require controlled ambient (No air conditioners).

(v) Use of natural air ventilators which does not consume power.

(vi) Increase in fuel efficiency for forklift trucks and cranes.

MANAGEMENT DISCUSSION AND ANALYSIS

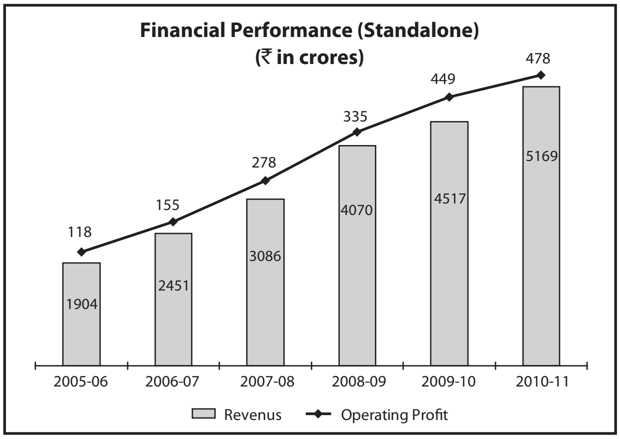
OVERVIEW

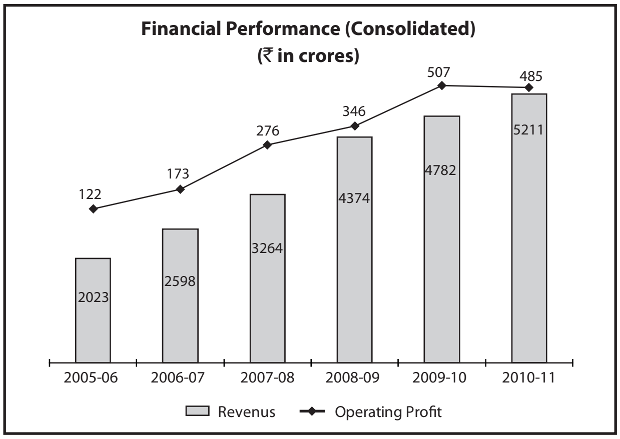
1. The Company has shown a modest increase in revenues and profits, in spite of several adverse factors. These included the slow-down in capital investment; the rise in interest rates and commodity costs; and increasing competition for fewer orders. On the positive side, there was strong demand in areas of private consumption, greatly benefiting the Company's consumer durables business.

2. The Company continued to adapt its offerings and focus to suit the prevailing markets and trends. It also intensified its efforts to optimize costs and streamline processes to make them quicker to respond to emerging opportunities.

3. The Company has evolved its business plans for the next five years. These were captured and launched under the banner of 'Voltas Vision 2015-16: Engineering solutions for a greener tomorrow'. The Vision was built on the foundation of Tata Values and supported by the five cultural pillars of Smart Thinking, Winning Attitude, Innovation & Initiative, Flexibility and Teamwork (SWIFT).

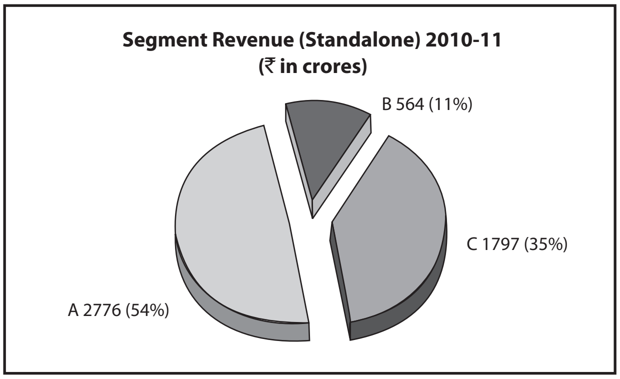
Revenues and Operating Profits of Voltas (standalone and consolidated) for the period between 2005-06 and 2010-11 are given below:

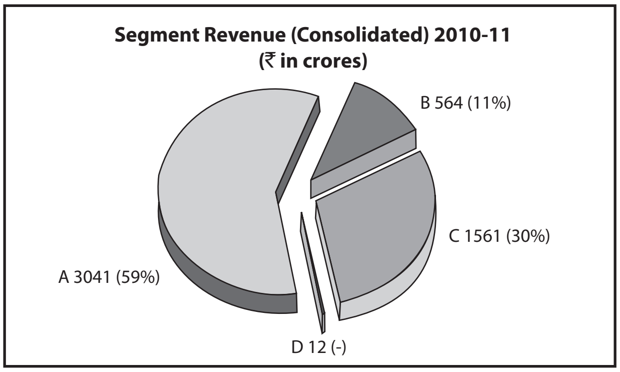




4. The business segments of Voltas (standalone and consolidated) are:

- '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

5. The domestic addressable market for Mechanical, Electrical & Plumbing (MEP) saw robust growth in certain sectors such as Healthcare and Urban Infrastructure, mainly fuelled by the fructification of Government investments. However, other traditional sectors such as Buildings & Office Space remained flat, with demand dampened by spiralling commodity prices and availability of surplus space.

6. The Company's domestic Electro-mechanical business responded in the areas of rising opportunities, resulting in an overall increase in domestic order booking by 24%, and in manufacturing output by 26% compared to the previous year.

7. The Company made its debut in the highly promising Metro Rail business by securing the order for Chennai Metro Rail Project (CMRL) Phase-I. The project is for 'design and build' Environment Control System (ECS) for 19 underground stations, including one crossover station, spanning a 24 km distance, valued around ₹ 200 crores.

8. Leveraging its record of successful completion of the F1 Grand Prix Circuit at Abu Dhabi, as well as the Commonwealth Games 2010 stadia works, the Company won the order for MEP works for the prestigious Formula 1 (F1) racing circuit at Greater NOIDA, valued at ₹ 63 crores. This achievement further entrenches its position in providing MEP solutions to stadia and sports complexes.

9. The Company strengthened its foothold in the healthcare segment by securing orders for Heating Ventilation & Air Conditioning (HVAC) for the three AIIMS hospitals. This achievement builds on the repute established in earlier successful hospital projects across India, including Mumbai's Seven Hills Hospital, R. N. Cooper Hospital and Fortis Healthcare, Delhi.

10. The Company notched a significant triumph in its thrust into the 'Green' building sector, a key market in which it is well positioned, by securing the order for HVAC solutions for the upcoming Paryavaran Bhawan (Headquarters to the Ministry of Environment & Forests) in New Delhi. The structure is intended to be India's first 'net zero' Green Building, qualifying for LEED (Leadership in Energy & Environmental Design) Platinum as well as GRIHA 5-star ratings.

11. In the development and launch of new products, the Company again demonstrated its eco-friendly and energy-saving focus. Some key examples are:

- Commissioning of the solar Vapour Absorption Machine (VAM) working on steam and hot water, at TMC Hospital, near Mumbai, and Siemens, Bangalore, respectively. During the current year, the Company has also successfully developed high-efficiency VAM.

- Introduction of Inverter Scroll VRF (Variable Refrigerant Flow) System in addition to Digital Scroll VRF System, offering a full range of choice for customers and enhancing the Company's reach and competitive advantage.

- Introduction of Ultraviolet lamp systems (for Air Handling Units (AHU) coils and supply air ducts), kitchen exhaust and Sewage Treatment Plant odour control systems, making it the most comprehensive Indoor Air Quality (IAQ) player in India.

12. The Company has received various noteworthy recognitions and certifications testifying to its adherence to global standards and norms, principally:

- Approval by the Air conditioning Heating & Refrigeration Institute (AHRI) of the Company's Dadra test facility, for having satisfactorily met the test certificate requirements for conducting AHRI certification tests on water chilling packages in accordance with the current AHRI standards 550/590.

- Conformité Européene (CE) certification for the Company's VAMs and AHUs. The AHUs also conform to EN1886: 1998 requirements, while the chilled water coil is certified under AHRI-410.

13. Leveraging its global standards and compliances, the Company commenced exporting to Sri Lanka of its own manufactured HVAC&R products, by entering into a distribution agreement with a local company. The arrangement is for sale of HVAC&R units in the Sri Lanka market, targeting cold chain and food processing applications amongst others.

14. In the Company's international markets in the Middle East, sustaining of oil and gas prices, at levels above the oil producing countries' budget levels were a major economic determinant. With oil prices averaging around $100 a barrel, the major GCC countries continued to generate surplus revenues for investing into developmental initiatives, such as social infrastructure development in Qatar and UAE, and housing and education in Kingdom of Saudi Arabia (KSA), Bahrain and Oman. This trend is likely to continue in the coming years but would depend on various economic and political factors. Presently, the volatility in the global economy coupled with uncertainties due to social and political disturbances has resulted into a slow down in order booking as new projects have been kept on hold.

15. The Company's chosen geographies of Abu Dhabi and Qatar remained relatively unaffected from the political unrest which afflicted many countries in the MENA Region and –

along with the global slowdown – has caused continued dampening of property markets. The Company's international business sustained its presence in these areas and began to execute some major commitments, while venturing into select new geographies and targeting identified new verticals for MEP in metro / rail systems, district cooling plants, industrial and infrastructural works.

16. One of the Company's significant achievements was the satisfactory completion and commissioning of a major Design & Build project, namely the recently inaugurated Ferrari World in Abu Dhabi, part of the Yas Island Development in which the Company earlier carried out its successful Yas Marina F1 Circuit project. As the world's largest indoor theme park, Ferrari World is truly an iconic development, in which the Company demonstrated project capability of global calibre, in the face of formidable challenges. Ferrari World is the flagship of Aldar Properties, one of the largest developers in the area and as such holds the promise of further business of similar scale and scope.

17. Arising out of delays in concluding designs with employers on major projects namely, Sidra Hospital in Qatar and Central Market Redevelopment in Abu Dhabi, the turnover of international business was adversely impacted during the year.

18. The Company won several prestigious awards in the Middle East, namely MEP Contractor of the Year, MEP Project of the Year (Ferrari Theme Park) and MEP Project Manager of the Year. The Company also won the prestigious Dubai Quality Appreciation award in the construction sector, in its first year of participation. These accolades, along with the successful completion of numerous iconic developments in the last few years, have reaffirmed the Company's recognised international standing.

19. Continuing with its strategy of careful selection of geographies and local partners, the Company formed a Joint Venture Company (JVC) in Sultanate of Oman, with Mustafa Sultan Enterprises, one of the trusted business houses in the area and a prominent technology leader with diversified businesses in various growth segments. The Company has a majority stake of 65% in the JVC, with the balance 35% with the local partner.

20. The Company also signed a Joint Venture Agreement with Olayan Group to form a 50:50 JVC in KSA. Olayan is one of the most influential Groups in KSA, known for its presence in innumerable businesses through very successful Joint Ventures with globally reputed companies; partnering with the Group is expected to boost the Company's business prospects in KSA.

21. Universal Voltas LLC (an Abu Dhabi-based JVC with 49% Voltas shareholding, carrying out small-to-medium-sized electro-mechanical projects) recorded a drop in turnover from ₹ 190 crores to ₹ 155 crores, although the operating profit increased from ₹ 20 crores to ₹ 23 crores. The slowdown in UAE affected the performance of the JVC, particularly the intake of new orders. The JVC is, however, expected to show improvement in performance in the ensuing year.

22. Weathermaker Limited (a wholly-owned subsidiary in Jebel Ali Free Zone, engaged in manufacturing of Air Distribution products) had also witnessed performance lower than the previous year, principally due to the economic slowdown in Dubai. Although it operates in a challenging market, the Company managed its overall resources well to achieve profits close to the budgeted levels.

23. Other Subsidiaries and JVC's in this segment, viz., Saudi Ensas Company for Engineering Services WLL, KSA and Universal Weathermaker Factory LLC, Abu Dhabi, are relatively small and their contribution is not significant.

24. As a result of India's growing levels of water scarcity, the Water Management industry has experienced a paradigm shift: from waste water treatment driven by pollution control norms, to solutions that address the concerns and economics of water. The market is also governed by the space constraints of urban areas and industries and very stringent laws (such as zero-liquid discharge) for new industries and urban clusters. The market therefore is open to new and relevant technologies (such as membrane-based or space-saving solutions), provided by suppliers of repute. The opportunities in this growing market have created a highly competitive environment, with players coming from different backgrounds – OEMs, components suppliers, chemicals suppliers and construction companies, among others, as well as specialists in the water sector.

25. With a view to upscaling the operations of Water Management business, organizational changes were made during the year, including setting up of a high-calibre leadership team, to provide fresh impetus to this business.

26. During the year, the Company's Water Management business successfully handed over a Sewage Treatment Plant (STP) at Keorapukur in Kolkata, of 45 million litres/day (MLD) capacity; an 8.3 MLD STP at Naba Diganta Industrial Township, a project undertaken by the Company and JUSCO in Public-Private Partnership; and a 7 MLD Effluent Treatment Plant (ETP) for Eastern Railways.

27. The Company has shown a jump in the level of new order booking in this business, with orders for water systems for the steel melt shop at Rourkela Steel Plant; an intake pump house for Kolkata Municipal Water & Sanitation Authority; an ETP with water reuse and zero liquid discharge for Matix Fertilizers; a water treatment plant (WTP) and STP for the new Kolkata Airport, among others. In terms of equipment business, the Company secured orders for providing reactor clarifiers used in the pre-treatment of water for thermal power generation, from Thermax, Wipro, BGR and others. Some of these are of the largest diameters in the country.

ENGINEERING PRODUCTS AND SERVICES

28. The Company's Engineering Products and Services business witnessed strong overall growth leading to higher revenues and profitability.

29. The spinning sector of the Indian textile industry showed sustained growth in 2010-11, with many new projects being initiated; hence the Company's Textile Machinery business witnessed growth of over 50% in order booking for Spinning machinery, despite the suspension of TUF scheme from July 2010. However, this affected the post-spinning segment, resulting in subdued demand for weaving, knitting and dyeing machinery. There were other pressures, such as high input prices for cotton and synthetic fibre and increase in interest rates, which also constrained the demand. Nevertheless, the Company was able to consolidate and increase its business for THIES dyeing machinery and weaving looms from Rifa, China.

30. The mining and construction sectors sustained growth in demand for various categories of equipment, driven by the many mining and infrastructure projects. This led to higher offtake of the Company's Mining & Construction Equipment, such as crushing and screening equipment, mobile and crawler cranes, large excavators and mining loaders.

31. The Company earned sustained revenues from Parts and Maintenance Contract Services, leading to good profitability for this business. Such service capability played a key role in the Company's successful entry into Mozambique, with a maintenance contract for large-sized LeTourneau Wheel Loaders used in the Moatize Coal project being executed by Vale of Brazil.

32. The demand for material handling equipment in the Indian market was buoyant. The Company's Materials Handling Equipment business recorded its highest-ever order booking and sales of forklifts, warehousing equipment and material handling systems. The order booking and sales increased by around 40% and 34%, respectively. The Company introduced new range of forklifts and warehousing equipment, which has improved its market position and competitive advantage. The Company has also increased its business in exports to the African market and obtained large orders for supply to Nigeria, among others.

33. To better realize its future prospects, the Company has recently transferred its Material Handling business to a JVC formed with the KION Group of Germany, the world's second largest manufacturer of material handling equipment. The manufacturing plant at Thane remains with the Company, as a manufacturing resource serving the new JVC.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

34. The Indian room air conditioning industry got off to a very promising start in 2010. Due to the advent of a hot and early summer coupled with rising incomes, the industry registered a growth in sales volume of around 35%, according to estimates. While all players experienced rapid growth, the Company's Unitary Cooling Products business made the best use of the favourable market conditions to achieve volume growth, in sales of air conditioners, of nearly 48%, making its brand the fastest-growing in the AC market and fuelling turnover growth of 37%, with divisional contribution growing by 33%.

35. Another significant factor was the continuing trend towards energy-efficiency, with consumers increasingly upgrading to higher Star-rated products. Consciousness of more efficient products (such as Inverter ACs), and those that use greener refrigerants, is also gaining ground. Another notable trend is the preference for coloured panels for Split ACs.

36. Taking cognizance of consumer preferences, the Company launched new range of more than 70 models of Window and Split air conditioners in 2011, with a generous array of choices in terms of features, star rating, tonnage and price. In developing the new range, the Company kept in mind the consumer's heterogeneous requirements, with its diversity of priorities, preferences, income groups and aesthetic tastes. However, certain key attributes remained standard right across the spread of models. These included an optimized cross-flow vane for less noise, an active carbon filter, eco-system technology, self-diagnosis and auto-louver step adjustment. The Company also enhanced its efforts on promoting Star-rated products, with a majority of variants being in the 3/4/5-star categories.

37. The advertising platform of "Sensible Cooling" was extended into the second year with the intent of educating the consumer on appropriate use, installation and maintenance of ACs, in order to derive maximum benefits. This platform, along with strategic media buys such as World Cup and IPL, helped the brand reach an all-time high market share of 18% in February 2011, according to GfK-Nielsen reports.

38. The Company continued to refine its flexible business model with the introduction of locally outsourced assembly, judiciously mixed with in-house manufacturing. New contract manufacturers were appointed in various parts of the country to shorten the time-to-market and also help the Company reduce its carbon footprint. This business model won recognition for its innovative spirit in the form of the TATA Innovista 2011 Award in the "Promising Innovations" category, won by the Company.

Other notable recognitions won by the Company included:

- For business excellence: the TBEM Active Promotion Award
- For brand performance: Power Brand 2011, Readers' Digest Trusted Brand 2010 and Superbrand 2010-11
- For energy efficiency: Empower Award 2010 and Urjavaran Award

39. The Company's Commercial Refrigeration business witnessed modest growth at around 13%.

40. Universal Comfort Products Limited (UCPL), the Company's wholly-owned subsidiary and manufacturing arm for its room ACs, performed exceedingly well, with production ramped up to nearly 350,000 units and net profit of ₹ 27 crores as against ₹ 14 crores in the previous year.

OTHERS

41. Segment 'Others' comprises Lalbuksh Voltas Engineering Services & Trading LLC (Lalvol), a Joint Venture company (JVC), in Sultanate of Oman, engaged in horticulture, water management and purification. Lalvol had a shortened accounting period of nine months to facilitate change of financial year (April – March) to calendar year (January – December). The performance was affected by slow down of some of the contracts under execution. The JVC is, however, poised for improved order booking and overall performance in the ensuing year. Taking into consideration the long term business interest, the Company had acquired 11% shareholding out of 51% held by the local partner. The aggregate shareholding of the Company alongwith its subsidiary is 60% with the said acquisition. Upon completion of the legal process in Sultanate of Oman for transfer of the aforesaid shareholding, the JVC is now a subsidiary of the Company effective 31st March, 2011.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

42. Going forward, the domestic Electro-mechanical (EM) business may be impacted by a slowdown in the first half of 2011-12, given rising interest rates, increased competition and consequent pressure on profit margins, dampening the investment sentiments. Once corporates gain confidence about the sustainability of the recent growth in consumption, growth is likely to pick up again in the second half, with new investment undertaken to support market demand.

43. The Company expects opportunities for its MEP offerings, arising from investments in the following key areas:

(a) Commercial construction, expected to increase multi-fold over the next few years. This will be driven by IT/ITES related projects. Other key demand drivers include banking and financial services, fast moving consumer goods (FMCG) and telecom;

(b) Industrial segment, especially capacity expansions planned by major companies in the next 5 years;

(c) Infrastructure, in which substantial investments have been announced in both Public and Private sectors, to be realized in the coming years.

44. Additionally, in the construction sector, the Company sees opportunity for MEP growth, particularly arising from new economy growth in tier-2 and tier-3 markets.

45. There are opportunities for HVAC growth arising from:

- the prevailing low penetration of central air conditioning in Indian markets.
- the increasing thrust on energy efficiency, reduced carbon footprint and climate change initiatives undertaken by corporates in their commercial construction.

46. In order to suitably seize these opportunities, the Company has made strategic plans for growth and the major areas are:

- Ensuring customer engagement by aligning the offerings more closely with their requirements.
- Expanding into the EM space in chosen segments, while sustaining the market share in HVAC.
- Further developing cost-efficiencies to deliver maximum value to the customer.
- In-house R&D capabilities, new product development and manufacturing excellence aligned with the Company's 'Green' orientation.
- Creating a bandwidth in Human Resources for meeting long-term growth aspirations.

47. In the Company's Middle East markets, whose economies are largely driven by oil revenue, governments are expected to increase the spending on infrastructure and housing, fuelled by the significant increases in oil prices over the year. This is especially pronounced in KSA, which seeks to catch up in terms of infrastructure development; its government has announced major spending on infrastructure, educational, healthcare and housing projects. The Abu Dhabi Government too has plans to enhance its spending on social infrastructure and entertainment. Qatar, having won its bid to host the 2022 Football World Cup, will also need to significantly ramp up investments in utilities, transportation, hospitality and other sports and tourism-related projects. The Company is well positioned to benefit from these developments with its established presence and capability in UAE and Qatar and its developing foothold in KSA and Oman.

48. In the transportation segment, major projects have been announced in Hong Kong, Singapore, KSA and UAE. The Company is targeting the MEP works in these Metro segments.

49. With increasing population, urbanization and industrialization, the demand for water and waste water treatment is expected to grow significantly. The industry is expected to grow in the range of 20%-25% per annum over the next 3-5 years. This segment offers substantial opportunities for the Company, in terms of market expansion, adoption of appropriate technologies and increasing the scope and scale of work. Moreover, the Company is in a position to capitalize on the highly successful execution of sewage / waste water treatment facility of Singapore's Changi Water Reclamation Plant, one of the world's largest facilities of its kind.

ENGINEERING PRODUCTS AND SERVICES

50. With the Indian economy poised to grow at 8%, the investment in capital goods and engineering products is likely to be sustained in the future, to support infrastructure projects such as airports, power plants, ports and roads, and also growth in manufacturing industries like textiles, automobiles and engineering. This would provide good opportunities for the Company's Engineering Products and Services, in textile machinery and mining & construction equipment businesses.

51. The pending orders booked for textile spinning machinery is large and the Company will reap the benefits by execution of these orders over the coming years. The TUF scheme has been reinstated by the Government of India and will provide a boost for investment, especially in post-spinning sectors. Consequently, the Company expects sustained growth of its Textile Machinery business.

52. The Company has orders for mining equipment for coal and iron ore projects, as well as many service contracts for maintenance and other services. These will provide strong revenues and profitability in future years. The Company's own range of wheeled crushing and screening plants and cranes is also seeing a pick-up in business, with good prospects for growth, linked to the investments expected in infrastructure and road projects.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

53. The domestic Room AC industry is expected to continue to grow by 25% in the years ahead, though there exists a distinct possibility of slightly tempered growth this year, given the delayed summer and unseasonal rains in the current season. Higher disposable incomes and rising wages, coupled with low penetration of ACs, will continue to drive demand. As consumers become increasingly conscious of energy efficiency, Star-rated products will increase as a consequence.

54. With significant demand coming from tier-2 and tier-3 markets, the Company will renew its efforts towards channel expansion beyond its current presence of 5,000 touch points. The Company is also investing in upgrading its service infrastructure and CRM (Customer Relationship Management) systems, in order to serve the customers better and faster. The Company has also lined up investments in R&D to continuously improve its products and offer innovative solutions to its customers.

55. Growth in demand in the Commercial Refrigeration segment is expected to be driven by the need for quality products for end-user segments such as retail, dairy & brewery, and cold chains. The Company, with its superior product development capabilities and good market presence is well-placed to further consolidate its market leadership position.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

56. With the Company's increased exposure in the domestic industrial and infrastructural sectors, any delays in the planned execution of announced projects could impact the business projections.

57. Attracted by the growing Indian economy, many multinational companies are considering entry into the MEP sector. In addition, some of the main contractors are developing in-house MEP capabilities and this is expected to cause competitive pressure for the business; this is also likely to impact the operating margins. The other threats are in the form of non-availability of skilled manpower, and volatility in the input material prices i.e. copper, aluminum and steel.

58. The domestic HVAC business faces a threat in the form of lack of preparedness for HydroChloroFloroCarbon (HCFC) regulations, which could impact the price competitiveness. The Foreign Trade Agreement (FTA) with ASEAN and other low-cost manufacturing countries may result in increased pressure on sustainability of own manufacturing facilities.

59. In the Company's UAE market, the debt restructuring of Dubai entities and corporates continues to weigh down the property market. The current political unrest in the MENA Region may also have a negative impact on investment sentiments in the region.

60. In the rapidly changing political landscape of the MENA Region, the GCC countries are expected to restrict the labour workforce coming from India and other South Asian countries and also compel companies to employ local nationals, as much as possible, so as to reduce the social impact of growing unemployment in some countries.

61. The Company's overseas revenues are directly impacted by fluctuations in currency rates, since its Middle East earnings are pegged to the USD. Additionally, on both domestic and international funds, there is the impact of volatility in material and commodity costs. These may be linked to currencies of countries from which the Company sources materials and products, such as Europe, Japan and China; or they may arise from changing market realities. The challenge for the Company is to protect its profitability in this uncertain environment, since most of its international projects are lumpsum fixed-price contracts of high value and long gestation, with domestic business too trending towards that model. The Company continues to undertake forward booking and hedging in respect of certain currencies and commodities, to mitigate the risk.

62. In view of growth expected in the domestic market for water management solutions, the Company is likely to encounter growing competition from many players – Indian as well as foreign – entering the market. Furthermore, the growing global water scarcity is likely to drive new technology development with a view to reducing its industrial usage, which in turn could reduce the demand for the Company's water management offerings.

63. The water and waste water treatment segment is part of the larger infrastructure sector and hence the risks and concerns linked to the infrastructure sector also apply to this segment. These include cost and time overruns, delay in payment, commodity price variation, and subcontractor-related processes.

ENGINEERING PRODUCTS AND SERVICES

64. All the businesses in this segment are vulnerable to investment slowdown caused by increase in interest rates; as well as to fluctuating exchange rates and the resultant uncertainties in material input costs. Additionally, there are threats, which are peculiar to specific businesses.

65. Since India exports large amounts of yarn and garments, especially to Europe and China, any disruptions in these would have an impact on Indian investments in textile machinery. Other impacting factors could be shortage of labour in the textile industry and pollution/environmental norms, all of which could curb investments. To mitigate the resultant impact on its Textile Machinery business, the Company is planning to focus on additional projects and a range of service offerings.

66. A significant threat in mining and construction equipment sectors lies in delay/s in obtaining environment clearances for mining and infrastructure projects which would lead to considerable delays in project execution. In addition, there is a trend towards consolidation amongst global companies.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

67. As an increasing number of brands enter the market, the AC industry is witnessing signs of fragmentation. This tendency, coupled with limited product differentiation amongst brands, is the single most critical challenge for the Company's room AC business, reinforcing the need for a sustainable value proposition. Further, as organized retail grows in size, so will its bargaining power, thereby compressing the margins of the Industry.

68. Sales forecasting and inventory planning is another major challenge, especially in light of increasingly erratic and unpredictable climatic conditions that could impact the demand. Macro-economic circumstances such as high interest rates and INR-USD fluctuations, along with surging commodity prices, are putting profitability under pressure.

FINANCIAL PERFORMANCE - STANDALONE

69. Financial performance as a measure of operational performance.

(a) **Sales and Services (Segment Revenues):**

₹ in crores

	2010-11	2009-10	Change	Change %
Segment-A (Electro-mechanical Projects and Services)	2776	2762	14	1%
Segment-B (Engineering Products and Services)	564	468	96	21%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1797	1265	532	42%
Total	**5137**	**4495**	**642**	**14%**

Revenues in Electro-mechanical Projects and Services were impacted on account of lower turnover from international operations due to slow down in the Middle East and in execution of overseas projects. However, revenues from domestic projects were higher when compared to the previous year. Revenues of Engineering Products and Services segment comprising Textile Machinery, Mining & Construction Equipment and Materials Handling businesses were higher due to better performance by all the three businesses. At the same time, based on the efforts taken by the Management, coupled with certain favourable external factors, sales volumes of room air conditioners significantly increased and Revenues of Unitary Cooling Products business was higher by 42% at ₹ 1797 crores.

(b) **Other Income:**

₹ in crores

	2010-11	2009-10	Change	Change %
Other Income	82	75	7	9%

Other Income comprises rental income, dividend income from investments, interest income, miscellaneous income, profit on redemption of Mutual Funds/sale of Non-trade Current investments and write back of provision for contingencies, if any. While rental income was higher at ₹ 35 crores (2009-10: ₹ 33 crores), dividend income was higher at ₹ 15 crores as compared to ₹ 11 crores last year.

(c) **Exceptional Items:**

₹ in crores

	2010-11	2009-10	Change	Change %
Exceptional Items	45	36	9	25%

Exceptional Items primarily comprise profit on sale of properties.

(d) **Staff Expenses:**

₹ in crores

	2010-11	2009-10	Change	Change %
Staff Expenses	515	496	19	4%

Staff Expenses comprise salary, wages, bonus, Company's contribution to PF and other funds, retiring gratuity and welfare expenses. The same are higher due to increase in manpower for Engineering Products and Services business and normal adjustments arising from increments.

(e) **Commission other than to Sole Selling Agents:**

₹ in crores

	2010-11	2009-10	Change	Change %
Commission other than to Sole Selling Agents	31	66	(-) 35	(-) 53%

A large part of this cost is contributed by Unitary Cooling Products and Materials Handling businesses. Due to increase in volumes in these businesses and restructuring of the dealers' commissions, there was an increase against which, there was more than commensurate increase in turnover. The overall reduction in the current year is on account of reduction in Agency fees and sponsorship expenses in international operations.

(f) **Other Expenses:**

₹ in crores

	2010-11	2009-10	Change	Change %
Other Expenses	171	141	30	21%

Other Expenses includes service maintenance charges, selling expenses, outside service/contract labour charges, subscription to clubs, management and employees annual meet expenses, e-auction charges, C&F charges, moving and shifting expenses, cash discounts, royalty and commission to Directors. The increase was primarily for Unitary Products business on account of warehousing charges and cash discounts due to higher volume of business.

(g) **Profitability:**

₹ in crores

	2010-11	2009-10	Change	Change %
Profit Before Tax	523	486	37	8%
Profit After Tax (Net Profit)	354	344	10	3%

Despite lower contribution from the projects businesses, there was an overall increase in profitability, due to better performance by the Engineering Products and Services and Unitary Products businesses. As reported last year, due to reversal of tax provisions of previous periods arising from certain favourable decisions of the Appellate Authorities, the overall incidence of tax last year was lower. The tax provision in the current year were also higher on account of certain Deferred tax adjustments. The increase in Profit After Tax (Net Profit) was therefore only 3%.

70. FINANCIAL POSITION - STANDALONE

(i) **Secured Loans:**

₹ in crores

	2010-11	2009-10	Change	Change %
Secured Loans	94	19	75	395%

Due to delays in certification of project billings and with utilisation of advance payments received on certain overseas projects, bank borrowings for international business had increased.

(ii) **Fixed Assets:**

₹ in crores

	2010-11	2009-10	Change	Change %
Fixed Assets after Depreciation (Net)	198	175	23	13%

There was increase in the Net Fixed Assets of the Company due to incremental investment in buildings, plant and machinery and in software. The Company undertook several initiatives for improving Information Technology systems which resulted in additional capital expenditure.

(iii) **Investments:**

₹ in crores

	2010-11	2009-10	Change	Change %
• **Long Term Investments:**				
- Trade and other Investments	41	29	12	41%
- Investment in subsidiaries	139	119	20	17%
Total Long Term Investments	180	148	32	22%
• **Current Investments:**				
- Units of Mutual Funds	218	203	15	7%

During 2010-11, the Company increased its shareholding from 67.33% to 83.67% in the equity capital of Rohini Industrial Electricals Limited, a subsidiary company at a cost of ₹ 20 crores approx. The Company also subscribed to Rights shares offered by a Group company (₹ 12 crores). Company's investment of cash surplus in Liquid Mutual Funds increased by ₹ 15 crores compared to the previous year.

(iv) **Inventories:**

₹ in crores

	2010-11	2009-10	Change	Change %
Raw materials, components and stores	92	72	20	28%
Work-in progress	250	205	45	22%
Finished goods	414	332	82	25%

There was an increase in the inventory of finished goods (air conditioners) of Unitary Products business in anticipation of good demand in the peak summer season of April to June 2011. Finished goods of domestic electro-mechanical projects business have also increased.

(v) **Sundry Debtors:**

₹ in crores

	2010-11	2009-10	Change	Change %
Net Debtors	1002	847	155	18%

The increase in receivables is primarily in projects business due to larger payment cycle as also delays in certification of bills.

(vi) **Cash and Bank Balances:**

₹ in crores

	2010-11	2009-10	Change	Change %
Cash and Bank balances	429	403	26	6%

Cash and Bank balances include over ₹ 100 crores in fixed deposits against advances received from customers.

(vii) **Loans and Advances:**

₹ in crores

	2010-11	2009-10	Change	Change %
Loans and Advances (Net)	260	236	24	10%

The increase is primarily in respect of advances recoverable in cash or in kind in the ordinary course of business and partly towards advances given to subsidiary companies and to customs, port trust/other authorities.

(viii) **Other Current Assets:**

₹ in crores

	2010-11	2009-10	Change	Change %
Other Current Assets	749	454	295	65%

Other Current Assets are basically the contract revenues recognized in excess of certified bills pertaining to projects business. Revenues are recognized based on the Percentage Completion Method in line with the Accounting Standard.

(ix) **Current Liabilities and Provisions:**

₹ in crores

	2010-11	2009-10	Change	Change %
Current Liabilities	2141	1822	319	18%
Provisions	291	246	45	18%

Due to increase in business volumes, there has been an increase in creditors and advances received from customers.

FINANCIAL PERFORMANCE - CONSOLIDATED

71. Financial performance as a measure of operational performance

(a) **Sales and Services (Segment Revenues):**

₹ in crores

	2010-11	2009-10	Change	Change %
Segment-A (Electro-mechanical Projects and Services)	3041	3113	(-) 72	(-) 2%
Segment-B (Engineering Products and Services)	564	468	96	21%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1561	1139	422	37%
Others	12	39	(-) 27	(-) 69%
Total	**5178**	**4759**	**419**	**9%**

Consolidated Revenues of Electro-mechanical Projects and Services were impacted due to lower revenues recorded by Rohini Industrial Electricals Limited (RIEL) and the overseas joint venture/subsidiary companies. Consolidated revenues of 'Others' primarily comprises Lalbuksh Voltas Engineering Services and Trading LLC which had a shortened financial year of 9 months period ended 31st December, 2010, to fall in line with the local practice of having the Calendar year as the Financial year of the Company.

(b) **Profitability:**

₹ in crores

	2010-11	2009-10	Change	Change %
Profit Before Tax	524	532	(-) 8	(-) 1%
Profit After Tax and Minority Interest	357	381	(-) 24	(-) 6%

Consolidated Profits have been impacted due to loss of ₹ 35 crores incurred by RIEL (on account of multiple factors) as compared to profit of ₹ 14 crores reported last year, a negative swing of ₹ 49 crores. Universal Comfort Products Limited, the wholly-owned subsidiary of the Company manufacturing air conditioners performed significantly better and recorded net profit of ₹ 27 crores as compared to ₹ 14 crores last year, an increase of 93%. The other contributors were the overseas joint venture/subsidiary companies.

LIQUIDITY AND CAPITAL RESOURCES

72. The Company's philosophy is to maximise cash generation. Accordingly, an effort is being made to control capital engagement in the future. However, factors like cash crunch with some of the customers, change of business model in Indian market which resulted in the Company operating more as a sub-contractor, delays in settlement of few large projects, high costs on engineering being incurred in some design-build projects and other similar factors resulted in higher capital engagement in the projects business. It is expected that going forward, tight control on some of the areas will result in more liquid resources being released into the system, thereby improving the position of resources available with the Company.

RISKS AND CONCERNS

73. The Company takes a holistic view of various business risks. The risks and mitigation measures are weaved into the Strategic Business Plans and forms part of reviews made periodically. This Risk Management system has shown good results with almost no cancellation of orders during the financially difficult scenario in Middle East, over last two years. The Company also moved away from Dubai much earlier, thereby saving the pain experienced by some others. Bulk of the orders in the Middle East are in UAE and Qatar and the Company does not have any major exposure in countries experiencing political upheaval in Middle East and North African Regions.

74. In the domestic market as well, the Company has chosen sectors and clients judiciously with relatively lower exposure to segments which have higher risks. The Company's policies on Insurance and Commodity and Foreign Exchange risks, balance the risks with costs and ensures that there are no speculative decisions taken. While investing liquid resources, the Company has been careful by not taking exposure to volatile equity markets. The Company is not susceptible to interest rate risks since it does not have any debts other than temporary working capital borrowings.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

75. An independent Internal Audit function is an important element of the Company's internal control system. The Internal Auditors conduct audits of various departments based on an annual risk-based internal audit plan covering key areas of operations, including overseas operations. The annual internal audit plan and the internal audit reports are also shared with the Statutory Auditors. The Department reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and statutory requirements, recommending improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information. The Company has put in place a Risk Assessment and Mitigation process across all its business operations, which is periodically reviewed by the Management.

76. The Company has continued its efforts to align its processes and controls with best practices and has put in place ERP access control system to ensure adequate IT security. The Company's in-house Internal Audit Department comprises qualified CAs and CISAs. To harness skill sets in the areas of indirect taxation, logistics and procurement, the Company also utilises the services of M/s Mahajan & Aibara, a firm of Chartered Accountants, as a co-partner for internal audit.

77. Significant audit findings and suggestions along with the 'Action Taken Reports' are reported to the Board Audit Committee, which consists of four Independent Directors. The Board Audit Committee monitors and reviews the significant internal 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.

HUMAN RELATIONS

78. With its dedicated, competent and committed employees, the Company was successful in meeting its business challenges and exploiting its opportunities. The new leadership has initiated many changes in employee process and policies to further improve Human Relations outcomes within the organization. At the Voltas Management Meet 2010, a new direction and vision was laid out for the organisation and teams were motivated towards their achievement.

79. With ambitious targets set for various businesses, the focus has been towards increasing the capabilities and effectiveness of their personnel. With this in mind, the Company has initiated many measures with the help of the Tata Group HR, such as PPM, Work Level Studies, specific Training Programs, Competency Mapping and others. The objective is to increase the skills and competencies of employees in various business divisions and corporate services.

80. The Company had also taken initiatives related to employee engagement, employee contact plans and revamp of policies. These programs have yielded valuable feedback on employee issues and helped the Company take proactive measures and implement various action plans to improve employee well-being and satisfaction. The Company has also strengthened HR processes by making extensive use of the SAP-HCM module, resulting in improved operations.

81. The Company is working closely with TMTC and other training institutes and organisations to develop and deliver numerous training programs in the areas of strategic skills, leadership development, managerial effectiveness, sales and service skills and other disciplines. The induction programs for new recruits have also been redesigned to improve the training of new employees and fill the gap in fresh talent to sustain the Company's growth plans.

82. However, availability of skill and competent managerial talent is a huge challenge for the Company's Electro-Mechanical Projects and Services business, both in the overseas market and also within India. The Company needs to increase the management bandwidth at middle and senior levels to support the aggressive growth plans of the various businesses. This would pose many HR challenges for acquisition, management and retention of talent. Various parameters such as compensation and remuneration structure, employee policies, HR processes, learning and development would need to be strengthened further to meet the challenges. There would be greater focus on grading of performance and design of appropriate reward mechanisms to support the same.

83. Employee and industrial relations within the Company went through some turbulence, with agitation from unionized workers and staff at some locations. The issues brought up by unionized staff were primarily linked to higher remuneration, fresh recruitment and other matters related to service conditions. The Company's management has been conducting a series of meetings, dialogues and discussions with the Union/Federation to resolve the issues. The agitation of the unionized staff has been contained adequately and has not led to any major disruptions in the operations of the Company.

84. The total staff strength as on 31st March, 2011 was 11527 (including 7771 contract staff, primarily for overseas projects).

CAUTIONARY STATEMENT

85. 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 10 members: 9 Non-Executive Directors (NEDs) and the Managing Director. Of the 9 NEDs, 5 are Independent Directors. All the Directors of the Company are liable to retire by rotation and there is no permanent director.

The Company has a Non-Executive Chairman and the number of Independent Directors is 50% of the total number of Directors. The Company is in compliance with the requirements relating to the composition of Board of Directors, in line with Clause 49 of the Listing Agreement.

(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 55th Annual General Meeting (AGM) held on 10th August, 2009 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 was passed for a period of five financial years, commencing from 1st April, 2010.

(c) **Other provisions as to Board and Committees**

During the year 2010-11, eight Board Meetings were held on the following dates and the gap between two consecutive Board Meetings did not exceed the statutory requirement of 4 months.

19th April, 2010; 28th May, 2010; 28th July, 2010; 2nd September, 2010; 26th October, 2010; 23rd December, 2010; 2nd February, 2011 and 19th March, 2011.

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 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 in respect of suggestions made/decisions taken at Board/ Board Audit Committee Meetings are reported and 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.

(d) **Code of Conduct**

The Board has adopted the Code of Conduct for the Directors and senior management of the Company and the same has 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, 2011. A declaration to this effect, signed by Managing Director of the Company is annexed hereto. Senior management comprises the Division/Department/Functional Heads, General Managers and the CFOs of the respective business clusters.

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

Name of Directors	Category	Board Meetings Attended during 2010-11	Attendance at the last AGM held on 16th August, 2010	Number of Directorships in other public limited companies (excluding directorship in associations, private/ Section 25/ foreign companies)	Number of Committee positions held in other public companies#	
					Chairman	Member
Mr. Ishaat Hussain (Chairman)	Not Independent Non-Executive	8	Yes	13	3	6
Mr. A. Soni (Managing Director) (upto 22-4-2010)	Not Independent Executive	1	N.A.	-	-	-
Mr. Sanjay Johri (Managing Director) (w.e.f. 23-4-2010)	Not Independent Executive	7	Yes	1	-	-
Mr. Nasser Munjee	Independent Non-Executive	7	Yes	13	4	3
Mr. N. J. Jhaveri (upto 8-8-2010)	Independent Non-Executive	3	N.A.	-	-	-
Mr. Ravi Kant	Not Independent Non-Executive	7	Yes	5	-	2
Mr. N. D. Khurody	Not Independent Non-Executive	6	Yes	8	1	1
Mr. Noel N. Tata	Not Independent Non-Executive	7	Yes	8	-	2
Mr. Jimmy S. Bilimoria	Independent Non-Executive	6	Yes	9	4	3
Mr. S. N. Menon	Independent Non-Executive	7	Yes	7	-	3
Mr. Nani Javeri	Independent Non-Executive	8	Yes	2	-	-
Mr. R.N. Mukhija (w.e.f. 3-12-2010)	Independent Non-Executive	3	N.A.	3	-	-

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

3. **Audit Committee**

(a) **Composition, name of Members and Chairman**

The Company has a Board Audit Committee comprising Non-Executive Independent Directors – Mr. Jimmy S. Bilimoria (Chartered Accountant by qualification), Mr. Nasser Munjee, Mr. Nani Javeri and Mr. R. N. Mukhija. Mr. N. J. Jhaveri ceased to be the Chairman of the Board Audit Committee upon his retirement effective 9th August, 2010 and Mr. Jimmy S. Bilimoria was appointed as the Chairman of the Board Audit Committee. Mr. Nani Javeri and Mr. R. N. Mukhija were nominated members of the Board Audit Committee with effect from 28th July, 2010 and 2nd February, 2011, respectively. All members of the Board Audit Committee are financially literate and have relevant finance and/or audit exposure. The Managing Director, the Executive Vice President (Finance), the Executive Vice President – Corporate Affairs & CFO (designate), the Chief Internal Auditor and the Statutory Auditors attend the meetings as Invitees. The Business Heads (COOs) and other Operating people also attend the Meetings, when required. The

Cost Auditor attends the meetings at which Cost Audit related matters 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**

Five Board Audit Committee Meetings were held during the financial year 2010-11 on the following dates:

27th May, 2010; 28th July, 2010; 25th October, 2010; 2nd February, 2011 and 3rd March, 2011.

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

Name of Members	No. of Meetings attended
Mr. N. J. Jhaveri	2
Mr. Jimmy S. Bilimoria	3
Mr. Nasser Munjee	4
Mr. Nani Javeri	3
Mr. R. N. Mukhija	1

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 49 II of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. 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 forming part of the Directors' 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, branch and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on significant audit findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Board Audit Committee also reviews the following:

(i) Management Discussion and Analysis of financial condition and results of operations;

(ii) Related party transactions submitted by management on quarterly basis;

(iii) Management letters/letters of internal control weaknesses, if any, issued by the statutory auditors;

(iv) Internal audit reports relating to internal control weaknesses including major audit observations;

(v) Appointment, removal and terms of remuneration of the Chief Internal Auditor and Branch Auditors;

(vi) Concerns, if any, received under the Code of Conduct;

(vii) Discussions with Cost Auditor on cost audit related matters;

(viii) Performance of all major on-going projects in India and Abroad; and

(ix) Financial Statements of subsidiary companies, on a quarterly basis.

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, from time to time.

4. **Subsidiary Companies**

During 2010-11, the Company had ten unlisted subsidiary companies, of which four 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 all significant transactions or arrangements entered into by the subsidiary companies are reviewed by the Board. The Business plans and annual targets of operating 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. Nasser Munjee, Mr. S. N. Menon and Mr. Nani Javeri. Mr. Nani Javeri was nominated as a member of the Board Remuneration Committee on 2nd February, 2011 and Mr. N. J. Jhaveri ceased to be the member of the Board Remuneration Committee upon his retirement effective 9th August, 2010. During 2010-11, two meetings were held on 19th April, 2010 and 28th May, 2010 which were attended by Mr. N. J. Jhaveri, Mr. Nasser Munjee and Mr. S.N. Menon. The Non-Executive Chairman of the Board attends the Remuneration Committee Meeting by invitation. The Minutes of the Remuneration Committee Meetings are circulated and noted at the Board Meetings.

(b) **Remuneration Policy**

The remuneration of the Managing Director is reviewed by the Remuneration Committee based on certain criterias such as industry benchmarks, Company's performance and the responsibilities shouldered by him. The remuneration of the Managing Director comprises salary, perquisites, allowances and benefits and incentive remuneration and/or commission. Annual salary increment, incentive remuneration or commission is decided by the Remuneration Committee within the overall ceiling prescribed under the Companies Act, 1956 and in line with the terms and conditions approved by the shareholders. The recommendation of the Remuneration Committee is placed before the Board for its approval. The retirement benefits payable to Managing Director is considered by the Remuneration Committee and thereafter recommended to the Board. Revision in pension amounts payable to the retired Managing Directors/ Executive Directors from time to time, are also reviewed by the Committee and recommended to the Board for approval.

The remuneration of Non-Executive Directors, by way of commission is decided and approved by the Board of Directors and also discussed with the Remuneration Committee. The shareholders have, at the 55th Annual General Meeting of the Company held on 10th August, 2009, approved payment of commission to the Non-Executive Directors, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of five years commencing from 1st April, 2010. The commission for the financial year 2010-11 will be distributed amongst the Non-Executive Directors in accordance with the directives given by the Board. In addition to commission, the Non-Executive

Directors of the Company are paid sitting fees for attending Board/Committee Meetings, as under:

- Board Meeting - ₹ 20,000
- Board Audit Committee Meeting - ₹ 20,000
- Remuneration Committee Meeting - ₹ 10,000
- Nomination Committee Meeting - ₹ 10,000
- Investment Committee Meeting - ₹ 10,000
- Shareholders'/Investors' Grievance Committee Meeting - ₹ 5,000

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2010-11 and their shareholding in the Company as on date are given below:

- **Non-Executive Directors**

Name of Directors	Commission for 2010-11* (₹ in Lakhs)	Sitting Fees paid in 2010-11 (₹ in Lakhs)	No. of Shares held
Mr. Ishaat Hussain	31.25	1.60	-
Mr. Nasser Munjee	20.25	2.40	-
Mr. N. J. Jhaveri**	9.75	1.20	-
Mr. Ravi Kant	12.25	1.40	-
Mr. N. D. Khurody	14.25	1.20	-
Mr. Noel N. Tata	15.00	1.50	-
Mr. Jimmy S. Bilimoria	16.75	2.00	-
Mr. S. N. Menon	13.25	1.60	-
Mr. Nani Javeri	20.25	2.40	-
Mr. R.N. Mukhija***	7.00	0.80	-

* payable in 2011-12

** ceased to be Director with effect from 9th August, 2010

*** Appointed as a Director with effect from 3rd December, 2010

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during 2010-11, except as stated above.

- **Remuneration of Managing Director/s**

(₹ in Lakhs)

Name of Directors	Salary	Perquisites and allowances including contribution to PF and Superannuation Fund	Commission for 2010-11*
Mr. A. Soni (upto 22-4-2010)	2.86	68.42	10.00
Mr. Sanjay Johri (w.e.f. 23-4-2010)	29.29	46.13	100.00

* payable in 2011-12

Notes:

(a) Mr. A. Soni retired as the Managing Director of the Company upon expiry of his contract on 22nd April, 2010.

(b) Mr. Sanjay Johri was appointed as the Managing Director for a period of five years with effect from 23rd April, 2010. As per the terms of appointment of Mr. Sanjay Johri, either party is entitled to terminate the agreement by giving not less than six months notice in writing to the other party or the Company paying six months remuneration in lieu of such notice. No severance fees is payable.

(c) The Company has not introduced any stock options to its Directors/employees.

(d) Mr. A. Soni did not hold any Equity Shares of the Company either singly or jointly. Similarly, Mr. Sanjay Johri 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 shares related activities, 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 2010-11, two Meetings were held on 20th September, 2010 and 4th March, 2011. The Minutes of the Shareholders'/Investors' Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

The number of complaints received from SEBI/Stock Exchanges were very few, 10 during the financial year 2010-11 and the same have been suitably dealt with and closed. The number of transfers pending as on 31st March, 2011 was 6.

Mr. V. P. Malhotra, General Manager – Taxation & Company Secretary and Mr. A. H. Khilnani, Senior Manager - Shares, 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. His e-mail id is vpmalhotra@voltas.com.

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 considers and takes appropriate decisions for deployment of surplus funds of the Company/investments in Mutual Funds and other avenues. The Company has formulated an Investment Policy in consultation with the Investment Committee, which has been approved by the Board. Mr. Jimmy S. Bilimoria, Non-Executive Independent Director is the Chairman of the Investment Committee. The other members of the Investment Committee are Mr. Sanjay Johri, Managing Director, Mr. Nani Javeri, Non-Executive Independent Director and Mr. M. M. Miyajiwala, Executive Vice President (Finance) & Chief Financial Officer. During the year under review, two Meetings of Investment Committee were held on 28th May, 2010 and 17th September, 2010. The status of investments made in Mutual Funds and returns/dividends earned are reported to the Investment Committee on a monthly basis and to the Board of Directors on a quarterly basis.

(c) A Committee of Board (COB) comprising Mr. Ishaat Hussain, Mr. Sanjay Johri, Mr. N. D. Khurody and Mr. Noel N. Tata regularly meet to discuss and guide the Management on various strategic issues. During the year under review, 5 Meetings were held.

(d) The Nomination Committee comprising Mr. Nasser Munjee (as the Chairman), Mr. Ishaat Hussain and Mr. Noel N. Tata periodically meet with the objective of identifying Independent Directors to be inducted to the Board and for reconstitution of the Board, from time to time. During 2010-11, discussions were held from time to time amongst the members of the Nomination Committee for appointment of an Independent Director, in place of Mr. N. J. Jhaveri.

(e) The Ethics and Compliance Committee comprising Mr. Nasser Munjee and Mr. N.D. Khurody, was 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 has 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.

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
54th AGM – 28th July, 2008	3.30 p.m.	–	None
55th AGM – 10th August, 2009	3.30 p.m.	2	- Commission to Non-Executive Directors - Place of keeping and inspection of Registers and Returns
56th AGM – 16th August, 2010	3.30 p.m.	–	None

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

No Extraordinary General Meeting was held during the financial year 2010-11.

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

As required under Clause 49 IV(G), particulars of Directors seeking appointment/reappointment are given in the Explanatory Statements annexed to the Notice of the Annual General Meeting to be held on 16th August, 2011.

10. **Disclosures**

- During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No. 31), 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 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 2010-11.

- None of the Directors are related to each other.

- Mr. R. N. Mukhija, Independent Director was appointed Additional Director of the Company with effect from 3rd December, 2010 and notice of his appointment was given to the Stock Exchanges on 3rd December, 2010.

- 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 is referred to the Chairman of the Board Audit Committee. The 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 a properly defined framework. Risk Registers have been re-visited and updated by the respective businesses/ department heads.

- The Company did not raise funds through public/rights/preferential issues during the financial year 2010-11.

- In line with the requirements of SEBI, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a firm of practicing 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.

- The Managing Director and Executive Vice President (Finance) have certified to the Board in accordance with Clause 49 V of the Listing Agreement in respect of matters pertaining to CEO/CFO certification for the financial year 2010-11.

- 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 specific operational matters. 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: The Economic Times, Business Standard and DNA in English; Maharashtra Times, Sakaal and Dainik Mumbai Lakshadeep 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. were uploaded on Corporate Filing & Dissemination System (http://www.corpfiling.co.in).

- 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**

Tuesday, 16th August, 2011 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 12th August, 2011

(c) Second Quarter Results
– By 14th November, 2011

(d) Third Quarter Results
– By 14th February, 2012

(e) Results for the year ending 31st March, 2012
- Before 30th May, 2012

- **Date of Book closure**

Tuesday, 26th July, 2011 to Tuesday,
16th August, 2011 (both days inclusive).

- **Dividend Payment date**

Dividend would be paid on or after
17th August, 2011.

- **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 2011-12.

- **Stock Code**

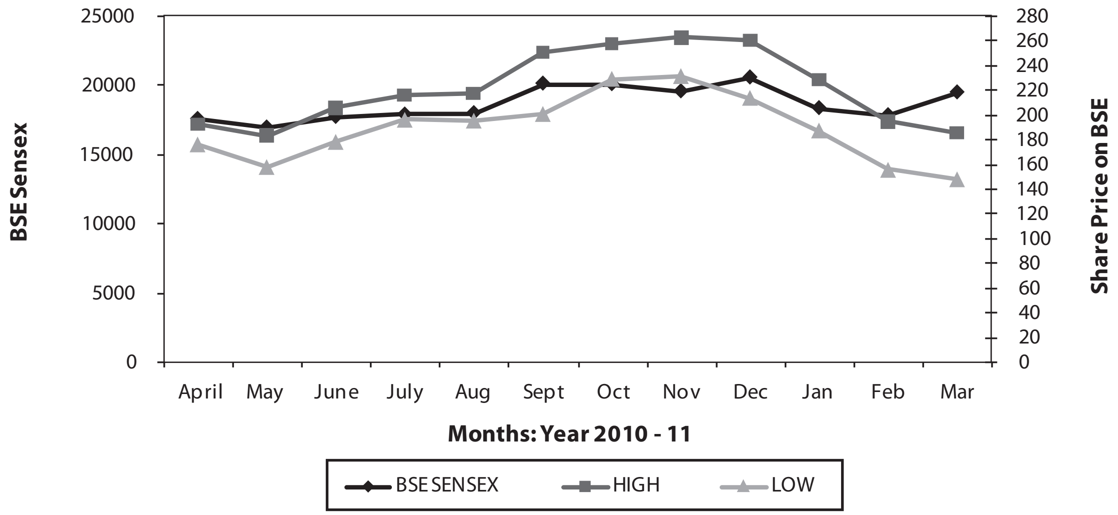
- NSE	:	VOLTAS
- BSE	:	500575
- ISIN Number for NSDL/CDSL	:	INE226A01021

- **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 ₹ 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 ₹	Low ₹	No. of Shares Traded	Turnover ₹ in Lakhs	High ₹	Low ₹	No. of Shares Traded	Turnover ₹ In Lakhs
2010									
April	17559	191.40	175.45	3950545	7213.07	191.60	172.00	14662652	26898.89
May	16945	182.20	157.30	4269136	7467.58	182.35	157.05	15656422	27291.75
June	17701	205.20	177.50	7088628	13534.78	205.20	178.00	27557409	52769.97
July	17868	215.50	195.30	5465674	11230.39	215.60	195.50	19594156	40389.83
August	17971	216.90	194.60	2258765	4669.45	216.70	194.50	11902538	24553.79
September	20069	250.20	200.00	6122545	14063.17	250.00	200.10	25447401	58853.01
October	20032	257.50	228.30	4485602	10908.64	257.40	228.00	24787634	60341.30
November	19521	262.50	230.50	4332444	10753.42	262.40	230.15	13720123	34089.21
December	20509	259.90	212.95	4176010	9406.69	259.90	213.00	13080441	29739.95
2011									
January	18328	227.75	186.65	3768679	8005.26	227.50	186.70	11913572	25003.43
February	17823	194.00	155.00	3331333	5806.69	194.25	156.20	22609158	39436.14
March	19445	184.60	147.35	3720612	6118.56	184.75	147.00	25329253	41941.23

The performance of the Company's scrip (Equity Shares of ₹ 1 each) on the BSE as compared to the BSE sensex:



- **Distribution of shareholding as on 31st March, 2011**

No. of equity shares held	No. of shareholders	No. of Shares held	% of Issued Share Capital
Upto 5000	91157	38016006	11.49
5001 to 10000	1073	7646729	2.31
10001 to 20000	461	6616027	2.00
20001 to 30000	134	3329929	1.01
30001 to 40000	72	2544707	0.77
40001 to 50000	51	2359430	0.71
50001 to 100000	91	6694820	2.02
100001 and above	181	263677092	79.69
Total	**93220**	**330884740**	**100.00**
Physical Mode	**19323**	**14557378**	**4.40**
Electronic Mode	**73897**	**316327362**	**95.60**

- **Shareholding Pattern as on 31st March, 2011**

Category	No. of Shares held	% of Issued Share Capital
Tata Group of Companies	101281474	30.61
Insurance Companies (Government)	46137407	13.94
Insurance Companies (Others)	20572581	6.22
Mutual Funds and UTI	33728106	10.19
FIIs	56643359	17.12
Bodies Corporate	8072961	2.44
NRIs	2601732	0.79
Banks	1287404	0.39
Foreign Companies	89850	0.03
Public	60469866	18.27
Total	**330884740**	**100.00**

- **Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2011**

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	88131780	26.64
Life Insurance Corporation of India	33778629	10.21
ICICI Prudential Life Insurance Co. Ltd.	15443393	4.67
Tata Investment Corporation Ltd.	9462330	2.86
PCA India Equity Open Ltd.	5362770	1.62
Blackrock India Equities Funds (Mauritius) Ltd.	5337250	1.61
General Insurance Corporation of India	4803100	1.45
Government Pension Fund Global	4444366	1.34
UTI-Infrastructure Fund	4400000	1.33
The New India Assurance Company Ltd.	3918732	1.18
Allianz RCM Brics Stars Fund	3640000	1.10

- **Registrar & Transfer Agent**

TSR Darashaw Limited
Unit : Voltas Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
Tel : 66568484
Fax : 66568494
e-mail : csg-unit@tsrdarashaw.com

- **Share Transfer System**

The transfers are processed and approved by the Share Transfer Committee on a fortnightly basis.

- **Dematerialisation of shares and liquidity**

95.60% of the share capital has been dematerialized as on 31st March, 2011.

- **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 No.1-5, Sector 8, I.I.E. Pantnagar Industrial Area,
Dist. Udham Singh Nagar, Rudrapur, Uttarakhand 263 145.

- **Addresses for correspondence**

All correspondence relating to shares should be addressed to TSR Darashaw Limited, the Company's Registrar & Transfer Agent at the address mentioned aforesaid.
Shareholders holding shares in electronic mode should address 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
27th August, 2004	2003-04	1st October, 2011
29th August, 2005	2004-05	3rd October, 2012
7th August, 2006	2005-06	7th September, 2013
6th August, 2007	2006-07	10th September, 2014
28th July, 2008	2007-08	28th August, 2015
10th August, 2009	2008-09	10th September, 2016
17th August, 2010	2009-10	15th September, 2017

- **Remittance of Dividend through NECS**

Members holding shares in physical form, desirous of receiving dividend by direct electronic deposit through National Electronic Clearing Service (NECS) Scheme of Reserve Bank of India to their bank accounts may authorize the Company with their NECS mandate. For details, kindly write to the Company's Registrar & Transfer Agent – TSR Darashaw Limited.

- **Bank details for Electronic Shareholding**

While opening Accounts with Depository Participants (DPs), you may have given your Bank Account details, which were used by the Company for ECS/printing on dividend warrants for remittance of dividend. However, pursuant to RBI notification, remittance of dividend through ECS has been replaced by NECS. NECS operates on the new and unique bank account number allotted by banks, post implementation of Core Banking Solutions (CBS). In order to facilitate the Company remit the dividend amount through NECS, please furnish your new bank account number allotted to you by your bank after implementation of CBS to your Depository Participants (DP), along with photocopy of cheque pertaining to your bank account.

- **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 Registrar & Transfer Agent – TSR Darashaw Limited to incorporate the same on the dividend warrants.

- **Dematerialisation of Shares**

Shares held in demat form helps the investors/shareholders to get immediate transfer of shares. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries, loss of certificates in transit, get eliminated. Shareholders presently holding shares in physical form should convert their physical holding into demat holding.

- **Nomination facility**

Shareholders should register their nominations in case of physical shares with the Company's Registrar & Transfer Agent – TSR Darashaw Limited. In case of dematerialized shares, nomination should be registered by the shareholders with their DP. Nomination would help the nominees to get the shares transmitted in their favour in a smooth manner without much documentation/legal requirements.

- **Receipt of Balance Sheet/other documents through Electronic mode**

The Ministry of Corporate Affairs has recently taken a 'Green Initiative' in the Corporate Governance by allowing service of documents to shareholders, including the Notice for Annual General Meeting, Balance Sheet, Profit and Loss Account, etc. through electronic mail. Accordingly, the Company henceforth propose to send such documents to the e-mail address provided by shareholders to the Depositories or to the Company or the Registrar & Transfer Agent – TSR Darashaw Limited.

- **Exchange of new Share Certificates on sub-division of shares**

The Company had in September 2006 sub-divided its Equity Shares of ₹ 10 each into Equity Shares of ₹ 1 each. Upon sub-division, shares of ₹ 10 each stand cancelled and are not tradable in the market. Shareholders who have still not surrendered the share certificates of ₹ 10 each for exchange of new share certificates of ₹ 1 each should approach the Company's Registrar & Transfer Agent – TSR Darashaw Limited for the same.

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, 2011 affirmed compliance of their respective Code of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Mumbai,
19th May, 2011

Sanjay Johri
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, 2011 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 compliance of the conditions of 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
(Registration No. 117366W)

Nalin M. Shah
Partner
Membership No. 15860

Mumbai,
19th May, 2011

AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of **VOLTAS LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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. Those 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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:

    (a) 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;

    (b) 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;

    (c) 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;

    (d) 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 in Section 211(3C) of the Companies Act, 1956;

    (e) 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:

        (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

        (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

        (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Nalin M. Shah
Partner
Membership No.15860

Mumbai,
19th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (x), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (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 the fixed assets.

(b) 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 explanations 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 explanations 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 loan, secured or unsecured, to/from companies, firms or the 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 is an adequate internal control system 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 needed 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 ₹ 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 quotations are not available and in respect of which we are unable to comment.

(vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 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 with the appropriate authorities.

(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, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax and Excise Duty which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Income Tax	High Court	1973-75	1.32
The Central Excise Act, 1944	Excise Duty	Supreme Court	1993-96	45.74
		High Court	1986-87	7.95
		Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1983- 86	0.27
		Commissioners/ Adjudicating Authority	1975,1982,1984, 1985-91, 1992-95, 1997-2008	1862.19
Finance Act, 1994 and Service Tax Laws	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1998 - 2008	849.94
		Commissioner of Central Excise (Appeals)	2003-08	1511.43
		Commissioners/ Adjudicating Authority	1998-99, 2001-10	587.89
Central Sales Tax Act and Value Added Tax Act of various States	CST, VAT, GST and Entry Tax (including penalty and interest)	Supreme Court	1993-94, 1996-2001	543.71
		High Courts	1988-91, 1992-94, 1995-96, 1997-98, 1999-2000, 2002-05, 2007-10	2465.90
		Appellate Tribunals	1986-88, 1989-90, 1991-93, 1994-98, 1999-2005, 2006-08	847.45
		Commissioner (Appeals)	1989-2009	3061.50
		Deputy Commissioner (Appeals)	1989-92, 2003-07	252.27
		Assessing Authority	1985-89, 1990-2008	125.61

(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 and financial institutions 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 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.

(xiv) 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
(Registration No. 117366W)

Nalin M. Shah
Partner
Membership No. 15860

Mumbai,
19th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		Schedule	₹ in Lakhs	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
1.	SHARE CAPITAL	A		**3307.43**	3307.37
2.	RESERVES AND SURPLUS	B		**123866.48**	96215.15
3.	TOTAL			**127173.91**	99522.52
LOAN FUNDS					
4.	SECURED LOANS	C		**9390.55**	1908.06
		TOTAL		**136564.46**	101430.58
APPLICATION OF FUNDS					
5.	FIXED ASSETS				
	GROSS BLOCK	D	**34580.81**		30638.51
	LESS : DEPRECIATION / AMORTISATION		**15120.68**		13931.37
	NET BLOCK		**19460.13**		16707.14
	CAPITAL WORK-IN-PROGRESS		**318.42**		761.12
				19778.55	17468.26
6.	INVESTMENTS	E		**38622.89**	33996.66
7.	DEFERRED TAX ASSET (NET) (See Note 10, Schedule 'Q')			**1696.36**	1903.47
8.	CURRENT ASSETS, LOANS AND ADVANCES				
	1. Inventories	F	**75571.18**		60857.33
	2. Sundry Debtors	G	**100230.94**		84728.00
	3. Cash and Bank Balances	H	**42902.97**		40285.69
	4. Other Current Assets	I	**74912.44**		45364.78
	5. Loans and Advances	J	**26009.54**		23620.73
			319627.07		254856.53
9.	LESS : CURRENT LIABILITIES AND PROVISIONS				
	(A) Current Liabilities	K	**214071.74**		182228.30
	(B) Provisions	K	**29088.67**		24566.04
			243160.41		206794.34
10.	NET CURRENT ASSETS			**76466.66**	48062.19
		TOTAL		**136564.46**	101430.58

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

For and on behalf of the Board

Chairman **Ishaat Hussain**
Managing Director **Sanjay Johri**
Directors **Nasser Munjee**
Ravi Kant
N. D. Khurody
N. N. Tata
S. N. Menon
Nani Javeri
R. N. Mukhija
Executive Vice President (Finance) **M. M. Miyajiwala**

General Manager - Taxation
& Company Secretary **V. P. Malhotra**
Mumbai, 19th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Schedule	₹ in Lakhs	₹ in Lakhs	Year ended 31st March, 2010 ₹ in Lakhs
1.	SALES AND SERVICES (See Note 11 and 28, Schedule 'Q')		**516936.42**		451665.89
	Less : EXCISE DUTY		**3449.14**		2328.42
	NET SALES AND SERVICES			**513487.28**	449337.47
2.	OTHER INCOME	L		**8178.43**	7519.87
3.	COST OF SALES, SERVICES AND EXPENSES	M		**470925.90**	409597.84
4.	PROFIT BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			**50739.81**	47259.50
5.	INTEREST	N		**1308.11**	695.69
6.	DEPRECIATION / AMORTISATION ON FIXED ASSETS			**1645.46**	1639.25
7.	PROFIT BEFORE EXCEPTIONAL ITEMS			**47786.24**	44924.56
8.	EXCEPTIONAL ITEMS	O		**4480.09**	3639.39
9.	PROFIT BEFORE TAXATION			**52266.33**	48563.95
10.	PROVISION FOR TAXATION				
	– Provision for Current Tax [Including Foreign Income Tax ₹ 284.61 Lakhs (2009-10: ₹ 879.66 Lakhs)]		**16900.31**		15493.19
	– Provision for Taxation of Earlier Years Written Back [Including Foreign Income Tax ₹ 219.70 Lakhs (2009-10: ₹ Nil)]		**(234.42)**		(1640.21)
	– Provision for Deferred Tax		**207.11**		255.11
	– Provision for Wealth Tax (net of excess provision)		**40.00**		33.91
				16913.00	14142.00
11.	PROFIT AFTER TAXATION			**35353.33**	34421.95
12.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			**8205.54**	6225.40
13.	AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			**NIL**	275.00
14.	PROFIT AVAILABLE FOR APPROPRIATIONS			**43558.87**	40922.35
15.	APPROPRIATIONS :				
	(a) GENERAL RESERVE		**27000.00**		25000.00
	(b) PROPOSED DIVIDEND		**6617.69**		6617.69
	(c) TAX ON DIVIDEND		**1073.56**		1099.12
				34691.25	32716.81
16.	BALANCE CARRIED FORWARD			**8867.62**	8205.54
	Basic and diluted earnings per share of ₹ 1 each (including Exceptional items) (in ₹) (See Note 13, Schedule 'Q')			**10.68**	10.40

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

For and on behalf of the Board

Chairman **Ishaat Hussain**
Managing Director **Sanjay Johri**
Directors **Nasser Munjee**
Ravi Kant
N. D. Khurody
N. N. Tata
S. N. Menon
Nani Javeri
R. N. Mukhija

Executive Vice President (Finance) **M. M. Miyajiwala**

General Manager - Taxation & Company Secretary **V. P. Malhotra**
Mumbai, 19th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	₹ in Lakhs	₹ in Lakhs	2009-10 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		**52266.33**	48563.95
Add - Adjustments for :			
Depreciation / Amortisation	**1645.46**		1639.25
Provision for doubtful debt and advances	**207.01**		1306.04
Unrealised exchange (gain) / loss	**112.89**		(257.33)
Provision for Contingencies	**NIL**		(1016.53)
Exchange difference on translation of foreign currency cash and cash equivalents	**90.89**		54.56
(Profit) on Sale/Retirement of Fixed Assets (Net)	**(4096.41)**		(2830.43)
Sale of Non Trade Current Investments (Net)	**(43.77)**		(2.62)
Interest Paid	**1308.11**		695.69
Interest Received	**(1118.38)**		(1084.62)
Income from Investments	**(1920.61)**		(1122.81)
Provision for Employee Benefits	**1056.00**		191.90
Provision for Trade Guarantees	**4417.77**		719.89
		1658.96	(1707.01)
Operating Profit before Working Capital changes		**53925.29**	46856.94
Less - Adjustments for:			
(Increase)/Decrease in Inventories and Other Current Assets	**(44161.07)**		(1031.83)
(Increase)/Decrease in Trade and Other Receivables	**(15718.88)**		(3595.29)
(Increase)/Decrease in Loans and Advances	**(1720.72)**		1709.09
(Decrease)/Increase in Advances from Customers	**12499.77**		6277.03
(Decrease)/Increase in Trade Payables	**19180.15**		(6011.31)
		(29920.75)	(2652.31)
Cash generated from operations		**24004.54**	44204.63
Less:			
Taxes paid		**17780.21**	15122.35
NET CASH FROM OPERATING ACTIVITIES		**6224.33**	29082.28

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

				2009-10
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	**(4196.51)**		(2011.91)
	Sale of Fixed Assets	**4337.17**		2974.89
	Surrender of Tenancy Rights	**NIL**		64.54
	Purchase of Investments	**(219282.43)**		(96075.48)
	Increase in Share Application Money	**NIL**		(1046.83)
	Investment in Subsidiaries	**(1996.61)**		(2355.67)
	Sale of Investments	**216696.58**		88017.14
	Interest Received	**1106.16**		1084.62
	Income from Investments	**1832.39**		1122.81
	Advances to Subsidiary companies	**(504.17)**		(2754.84)
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(2007.42)**	(10980.73)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Share Capital (Calls in Arrears)	**0.06**		0.03
	Securities Premium (Calls in Arrears)	**0.33**		0.11
	Increase/(Decrease) in other Borrowings	**7482.49**		(9936.20)
	Repayment of Long Term Borrowings	**NIL**		(1000.00)
	Interest Paid	**(1309.11)**		(698.52)
	Decrease in unpaid Deposits	**(4.38)**		(2.07)
	Dividend paid including dividend tax	**(7678.13)**		(6149.09)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(1508.74)**	(17785.74)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**2708.17**	315.81
	CASH AND CASH EQUIVALENTS AS AT 1-4-2010 (See Schedule 'H')		**40340.25**	40024.44
	CASH AND CASH EQUIVALENTS AS AT 31-3-2011 (See Schedule 'H')		**43048.42**	40340.25
	Cash and Cash Equivalents consist of:			
	Cash and Bank balances		**42902.97**	40285.69
	Add : Unrealised loss included in Cash and Cash Equivalents		**145.45**	54.56
			43048.42	40340.25

Note: Cash and Cash Equivalents include unclaimed dividend bank balance of ₹ 221.84 Lakhs (31-3-2010: ₹ 183.16 Lakhs).

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**Nasser Munjee**
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
Executive Vice President (Finance)	**M. M. Miyajiwala**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 19th May, 2011

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A' : SHARE CAPITAL

				As at 31-3-2010
			₹ in Lakhs	₹ in Lakhs
1.	AUTHORISED			
	60,00,00,000 Equity Shares of ₹ 1 each		**6000.00**	6000.00
	40,00,000 Redeemable Preference Shares of ₹100 each		**4000.00**	4000.00
		TOTAL	**10000.00**	10000.00
2.	ISSUED, SUBSCRIBED AND CALLED-UP (See Note 2, Schedule 'Q')			
	33,08,84,740 Equity Shares of ₹ 1 each		**3308.85**	3308.85
	Less: Calls in Arrears		**1.42**	1.48
		TOTAL	**3307.43**	3307.37

SCHEDULE 'B' : RESERVES AND SURPLUS

					As at 31-3-2010
			₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
1.	SECURITIES PREMIUM				
	As per last Balance Sheet		**626.71**		626.60
	Add: Calls in Arrears received during the year		**0.33**		0.11
				627.04	626.71
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		**87182.83**		62182.83
	Add:Transferred from Profit and Loss Account		**27000.00**		25000.00
				114182.83	87182.83
5.	STAFF WELFARE RESERVE				
	As per last Balance Sheet			**1.00**	1.00
6.	FOREIGN PROJECTS RESERVE				
	As per last Balance Sheet		**Nil**		275.00
	Less :Transferred to Profit and Loss Account		**Nil**		275.00
				Nil	Nil
7.	FOREIGN EXCHANGE TRANSLATION RESERVE				
	As per Last Balance Sheet		**(82.15)**		Nil
	Add: Created during the year		**(11.08)**		(82.15)
				(93.23)	(82.15)
8.	PROFIT AND LOSS ACCOUNT			**8867.62**	8205.54
		TOTAL		**123866.48**	96215.15

SCHEDULE 'C' : SECURED LOANS

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
LOANS FROM BANKS (See Note 3, Schedule 'Q')		**9390.55**	1908.06
	TOTAL	**9390.55**	1908.06

SCHEDULE 'D': FIXED ASSETS (At Cost Less Depreciation / Amortisation)

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 March 2010	Additions	Deductions	**As at 31 March 2011**	Up to 31 March 2010	For the Year	On Deductions	**Up to 31 March 2011**	**As at 31 March 2011**	As at 31 March 2010
				(1+2-3)				**(5+6-7)**	**(4-8)**	(1-5)
	(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**	(10)
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs
1. Freehold Land	629.13	Nil	Nil	**629.13**	Nil	Nil	Nil	**Nil**	**629.13**	629.13
2. Leasehold Land	312.73	Nil	Nil	**312.73**	12.31	3.42	Nil	**15.73**	**297.00**	300.42
3. Buildings *	8974.03	1946.17	220.12	**10700.08**	2391.19	234.15	83.61	**2541.73**	**8158.35**	6582.84
4. Plant & Machinery **	15062.46	1602.56	388.39	**16276.63**	7682.28	888.37	309.63	**8261.02**	**8015.61**	7380.18
5. Furniture & Fittings	1968.37	77.52	33.87	**2012.02**	1329.88	146.00	25.54	**1450.34**	**561.68**	638.49
6. Vehicles	591.90	220.80	54.53	**758.17**	189.20	58.40	37.37	**210.23**	**547.94**	402.70
7. Intangible Assets: Manufacturing Rights & Technical Know-how	1004.32	26.58	Nil	**1030.90**	1004.32	2.36	Nil	**1006.68**	**24.22**	Nil
8. Software	2095.57	765.58	Nil	**2861.15**	1322.19	312.76	Nil	**1634.95**	**1226.20**	773.38
	30638.51	4639.21	696.91	**34580.81**	13931.37	1645.46	456.15	**15120.68**	**19460.13**	16707.14
Previous Year	(29392.58)	(2215.93)	(970.00)	(30638.51)	(13053.12)	(1639.25)	(761.00)	(13931.37)	(16707.14)	
9. Capital Work-in-Progress [Including advances against Capital Expenditure ₹ 257.56 Lakhs (31-3-2010 : ₹ 649.35 Lakhs)]									**318.42**	761.12
									19778.55	17468.26

* Includes ₹ 0.43 Lakh (31-03-2010: ₹ 0.47 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

** Fixed Assets includes assets held for sale aggregating ₹ 382.06 Lakhs (31-03-2010: ₹ 382.06. Lakhs), valued at the lower of the estimated net realisable value and net book value.

SCHEDULE 'E' : INVESTMENTS (at Cost)

	No.	Currency / Face Value		**₹ in Lakhs**	As at 31-3-2010 ₹ in Lakhs
LONG TERM INVESTMENTS					
1. INVESTMENTS					
Fully paid Equity Shares of Subsidiary Companies :					
UNQUOTED:					
Auto Aircon (India) Ltd.	1,13,00,000	₹	10	**565.00**	565.00
Simto Investment Company Ltd.	14,62,087	₹	10	**204.14**	204.14
Agro Foods Punjab Ltd. (Beneficial rights transferred pending transfer of shares)	2,80,000	₹	100	**Nil**	Nil
Westerwork Engineers Ltd. (Under Liquidation)	9,600	₹	100	**109.29**	109.29
Metrovol FZE, Jebel Ali, UAE (Liquidated)				**Nil**	10.78
Weathermaker Ltd., UAE	4,08,441	US$	1	**307.20**	307.20
Voltas Netherlands B.V. (Formerly VIL Overseas Enterprises B.V)	13,635	EURO	45.38	**265.21**	265.21
Universal Comfort Products Ltd.	2,76,42,000	₹	10	**1694.91**	1694.91
Rohini Industrial Electricals Ltd. (2,98,211 shares purchased during the year)	15,27,571	₹	10	**10685.11**	8688.49
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia	15,860	SR	100	**17.90**	17.90
				13848.76	11862.92

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

		No.	Currency / Face Value		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
	Other fully paid Equity Shares					
	QUOTED:					
	Lakshmi Automatic Loom Works Ltd.	6,15,200	₹	10	**110.03**	110.03
	Tata Chemicals Ltd.	2,00,440	₹	10	**93.91**	93.91
	Lakshmi Machine Works Ltd.	6,00,000	₹	10	**600.48**	600.48
	Reliance Industries Ltd.	2,640	₹	10	**4.55**	4.55
	UNQUOTED:					
	Tata International Ltd.	5,000	₹	1000	**65.00**	65.00
	Lakshmi Ring Travellers (Coimbatore) Ltd.	1,20,000	₹	10	**3.00**	3.00
	Tata Services Ltd.	448	₹	1000	**4.48**	4.48
	Industrial Estates Private Ltd.	24	₹	1000	**0.23**	0.23
	Tata Industries Ltd.	13,05,720	₹	100	**2071.50**	874.59
	(4,35,240 shares subscribed during the year)					
	Tata Projects Ltd.	1,35,000	₹	100	**26.25**	26.25
	Premium Granites Ltd.	4,91,220	₹	10	**49.77**	49.77
	Agrotech Industries Ltd.	3,67,500	US$	1	**115.42**	115.42
	OMC Computers Ltd.	4,04,337	₹	10	**44.37**	44.37
	Terrot GmbH, Germany	1	Euro	24000	**140.43**	140.43
	Rujuvalika Investments Ltd.	1,83,333	₹	10	**30.00**	30.00
	Naba Diganta Water Management Ltd.	47,97,000	₹	10	**479.70**	479.70
	Lalbuksh Voltas Engineering Services and Trading, L.L.C., Muscat, Sultanate of Oman	30,000	RO	1	**8.14**	8.14
	Universal Weathermaker Factory L.L.C., Abu Dhabi	2,695	AED	1000	**298.09**	298.09
	Avco Marine S.a.S, France	1,910	Euro	10	**7.97**	7.97
	Other fully paid Preference Shares					
	Lakshmi Automatic Loom Works Limited 6% Cumulative Redeemable Preference Shares	5,50,000	₹	100	*	*
					4153.32	2956.41
2.	OTHER INVESTMENTS					
	Fully paid Equity Shares:					
	UNQUOTED:					
	Voltas Employees Consumers Co-operative Society Ltd.	750	₹	10	**0.08**	0.08
	Super Bazar Co-operative Stores Ltd.	500	₹	10	**0.05**	0.05
	Saraswat Co-operative Bank Ltd.	10	₹	10	**	**
	Brihat Trading Private Ltd.	2	₹	10	***	***
					0.13	0.13
	TOTAL LONG TERM INVESTMENTS				**18002.21**	14819.46
	CURRENT INVESTMENTS					
	Units of Mutual Funds:					
	UNQUOTED:					
	LICMF Saving Plus Fund - Daily Dividend Plan (4,65,03,667 units sold during the year)				**Nil**	4650.36
	Birla Sun Life Short Term Fund - Institutional Daily Dividend (4,49,83,860 units sold during the year)				**Nil**	4500.86

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

	No.	Currency / Face Value		₹ **in Lakhs**	As at 31-3-2010 ₹ in Lakhs
Birla Sun Life Cash Manager - IP - Daily Dividend Reinvestment (1,50,00,855 units purchased during the year)	1,50,00,855	₹	10	**1500.54**	Nil
Tata Floater Fund - Daily Dividend (1,53,97,527 units purchased during the year)	1,53,97,527	₹	10	**1545.23**	Nil
ICICI Prudential Ultra Short Term Plan Super Premium - Daily Dividend (1,99,61,143 units sold during the year)				**Nil**	2000.31
ICICI Prudential Blended Plan B-IP-Dividend Option II (4,52,37,799 units purchased during the year)	4,52,37,799	₹	10	**4527.17**	Nil
DWS Cash Opportunities Cash Fund Institutional - Daily Dividend Reinvest (4,51,70,227 units sold during the year)				**Nil**	4528.00
DWS Money Plus Fund Institutional - Daily Dividend Plan (3,47,94,308 units purchased during the year)	3,47,94,308	₹	10	**3506.92**	Nil
Reliance Money Manager Fund - IP - Daily Dividend Reinvestment (1,49,795 units purchased during the year)	1,49,795	₹	10	**1500.00**	Nil
JM Money Manager Fund - Reg - Daily Dividend (4,70,04,673 units purchased during the year)	4,70,04,673	₹	10	**4705.73**	Nil
Kotak Flexi Debt Scheme Institutional - Daily Dividend (4,63,70,240 units sold during the year)				**Nil**	4659.05
IDFC Fixed Maturity Monthly Series -30 - Dividend (4,50,00,000 units purchased during the year)	4,50,00,000	₹	10	**4500.00**	Nil
Government Securities - UNQUOTED				**0.05**	0.05
Equity Shares - QUOTED					
Hindustan Unilever Ltd. (14,475 shares sold during the year)				**Nil**	3.53
TOTAL CURRENT INVESTMENTS				**21785.64**	20342.16
TOTAL INVESTMENTS				**39787.85**	35161.62
Less : PROVISION FOR DIMINUTION IN VALUE				**1164.96**	1164.96
TOTAL				**38622.89**	33996.66
Quoted : Cost				**808.97**	812.50
: Market Value				**14075.89**	11560.19
Unquoted : Cost				**38978.88**	34349.12

* Cost ₹ 1

** Cost ₹ 100

*** Cost ₹ 20

Abbreviations for Currencies :

₹	: 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	2009-10
Birla Sun Life Cash Manager - IP - Daily Dividend Reinvestment	**4,52,42,626**	—
Birla Sun Life Cash Plus Institutional Premium - Daily Dividend Reinvestment	**12,06,05,185**	7,48,73,239
Birla Sun Life Floating Rate Fund - LTP - IP - Weekly Dividend	**4,55,36,131**	—
Birla Sun Life Savings Fund Institutional - Daily Dividend Reinvestment	—	1,00,17,726
Birla Sun Life Short Term Fund - Institutional - Daily Dividend	—	1,00,04,210
Birla Sun Life Ultra Short Term Fund - Institutional Plan - Daily Dividend	**3,45,416**	—
DWS Insta Cash Plus Fund- Super IP - Daily Dividend Reinvestment	**1,49,56,782**	—
DWS Cash Opportunities Cash Fund Institutional - Daily Dividend Reinvest	**7,41,725**	—
DWS Insta Cash Fund Super Institutional Plan - Daily Dividend	**4,58,99,531**	6,48,20,626
DWS Treasury Fund Cash-IP - Daily Dividend	**4,49,09,100**	—
DWS Treasury Fund Investment - IP - Daily Dividend	**4,55,38,891**	—
DWS Treasury Fund Investment - IP - Monthly Dividend	**4,54,08,187**	—
DWS Ultra Short Term Fund - Institutional - Daily Dividend	—	1,99,82,875
HDFC Cash Management Fund - Savings Plan - Daily Dividend	**47,01,236**	—
HDFC Floating Rate Income Fund - Short Term Plan -Wholesale Option - Dividend Reinvestment	**1,99,46,816**	1,00,83,665
HDFC Liquid Fund Premium Plan	**1,22,36,806**	81,57,738
HSBC Cash Fund Institutional Plus - Daily Dividend	**4,49,79,977**	—
HSBC Ultra Short Term Bond Fund - IP Plus - Daily Dividend	**4,45,16,655**	—
ICICI Prudential Liquid - Super Institutional Plan - Daily Dividend	**24,99,729**	4,80,27,436
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	**—**	3,31,79,066
ICICI Prudential Floating Rate Plan D - Daily Dividend	**25,20,024**	—
ICICI Prudential Interval Fund V Monthly Interval Fund	**4,56,95,322**	—
ICICI Prudential Ultra Short Term Plan Premium Plus - Daily Dividend	—	1,00,04,020
ICICI Prudential Ultra Short Term Plan Super Premium - Daily Dividend	**2,54,58,113**	—
IDFC Cash Fund - Plan C - Super IP - Daily Dividend	**7,02,45,510**	—
IDFC Money Manager Fund - Treasury Plan Super Institutional Plan C - Daily Dividend	**1,51,61,421**	—
IDFC Savings Advantage Fund - Daily Dividend	**2,01,549**	—
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	**4,49,61,859**	6,51,12,914
JM Money Manager Fund - Reg - Daily Dividend	**4,62,62,375**	—
JM Money Manager Fund - Super Institutional Plan - Daily Dividend	**4,65,85,001**	—
JM Money Manager Fund Super Plus Plan - Daily Dividend	**4,58,80,210**	5,53,80,891
JP Morgan India Liquid Fund - Super IP - Daily Dividend -Reinvest	**5,49,64,274**	—
JP Morgan India Treasury Fund - Super IP - Daily Dividend-Reinvest	**6,53,05,159**	—
Kotak Flexi Debt Scheme Institutional - Daily Dividend	**2,04,07,448**	1,99,05,449
Kotak Floater Short Term - Daily Dividend	**49,43,318**	—
Kotak Floater Long Term - Daily Dividend	**1,98,62,163**	—
Kotak Liquid (Institutional Premium) - Daily Dividend	—	6,95,26,439
L&T Freedom Income - STP Institutional - Daily Dividend	**9,92,62,115**	—
L&T Liquid Fund -IP - Daily Dividend Reinvest	**5,43,73,548**	—
LICMF Liquid Fund -Dividend Plan	—	4,09,87,758
LICMF Income Plus Fund - Daily Dividend Plan	**4,71,06,198**	—
LICMF Saving Plus Fund - Daily Dividend Plan	**2,23,420**	4,11,81,931
Reliance FRF - ST - Daily Dividend	**3,00,35,902**	—
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	**7,02,90,833**	4,49,90,532
Reliance Money Manager Fund - IP - Daily Dividend Reinvestment	**2,50,728**	—
Reliance Money Manager Fund Institutional Option - Daily Dividend Plan	**1,51,097**	4,61,379
Religare Liquid Fund - Super IP - Daily Dividend	**4,99,66,399**	—
Religare Ultra Short Term Fund - Institutional - Daily Dividend	**5,00,66,524**	—
Sundaram BNP Paribas Flexible Fund STIP - Daily Dividend	**4,50,29,634**	—
Sundaram BNP Paribas Money Fund - Super IP - Daily Dividend	**4,45,79,275**	—
Tata Fixed Income Portfolio Fund - Series A3 - IP - Monthly Dividend	**1,01,00,207**	—
Tata Floater Fund - Daily Dividend	**2,49,11,316**	—
Tata Liquid Super High Investment Fund - Daily Dividend	**89,788**	1,79,468
Tata Treasury Manager SHIP - Daily Dividend	—	49,540
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	**8,49,605**	1,49,922
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	**6,52,69,007**	1,60,74,022
TFLD Tata Floater Fund - Daily Dividend	—	1,49,54,913
UTI Fixed Income Interval Fund - Monthly Plan II - IP - Dividend	**4,60,52,259**	—
UTI Liquid Fund - Cash Plan - IP - Daily Dividend	**4,41,510**	—
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	—	1,178
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	**2,50,616**	—

SCHEDULE 'F' : INVENTORIES

				As at 31-3-2010
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
1.	STORES		**23.06**	20.85
2.	STOCK-IN-TRADE :			
	(a) Raw Materials and Components	**9147.05**		7133.90
	(b) Work-in-Progress	**24983.43**		20526.36
	(c) Finished Goods	**41417.64**		33176.22
			75548.12	60836.48
	TOTAL		**75571.18**	60857.33

SCHEDULE 'G' : SUNDRY DEBTORS

				As at 31-3-2010
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
1.	SALES ON DEFERRED TERMS OF PAYMENT			
	(i) Over six months old	**25.04**		42.93
	(ii) Others	**Nil**		Nil
			25.04	42.93
2.	OTHER SALES			
	(i) Over six months old	**35195.98**		36532.65
	(ii) Others	**69080.55**		51989.78
			104276.53	88522.43
			104301.57*	88565.36*
3.	Less: PROVISION FOR DOUBTFUL DEBTS		**4070.63**	3837.36
	TOTAL		**100230.94**	84728.00
	* Of the above debts			
	(a) Fully secured, considered good		**124.84**	479.41
	(b) Unsecured, considered good		**100106.10**	84248.59
	(c) Considered doubtful		**4070.63**	3837.36
	TOTAL		**104301.57**	88565.36

SCHEDULE 'H' : CASH AND BANK BALANCES

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	CASH IN HAND		**114.38**	144.29
2.	CHEQUES ON HAND		**5637.12**	4104.59
3.	BANK BALANCES WITH SCHEDULED BANKS (See Note 6, Schedule 'Q')		**18703.98**	5283.05
4.	BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 7, Schedule 'Q')		**18447.49**	30753.76
		TOTAL	**42902.97**	40285.69

SCHEDULE 'I' : OTHER CURRENT ASSETS

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	CONTRACT REVENUE IN EXCESS OF BILLING (See Note 5, Schedule 'Q')		**74764.77**	45317.55
2.	DIVIDEND RECEIVABLE FROM A SUBSIDIARY		**88.22**	Nil
3.	ACCRUED INTEREST [includes recoverable from subsidiaries: ₹ 36.99 Lakhs (31-3-2010: ₹ Nil)]		**59.45**	47.23
		TOTAL	**74912.44**	45364.78

SCHEDULE 'J' : LOANS AND ADVANCES

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	SUBSIDIARY COMPANIES (See Note 8, Schedule 'Q')		**4587.62**	4083.45
2.	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		**17446.78**	16188.64
3.	ADVANCE PAYMENT OF TAXES (NET)		**342.16**	193.42
4.	LOANS TO EMPLOYEES		**231.72**	232.25
5.	ADVANCE SHARE APPLICATION MONEY (to Subsidiary)		**2301.70**	2312.78
6.	DEPOSITS WITH CUSTOMERS / OTHERS		**2257.62**	2079.12
7.	BALANCE WITH CUSTOMS, PORT TRUST, ETC.		**426.70**	142.09
			27594.30*	25231.75*
8.	Less: PROVISION FOR DOUBTFUL ADVANCES		**1584.76**	1611.02
		TOTAL	**26009.54**	23620.73
	* Of the above advances			
	(a) Fully Secured, considered good		**Nil**	163.59
	(b) Unsecured, considered good		**26009.54**	23457.14
	(c) Considered doubtful		**1584.76**	1611.02
		TOTAL	**27594.30**	25231.75
	1. Due by Officers		**Nil**	Nil
	2. Maximum due by Officers at any time during the year		**Nil**	2.82
	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 'K' : CURRENT LIABILITIES AND PROVISIONS

		₹ in Lakhs	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(A)	CURRENT LIABILITIES			
	1. ACCEPTANCES		**11531.56**	7378.76
	2. SUNDRY CREDITORS			
	(a) Due to Micro and Small Enterprises (See Note 9, Schedule 'Q')	**514.70**		321.33
	(b) Others [including subsidiaries: ₹ 612.23 Lakhs (31-3-2010: ₹ 340.70 Lakhs)]	**121284.72**		98229.53
			121799.42	98550.86
	3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED			
	(a) From Customers / Others	**60288.92**		48196.51
	(b) Against Unexpired Service Contracts	**2659.76**		2252.40
	(c) Billing in excess of Contract Revenue	**11544.10**		20216.62
			74492.78	70665.53
	4. OTHER LIABILITIES		**6022.13**	5440.60
	5. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * :			
	(a) Unpaid Dividend		**221.84**	183.16
	(b) Unpaid Matured Deposits		**2.92**	7.30
	(c) Interest accrued and due on (b) above		**1.09**	2.09
	TOTAL (A)		**214071.74**	182228.30
(B)	PROVISIONS			
	6. PROVISION FOR TAXATION (NET)		**2991.77**	3917.35
	7. PROPOSED DIVIDEND		**6617.69**	6617.69
	8. PROVISION FOR DIVIDEND TAX		**1073.56**	1099.12
	9. PROVISION FOR TRADE GUARANTEES (See Note 9, Schedule 'Q')		**9683.30**	5265.53
	10. PROVISION FOR EMPLOYEE BENEFITS		**7597.35**	6541.35
	11. PROVISION FOR CONTINGENCIES (See Note 9, Schedule 'Q')		**1125.00**	1125.00
	TOTAL (B)		**29088.67**	24566.04
	TOTAL (A) + (B)		**243160.41**	206794.34

* These figures reflect the position as at 31st March. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates. No amount was due for transfer as at 31st March.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'L' : OTHER INCOME

		₹ in Lakhs	₹ in Lakhs	Year ended 31st March, 2010 ₹ in Lakhs
1.	Income from Investments			
	(a) Dividend from Subsidiary companies (Long Term)	**88.22**		169.80
	(b) Trade Investments (Long Term)	**292.92**		272.29
	(c) Other Investments (Long Term)	**Nil**		0.41
	(d) Other Investments (Current)	**1125.44**		680.31
			1506.58	1122.81
2.	Miscellaneous Income		**2016.39**	1793.68
3.	Provision for Contingencies written back		**Nil**	232.94
4.	Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net)		**43.77**	2.62
5.	Rent Received [Tax deducted at source: ₹ 314.28 Lakhs (2009-10: ₹ 485.20 Lakhs)]		**3493.31**	3283.20
6.	Interest Received [Tax deducted at source ₹ 45.10 Lakhs (2009-10: ₹ 27.38 Lakhs)]			
	(a) in respect of sales on deferred payment terms and other accounts	**465.64**		186.91
	(b) On fixed deposits with Banks	**583.63**		784.18
	(c) On Income tax refunds	**69.11**		113.53
			1118.38	1084.62
	TOTAL		**8178.43**	7519.87

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

				Year ended 31st March, 2010
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1.	Stock-in-Trade per 1-4-2010		**60836.48**	54479.45
2.	Purchases and cost of jobs, manufacture and services		**387473.66**	323416.20
3.	Stock-in-Trade per 31-3-2011		**75548.12**	60836.48
4.	**Cost of Sales and Services (1 + 2 - 3)**		**372762.02**	317059.17
5.	Staff Expenses			
	(a) Salaries,Wages and Bonus	**46375.45**		44814.71
	(b) Company's contribution to Provident Funds and other Funds	**1366.30**		1576.04
	(c) Provision for Retirement Benefits	**1530.53**		1601.13
	(d) Welfare Expenses	**2178.08**		1639.36
			51450.36	49631.24
6.	Forwarding Charges (Net) (See Note 12, Schedule 'Q')		**3067.36**	1983.26
7.	Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		**3141.47**	6642.91
8.	Advertising (Net)		**2448.99**	2766.62
9.	Rent paid		**4509.14**	4371.43
10.	Rates and Taxes		**176.08**	170.55
11.	Insurance		**642.00**	344.84
12.	Stores Consumed		**467.59**	462.52
13.	Power		**355.51**	241.13
14.	Repairs to Buildings		**198.32**	163.87
15.	Repairs to Plant and Machinery		**531.10**	526.20
16.	Travelling and Conveyance		**6094.02**	5346.51
17.	Stationery, Postage, Fax and Telephone		**1896.70**	1775.29
18.	Auditors' Remuneration (See Note 19, Schedule 'Q')		**189.74**	146.89
19.	Audit fees payable to Branch Auditors (See Note 19, Schedule 'Q')		**0.25**	35.92
20.	Audit fees payable to Cost Auditors		**0.47**	0.43
21.	Legal and Professional charges		**2743.89**	2042.13
22.	Other expenses (See Note 12, Schedule 'Q')		**17053.24**	14140.28
23.	Bad and Doubtful Debts / Advances		**2311.57**	1483.84
24.	Donations		**7.55**	33.80
25.	Loss on Sale of Fixed Assets (Net) [including Capital Surplus of ₹ Nil (2009-10 : ₹ 8.62 Lakhs)]		**72.52**	50.29
26.	Loss on Foreign Exchange (Net)		**806.01**	178.72
	TOTAL		**470925.90**	409597.84

SCHEDULE 'N' : INTEREST

			Year ended 31st March, 2010
		₹ in Lakhs	₹ in Lakhs
1.	Interest Paid		
	(a) On fixed loans	**NIL**	48.96
	(b) On other accounts	**1308.11**	646.73
	TOTAL	**1308.11**	695.69

SCHEDULE 'O' : EXCEPTIONAL ITEMS

			Year ended 31st March, 2010
		₹ in Lakhs	₹ in Lakhs
1.	Profit on Sale of Properties / Surrender of Tenancy Rights (Net) [Including Capital Surplus ₹ 4111.40 Lakhs (2009-10: ₹ 2772.99 Lakhs)]	**4168.93**	2880.72
2.	Net Surplus on Liquidation of a Subsidiary	**414.03**	Nil
3.	Reversal of Provision for Contingencies	**Nil**	783.59
		4582.96	3664.31
	Less :		
4.	Cost of Voluntary Retirement Scheme / Early Separation Scheme	**102.87**	24.92
	TOTAL	**4480.09**	3639.39

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

		₹ in Lakhs	₹ in Lakhs	Year ended 31st March, 2010 ₹ in Lakhs
1.	Profit before Taxation as per Profit and Loss Account		**52266.33**	48563.95
2.	Add:			
(a)	Managerial Remuneration, including benefits in cash or in kind (See Notes below)	**416.70**		404.55
(b)	Provision for Diminution in value of Investment	**Nil**		Nil
(c)	Directors' Sitting fees	**16.10**		16.10
			432.80	420.65
			52699.13	48984.60
3.	Less:			
(a)	Capital Surplus on Sale / Retirement of Fixed Assets	**Nil**		8.62
(b)	Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net) / Net Surplus on Liquidation of a Subsidiary	**457.80**		2.62
(c)	Wealth Tax	**40.00**		33.91
(d)	Profit on Sale of property /Assignment of Balance Leasehold Rights/Surrender of Tenancy Rights	**4168.93**		2880.72
			4666.73	2925.87
	Net profit for Directors' Commission referred to below:		**48032.40**	46058.73
	Commission to Directors (other than Wholetime Directors) at 1% of the Net profits : ₹ 480.32 Lakhs, restricted to		**160.00**	160.00
	Commission to Wholetime Directors		**110.00**	150.00
	Notes :			
(a)	The above excludes retirement benefits paid to former Wholetime Directors / Managing Directors		**204.36**	79.37
(b)	The above also excludes pension amount determinted based on actuarial valuation for former Wholetime Directors / Managing Directors		**595.73**	213.39

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

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 period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Future results could differ from 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. Commission earned on consignment sales is accounted for as part of sales and services.

(b) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of contract. Service revenue is recognised on rendering of services.

(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. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet.

(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 the total estimated cost for 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 billings over cost is deferred and accounted for as "Unexpired Service Revenue".

(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 of the Joint Ventures 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, commencing from the date the land is put to use for commercial operations.

(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 the goods are sold or the construction contract is completed.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

(vi) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation / impairment.

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.

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 events 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 their 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 net 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.

(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. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(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 spot rate of the date of acquisition and current assets and liabilities are translated at the rates of exchange prevailing on the date of the Balance Sheet. Depreciation is translated at the average rate.

(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.

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

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

(xv) OPERATING LEASE

Operating lease expenses / income are recognised in the Profit and Loss Account on Straight Line Basis, representative of the time pattern of the user's benefit.

(xvi) EMPLOYEE BENEFITS

(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 credit 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. Actuarial gains and losses based on valuation done by the independent actuary carried out annually are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of the 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) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit and where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

(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 ₹ 1 each allotted as fully paid bonus shares by capitalising ₹ 80.82 Lakhs out of the Securities Premium Account, ₹ 100 Lakhs from Capital Reserve and ₹ 795.79 Lakhs out of General Reserve.

(b) 1,77,29,040 shares of ₹ 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 ₹ 1 each allotted to the holders of Convertible Part `A' of ₹ 60 of the 14% Secured Redeemable Partly Convertible Debentures 1992-99 on compulsory conversion thereof into equity shares.

3. SECURED LOANS - FROM BANKS

Nature of Security	**₹ in Lakhs**	As at 31-3-2010 ₹ in Lakhs
Cash Credit from Banks	**9390.55**	1908.06
(Secured against assignment of Stocks, Book debts, contract dues and lien on Term Deposits)		
	9390.55	1908.06

4. INVESTMENTS

(a) Under a loan agreement for ₹ 60 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Limited (AFPL) and the Punjab State Industrial Development Corporation Limited (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 2,640 equity shares of Reliance Industries Limited, 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.

5. INVENTORIES - WORK-IN-PROGRESS

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

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**625144.21**	593388.31
(b)	Advances received for such contracts in progress	**50411.30**	44711.67
(c)	The amount of retentions due for such contracts	**19023.58**	20786.89
(d)	The gross amount due from customers for such contracts	**74764.77**	45317.55
(e)	The gross amount due to customers for such contracts	**11544.10**	20216.62

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	On Current Accounts	**17203.94**	4237.61
(b)	On Fixed Deposit Accounts	**1500.04**	1045.44
		18703.98	5283.05

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

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	ON CURRENT ACCOUNTS			
	(i)	Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 9144.20 Lakhs (2009-10 : ₹8733.60 Lakhs)]	**809.81**	657.51
	(ii)	Emirates NBD Bank PJSC, Dubai, U.A.E. [Maximum balance during the year : ₹ 2422.81 (2009-10 : ₹ 7154.84 Lakhs)]	**899.89**	1061.90
	(iii)	HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 5638.26 Lakhs (2009-10 : ₹ 3695.52 Lakhs)]	**874.11**	1968.31
	(iv)	HSBC Bank Middle East, Qatar [Maximum balance during the year : ₹ 3635.67 Lakhs (2009-10 : ₹ 3663.55 Lakhs)]	**1942.54**	824.54
	(v)	Commercial Bank of Qatar, Qatar [Maximum balance during the year : ₹ 199.67 Lakhs (2009-10 : ₹ 459.55 Lakhs)]	**195.46**	67.22
	(vi)	Doha Bank, Qatar [Maximum balance during the year : ₹ 4853.11 Lakhs (2009-10 : ₹ 6106.69 Lakhs)]	**524.79**	770.48
	(vii)	HSBC Bank Middle East, Bahrain [Maximum balance during the year : ₹ 3113.05 Lakhs (2009-10 : ₹ 1684.20 Lakhs)]	**494.92**	67.00
	(viii)	Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 14.61 Lakhs (2009-10 : ₹ 1112.06 Lakhs)]	**6.75**	13.93
	(ix)	First Gulf Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 2843.90 Lakhs (2009-10 : ₹ 3050.33 Lakhs)]	**839.41**	2259.01
	(x)	Standard Chartered Bank, Singapore [Maximum balance during the year : ₹ 162.30 Lakhs (2009-10 : ₹ 195.99 Lakhs)]	**51.88**	60.49
	(xi)	ABN Amro Bank, Singapore [Maximum balance during the year : ₹ 2155.63 Lakhs (2009-10 : ₹ 4862.74 Lakhs)]	**644.81**	1232.82
	(xii)	Citibank, Dubai [Maximum balance during the year : ₹ 3.04 Lakhs (2009-10 : ₹ 986.70 Lakhs)	**0.63**	3.01
	(xiii)	Saudi Arabian British Bank, KSA [Maximum balance during the year : ₹ 103.64 Lakhs (2009-10 : ₹ Nil)	**97.91**	Nil
			7382.91	8986.22

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(b)	ON FIXED DEPOSIT ACCOUNTS		
(i)	Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 64.48 Lakhs (2009-10 : ₹ 66.61 Lakhs)]	**63.28**	63.91
(ii)	Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 22063.67 Lakhs (2009-10 : ₹ 11834.95 Lakhs)]	**8994.88**	7455.42
(iii)	Emirates NBD Bank PJSC, Dubai, U.A.E. [Maximum balance during the year : ₹ 12.12 Lakhs (2009-10 : ₹ 12.60 Lakhs)]	**11.89**	11.99
(iv)	HSBC Bank Middle East, Qatar [Maximum balance during the year : ₹ 813.15 Lakhs (2009-10 : ₹ 5164 Lakhs)]	**Nil**	620.00
(v)	ABN Amro Bank, Singapore [Maximum balance during the year : ₹ 1199.82 Lakhs (2009-10 : ₹ 3499.12 Lakhs)]	**1246.62**	1130.13
(vi)	Doha Bank, Qatar [Maximum balance during the year : ₹ 2528.30 Lakhs (2009-10 : ₹ 6464.62 Lakhs)]	**Nil**	2506.07
(vii)	HSBC Bank Middle East, Bahrain [Maximum balance during the year : ₹ 4229.40 Lakhs (2009-10 : ₹ 1508.10 Lakhs)]	**Nil**	1365.26
(viii)	First Gulf Bank, U.A.E. [Maximum balance during the year : ₹ 4464 Lakhs (2009-10 : ₹ 3074.40 Lakhs)]	**Nil**	2949.60
(ix)	HSBC Bank Middle East, Qatar [Maximum balance during the year : ₹ 43.21 Lakhs (2009-10 : ₹ 186.79 Lakhs)]	**Nil**	42.83
(x)	Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 18.05 Lakhs (2009-10 : ₹ 228.07 Lakhs)]	**17.71**	Nil
(xi)	HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : ₹ 1984 Lakhs (2009-10 : ₹ 10545.60 Lakhs)]	**730.20**	5622.33
		11064.58	21767.54
	TOTAL	**18447.49**	30753.76

8. LOANS AND ADVANCES

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

	Name of the Company	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs	Maximum Balance during the year ₹ in Lakhs	Maximum Balance during the year As at 31-3-2010 ₹ in Lakhs
(a)	Auto Aircon (India) Ltd.	**82.77**	78.60	**82.77**	78.60
(b)	Saudi Ensas Company for Engineering Services W.L.L.	**4.85**	4.85	**4.85**	94.26
(c)	Rohini Industrial Electricals Ltd.	**1500.00**	1000.00	**2000.00**	1000.00
(d)	Universal Comfort Products Ltd.	**3000.00**	3000.00	**3000.00**	3000.00

Note :

Loans and Advances shown in (a) and (b) above to subsidiaries fall under the category of "Loans and Advances" in nature of Loans in terms of Clause 32 of the Listing Agreement. There is no repayment schedule and no interest is payable.

9. CURRENT LIABILITIES AND PROVISIONS

(a) According to information available with the Management, on the basis of the intimations received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has the following amounts due to Micro and Small Enterprises under the said Act.

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(i)	(a)	Principal amount remaining unpaid to any supplier as on 31-3-2011	**408.49**	257.87
	(b)	Interest on (i)(a) above	**1.04**	8.79
(ii)		The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2010-11	**15.51**	Nil
(iii)		Amount of interest due and payable on delayed payments	**57.22**	21.83
(iv)		Amount of further interest remaining due and payable for the earlier years	**63.46**	32.84
(v)		Total outstanding dues of Micro and Small Enterprises		
		– Principal	**408.49**	257.87
		– Interest	**106.21**	63.46

(b) Provisions **₹ in Lakhs**

	Opening Balance	Additions	Utilisation	Reversal	Closing Balance
Trade Guarantee	**5265.53**	**10644.36**	**4882.11**	**1344.48**	**9683.30**
	(4545.64)	(5485.48)	(3252.35)	(1513.24)	(5265.53)
Contingency for tax matters	**1125.00**	**Nil**	**Nil**	**Nil**	**1125.00**
	(1357.94)	(Nil)	(Nil)	(232.94)	(1125.00)
Contingency for claims	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	(783.59)	(Nil)	(Nil)	(783.59)	(Nil)

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 10 years depending on the contractual obligation.

Note : Figures in brackets are of the previous year.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

10. DEFERRED TAX ASSETS

Major components of deferred tax assets and liabilities arising are :

				As at 31st March, 2010	
		Deferred Tax Assets	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
(i)	Depreciation	**—**	**3027.32**	—	2751.87
(ii)	Voluntary Retirement Scheme	**21.02**	**—**	35.00	—
(iii)	Unpaid Statutory Liabilities	**474.33**	**—**	576.00	—
(iv)	Provision for Doubtful Debts and Advances	**1445.48**	**—**	1439.00	—
(v)	Provision for Contingency	**365.06**	**—**	373.56	—
(vi)	Provision for Employee Benefits	**2351.44**	**—**	2173.14	—
(vii)	Others	**66.35**	**—**	58.64	—
	Total	**4723.68**	**3027.32**	4655.34	2751.87
	Deferred Tax Assets (Net)	**1696.36**	**—**	1903.47	—

11. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is ₹ 239094.45 Lakhs (2009-10 : ₹ 243858.40 Lakhs).

12. COST OF SALES, SERVICES AND EXPENSES

(i) (a) The Company makes contribution towards provident funds, defined benefit retirement plans, and towards superannuation fund, a defined contribution retirement plan for qualifying employees. These funds are administered by the trustees appointed by the Company. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefits.

(b) The Company makes annual contributions to Gratuity Funds, which are funded defined benefit plans for qualifying employees. The schemes provide for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of 5 years of service.

The Company is also providing post retirement medical benefits to qualifying employees.

The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out as at 31st March, 2011. The present value of the defined benefit obligation and the related current service cost and past service cost are measured using the Projected Unit Credit Method.

The following tables set out the funded status and the amounts recognised in the Company's financial statements as at 31st March, 2011 for the Defined Benefit Plans other than Provident Fund. According to the Management, the Actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in the absences of guidance from the Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by AS 15 read with the Accounting Standards Board Guidance. However, having regard to the position of the Fund, the shortfall, if any, between the earnings guaranteed by the statute and the actual earnings of the Fund is provided for by the Company and contributed to the Fund.

Defined Benefit Plans - As per Actuarial Valuation on 31st March, 2011

			Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
			₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
I.	**Expense recognised in the Profit and Loss Account for the year ended 31st March, 2011**					
	1.	Current Service Cost	**636.62**	**292.28**	**86.39**	**—**
			622.86	*303.86*	*24.93*	—
	2.	Interest Cost	**99.75**	**347.53**	**63.33**	**65.09**
			70.58	*272.52*	*44.03*	*47.58*
	3.	Expected return on plan assets	**—**	**(321.56)**	**—**	**—**
			—	*(253.00)*	—	—
	4.	Cost of plan amendment	**—**	**—**	**—**	**—**
			—	*48.16*	*159.59*	—
	5.	Actuarial (Gains) / Losses	**33.10**	**(80.77)**	**(82.55)**	**530.64**
			(72.23)	*164.81*	*(19.79)*	*165.81*
	6.	Difference in exchange	**22.73**	**—**	**—**	**—**
			7.45	—	—	—
	7.	**Total expense**	**792.19**	**237.47**	**67.17**	**595.73**
			628.66	*536.35*	*208.76*	*213.39*
II.	**Net Liability recognised in the Balance Sheet as at 31st March, 2011**					
	1.	Present value of Defined Benefit Obligation as at 31st March, 2011	**2414.67**	**4450.26**	**830.70**	**1298.05**
			1977.24	*4344.10*	*791.63*	*813.69*
	2.	Fair value of plan assets as at 31st March, 2011	**—**	**(4586.99)**	**—**	**—**
			—	*(4019.52)*	—	—
	3.	**Net (asset)/liability as at 31st March, 2011**	**2414.67**	**(136.73)**	**830.70**	**1298.05**
			1977.24	*324.56*	*791.63*	*813.69*

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
III.	**Change in Obligation during the year ended 31st March, 2011**				
1.	Present value of Defined Benefit Obligation at the beginning of the year	**1977.24**	**4344.10**	**791.63**	**813.69**
		1877.63	*3893.13*	*629.01*	*679.67*
2.	Current Service Cost	**636.62**	**292.27**	**86.39**	**—**
		622.86	*303.86*	*24.93*	*—*
3.	Interest Cost	**99.75**	**347.53**	**63.33**	**65.09**
		70.58	*272.52*	*44.03*	*47.58*
4.	Actuarial (Gains)/Losses	**33.10**	**(17.85)**	**(82.55)**	**530.64**
		(72.23)	*236.90*	*(19.79)*	*165.81*
5.	Cost of Plan Amendment	**—**	**—**	**—**	**—**
		—	*48.16*	*159.59*	*—*
6.	Benefits Payments	**(304.19)**	**(515.79)**	**(28.10)**	**(111.36)**
		(288.25)	*(410.48)*	*(46.14)*	*(79.37)*
7.	Difference in exchange	**(27.84)**	**—**	**—**	**—**
		(233.35)	*—*	*—*	*—*
8.	**Present value of Defined Benefit Obligation at the end of the year**	**2414.67**	**4450.26**	**830.70**	**1298.05**
		1977.24	*4344.10*	*791.63*	*813.69*
IV.	**Change in Assets during the year ended 31st March, 2011**				
1.	Plan assets at the beginning of the year	**—**	**4019.52**	**—**	**—**
		—	*3614.42*	*—*	*—*
2.	Expected return on plan assets	**—**	**321.56**	**—**	**—**
		—	*253.00*	*—*	*—*
3.	Contributions by employers	**304.19**	**698.77**	**28.10**	**111.36**
		288.25	*490.48*	*46.14*	*79.37*
4.	Actual benefits paid	**(304.19)**	**(515.79)**	**(28.10)**	**(111.36)**
		(288.25)	*(410.48)*	*(46.14)*	*(79.37)*
5.	Actuarial Gains / (Losses)	**—**	**62.92**	**—**	**—**
		—	*72.09*	—	—
6.	Plan assets at the end of the year	**—**	**4586.99**	**—**	**—**
		—	*4019.52*	—	—
7.	**Actual return on plan assets (2+5)**	**—**	**384.48**	**—**	**—**
		—	*325.09*	—	—

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**1977.24**	**324.57**	**791.63**	**813.69**
		1877.63	*278.70*	*629.01*	*679.67*
2.	Expenses as above (I)	**792.19**	**237.47**	**67.17**	**595.73**
		628.66	*536.35*	*208.76*	*213.39*
3.	Employers Contribution	**(304.19)**	**(698.77)**	**(28.10)**	**(111.36)**
		(288.25)	*(490.48)*	*(46.14)*	*(79.37)*
4.	Cost of Plan Amendment	—	—	—	—
		—	—	*159.59*	—
5.	Difference in exchange	**(50.57)**	—	—	—
		(240.80)	—	—	—
6.	**Closing Net Liability**	**2414.67**	**(136.73)**	**830.70**	**1298.05**
		1977.24	*324.57*	*791.63*	*813.69*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (LIC)	1994-96	1994-96	1994-96	1996-98
			Ultimate		
2.	Discount Rate	**5%**	**8.25%**	**8.25%**	**8.25%**
		5%	*8%*	*8%*	*8%*
3.	Increase in Salary/Health Care Cost/Pension	**5%**	**8%**	**5%**	**7%**
		5%	*8%*	*8%*	*8%*
4.	Rate of Return on Plan Assets	—	**8.25%**	**8.25%**	**8.25%**
		—	*8%*	*8%*	*8%*

Note : Figures in italics under I to VI are of the previous year.

		Gratuity	Gratuity 31-3-2010
		%	%
VII.	**Categories of plan assets as a percentage of the fair value of total plan assets**		
1.	Government of India Securities	**24**	26
2.	Corporate Bonds	**69**	65
3.	Special Deposit Scheme	**3**	5
4.	Others	**4**	4
		100	100

		₹ in Lakhs		2009-10 ₹ in Lakhs	
VIII.	**Effect of Change in Assumed Health Care Cost Trend Rate**	**One percentage point increase**	**One percentage point decrease**	One percentage point increase	One percentage point decrease
1.	Effect on the aggregate of the service cost and interest cost	**93.64**	**88.47**	68.21	66.28
2.	Effect on defined benefit obligation	**851.14**	**810.25**	809.32	785.74

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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 disclosure of Present value of defined obligation, fair value of assets, surplus/(deficit) of assets and experience adjustments of current year and preceding four years are as under:

	Particulars		2009-10	2008-09	2007-08	2006-07
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1.	Present value of defined benefit obligation	**8993.70**	7926.64	7079.43	5289.38	3966.56
2.	Fair value of Planned Assets	**4586.99**	4019.52	3614.42	1824.47	1232.06
3.	Surplus or (Deficit) of the Plan	**4406.71**	3907.12	3465.01	3464.91	2734.50
4.	Experience Adjustment					
	– On Plan Assets	**62.92**	72.09	48.93	14.99	6.56
	– On Plan Liabilities	**69.78**	(11.32)	955.53	434.79	113.17
		132.70	60.77	1004.46	449.78	119.73

(c) The details of the Company's Defined Benefit Plans for its employees given above are certified by the actuary and relied upon by the auditors.

(d) Expected contribution of ₹ 589.25 Lakhs (2009-10: ₹ 784.65 Lakhs) to Defined Benefits (other than Provident Fund) for the next year.

(e) The Company has recognised the following amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund and Other Funds :

Particulars		2009-10
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**879.17**	756.95
Superannuation Fund	**191.46**	198.42
	1070.63	955.37

(ii) Forwarding charges are net of Freight Recovery of ₹ 254.27 Lakhs (2009-10: ₹ 428.43 Lakhs).

(iii) Other Expenses :

		2009-10
	₹ in Lakhs	₹ in Lakhs
Payment to Directors other than Wholetime Directors for Sitting Fees and Commission	**176.10**	176.10

13. Earnings per Share has been computed as under :

		2009-10
Net profit (₹ Lakhs)	**35353.33**	34421.95
Weighted average number of Equity Shares Outstanding	**330884740**	330884740
Earnings Per Share (₹) - Basic and Diluted (Face Value of ₹ 1 per share)	**10.68**	10.40

14. 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 :

Currency	Amt. in Lakhs	Sell / Buy	Cross Currency
US Dollar	**50.00**	**Buy**	**Rupees**
	(65.00)	Buy	Rupees
GB Pound	**Nil**	**—**	**—**
	(3.00)	Buy	QAR
	(1.10)	Buy	US Dollar
Euro	**Nil**	**—**	**—**
	(34.56)	Buy	QAR

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 ₹ Nil (2009-10 : ₹ 4.35 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	₹ **2347.93 Lakhs**	**US$ 52.54 Lakhs**
		(₹ 1458.99 Lakhs)	(US$ 32.49 Lakhs)
-	Overseas Operations	₹ **131939.71 Lakhs**	**US$ 2945.94 Lakhs**
		(₹ 123750.95 Lakhs)	(US$ 2740.28 Lakhs)

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

-	Import of goods and services	₹ **15790.07 Lakhs**	**US$ 353.43 Lakhs**
		(₹ 3671.34 Lakhs)	(US$ 81.77 Lakhs)
-	Overseas Operations	₹ **104949.97 Lakhs**	**US$ 2343.76 Lakhs**
		(₹ 94926.39 Lakhs)	(US$ 2102.00 Lakhs)

Note : Figures in brackets are of the previous year.

15. Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹ 3511.10 Lakhs (31-3-2010 : ₹ 1208.10 Lakhs). Advance paid against such contracts : ₹ 233.99 Lakhs (31-3-2010 : ₹ 642.02 Lakhs).

16. Contingent liabilities not provided for :

(a) Guarantees on behalf of other companies :

Limits ₹ 22024.65 Lakhs (31-3-2010: ₹ 7599.18 Lakhs) against which amount outstanding was ₹ 10435.87 Lakhs (31-3-2010: ₹ 5648.60 Lakhs) against which a provision has been made for contingencies ₹ Nil (31-3-2010: ₹ Nil).

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

In respect of various matters aggregating ₹ 25691.90 Lakhs (31-3-2010: ₹ 25139.01 Lakhs), net of tax ₹ 17157.05 Lakhs (31-3-2010: ₹ 16594.26 Lakhs) against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2010: ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 4928.10 Lakhs (31-3-2010: ₹ 4513.74 Lakhs), the Company has a right to recover the same from a third party.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		2009-10
	₹ in Lakhs	₹ in Lakhs
Taxes, Cesses and Duties (other than income tax)	**17260.62**	16754.84
Contractual matters in the course of business	**4615.31**	4568.20
Real Estate Disputes and Demands	**3519.76**	3519.76
Ex-employees matters	**248.63**	248.63
Others	**47.58**	47.58
	25691.90	25139.01

(c) Income tax demands :

In respect of matters decided in Company's favour by Appellate Authorities where the Department is in further appeal - ₹ 1055.04 Lakhs (31-3-2010 : ₹ 1295.63 Lakhs).

(d) Staff demands under adjudication : Amount indeterminate.

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

17. In respect of guarantees aggregating Rs 140683.39 Lakhs (31-3-2010 : ₹ 87905.05 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.

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

		2009-10
	₹ in Lakhs	₹ in Lakhs
Remuneration to the Managing Director (2009-10 : Managing Director) inclusive of contribution to Provident Fund and other funds : ₹ 8.77 Lakhs (2009-10: ₹ 10.37 Lakhs), estimated money value of benefits : ₹ 24.02 Lakhs (2009-10: ₹ 24.49 Lakhs) and commission: ₹ 110 Lakhs (2009-10: ₹ 150 Lakhs). It does not include provision for compensated absences and gratuity as separate actuarial valuation for the current Managing Director is not available.	**256.70**	244.55

19. (a) Auditors' Remuneration:

		2009-10
	₹ in Lakhs	₹ in Lakhs
Audit Fees	**75.00**	55.00
Tax Audit Fees	**16.50**	16.50
Company Law Matters	**0.30**	0.30
Tax Matters	**3.50**	2.50
Other Services	**86.72**	69.48
Out of Pocket Expenses	**7.72**	3.11
	189.74	146.89

[The above excludes Service Tax availed ₹ 18.75 Lakhs (2009-10: ₹ 14.28 Lakhs)]

(b) Remuneration to Branch Auditors :

	₹ in Lakhs	2009-10 ₹ in Lakhs
Audit Fees	**Nil**	21.64
Other Services	**Nil**	12.03
Out of Pocket Expenses	**0.25**	2.25
	0.25	35.92

20. Assets under Operating Leases :

(a) The Company has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 4559.62 Lakhs (2009-10: ₹ 4433.68 Lakhs).

(b) The minimum future lease rentals payable in respect of non-cancellable lease are as under :

	₹ in Lakhs	2009-10 ₹ in Lakhs
Not later than one year	**3421.92**	1376.51
Later than one year but not later than five years	**2566.42**	2276.32
Later than five years	**44.71**	67.48

(c) The Company has given on operating lease certain assets. The total lease rent received on the same amounting to ₹ 3274.52 Lakhs (2009-10: ₹ 3067.79 Lakhs) is included under Other Income.

(d) The minimum future lease rentals receivable in respect of non-cancellable lease are as under :

	₹ in Lakhs	2009-10 ₹ in Lakhs
Not later than one year	**3274.52**	2968.37
Later than one year but not later than five years	**6540.19**	5270.63
Later than five years	**1690.64**	1732.35

(e) The Original Cost, Depreciation for the year and Written Down Value are ₹1307.79 Lakhs, ₹ 31.65 Lakhs and ₹ 815.69 Lakhs (2009-10: ₹ 1307.78 Lakhs, ₹ 31.10 Lakhs and ₹ 847.33 Lakhs), respectively.

21. In respect of certain property transactions, conveyance deed are pending, as under:

(a) 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.

(b) The Company had accounted in 1999-2000, the profit on transfer of development rights of ₹ 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.

(c) The Company had accounted in 2003-04, the profit on transfer of development rights of ₹ 1735.95 Lakhs in respect of property at Thane and ₹ 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.

(d) The Company had accounted in 2004-05, the profit on transfer of development rights of ₹ 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.

(e) The Company had accounted in 2006-07, 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 (₹ 2070 Lakhs and ₹ 223.40 Lakhs, respectively) but for which conveyance formalities are pending completion.

(f) The Company had accounted in 2007-08, the profit on transfer of development rights in respect of land adjoining Simtools at Thane for which an Agreement was executed and consideration received (₹ 919.96 Lakhs) but for which conveyance formalities are pending completion.

(g) The Company had accounted in 2009-10, the profit on transfer of development rights in respect of Nala land at Thane for which an Agreement was executed and consideration received ₹ 238.18 Lakhs but for which conveyance formalities are pending completion.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

22. 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 paid to non-resident shareholders which were declared during the year, are as under :

			2009-10
(i)	Number of non-resident shareholders	**1748**	2107
(ii)	Number of Equity shares held by them	**3309025**	3813322
(iii)	Gross amount of dividend (₹)	**6618050**	6101315
(iv)	Year ended to which the dividend related	**March-2010**	March-2009

23. Earnings in foreign exchange received in India :

		₹ in Lakhs	2009-10 ₹ in Lakhs
(a)	F.O.B. Value of exports (including amounts invoiced against work-in-progress)	**4740.56**	3476.02
(b)	Service Commission (On Cash basis)	**1356.51**	1769.26
(c)	Other Income	**504.38**	622.02
(d)	Foreign Projects Profit (on accrual basis)	**21655.31**	22601.93
(e)	Warranty Recovery	**55.02**	187.55
(f)	Net Surplus on Liquidation of a Subsidiary	**414.03**	Nil

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

	₹ in Lakhs	2009-10 ₹ in Lakhs
Royalty	**20.26**	17.74
Other matters	**350.76**	163.32

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

	₹ in Lakhs	2009-10 ₹ In Lakhs
Raw Materials	**2323.94**	1592.17
Finished Goods	**45153.94**	38907.21
Components & Spares	**21591.62**	15647.82
Capital Goods	**34.78**	110.99

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

(a) Raw Materials

Raw Materials	Unit of Measurement	**Quantity**	2009-10 Quantity	**Value ₹ in Lakhs**	2009-10 Value ₹ in Lakhs
Steel/Ferrous Metals	M.Tonnes	**4780.62**	3391.56	**2869.10**	2002.90
Non-Ferrous Metals	M.Tonnes	**764.76**	692.91	**2736.34**	2076.14
Others (items individually not exceeding 10% of total)				**2224.24**	1941.88
				7829.68	6020.92

	Value ₹ in Lakhs	**% to total Consumption**	2009-10 Value ₹ in Lakhs	2009-10 % to total Consumption
Imported	**2606.60**	**33.30**	1733.08	28.80
Indigenous	**5223.08**	**66.70**	4287.84	71.20
	7829.68	**100.00**	6020.92	100.00

(b) Components

Components	Unit of Measurement	**Quantity**	2009-10 Quantity	**Value ₹ in Lakhs**	2009-10 Value ₹ in Lakhs
Steel/Ferrous Metals	M.Tonnes	**299.70**	262.15	**212.86**	155.37
Non-Ferrous Metals	M.Tonnes	**55.84**	67.54	**322.86**	312.51
Compressors	Numbers	**152199**	139078	**6104.71**	5197.77
Others (items individually not exceeding 10% of total)				**23651.84**	19172.20
				30292.27	24837.85

	Value ₹ in Lakhs	**% to total Consumption**	2009-10 Value ₹ in Lakhs	2009-10 % to total Consumption
Imported	**5612.04**	**18.50**	4418.96	17.80
Indigenous	**24680.23**	**81.50**	20418.89	82.20
	30292.27	**100.00**	24837.85	100.00

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

		Installed Capacity	Installed Capacity 2009-10	**Actual Production**	Actual Production 2009-10
Air Conditioners and Water Coolers:					
Airconditioners for Specialised Applications	(Numbers)	**2000**	2000	**264**	1107
Water Coolers	(Numbers)	**61000**	45000	**25759**	27686

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		Installed Capacity	Installed Capacity 2009-10	**Actual Production**	Actual Production 2009-10
White Goods:					
Freezers and Bottle Coolers	(Numbers)	**122000**	75000	**90689**	75840
Open Type Compressors with Accessories	(Numbers)	**1000**	1000	**392**	355
Packaged Airconditioners	(Numbers)	**18000**	18000	**10138**	7710
Package Chillers	(Numbers)	**980**	980	**683**	590
Semi Hermetic Compressors	(Numbers)	**3600**	3600	**707**	694
Vapour Absorption Machine	(Numbers)	**75**	75	**49**	46
Air Handling Unit	(Numbers)	**2400**	2400	**1772**	1459
Materials Handling Equipment:					
Forklift Trucks	(Numbers)	**3500**	2000	**1566**	1160
Warehouse Equipment	(Numbers)	**550**	150	**98**	56
Construction and Mining Equipment:					
Crusher	(Numbers)	**10**	10	**16**	15
Hydraulic Truck Cranes	(Numbers)	**52**	50	**25**	6

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.

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

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

Class of Goods		Purchases				Sales			
	Unit of Measure-ment	**Quantity**	Quantity 2009-10	**₹ in Lakhs**	₹ in Lakhs 2009-10	**Quantity**	Quantity 2009-10	**₹ in Lakhs**	₹ in Lakhs 2009-10
Room Airconditioners including C.U.'s	Numbers	**762635**	560205	**103380.76**	71003.14	**724792**	485798	**124220.97**	84870.23
Others									
Turnkey Contracts								**235543.26**	241038.12
Services Rendered								**38055.19**	30817.33
Others				**53239.42**	35609.25			**119117.00**	94940.21
				156620.18	106612.39			**516936.42**	451665.89

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.

(B) Opening and Closing Stocks :

Class of Goods		Opening Stock				Closing Stock			
	Unit of Measure-ment	**Quantity**	Quantity 2009-10	**₹ in Lakhs**	₹ in Lakhs 2009-10	**Quantity**	Quantity 2009-10	**₹ in Lakhs**	₹ in Lakhs 2009-10
Room Airconditioners	Numbers	**156550**	83505	**17308.75**	10692.75	**190746**	156550	**23309.30**	17308.75
Others		**-**	-	**15867.47**	18009.41	**—**	—	**18108.34**	15867.47
				33176.22	28702.16			**41417.64**	33176.22

Note : The Company has opted for exemption granted vide Notification No. S.O.301 (E) dated 8th February, 2011 related to quantity disclosure in terms of paragraphs of Part II of Schedule VI for all the items which forms less than 10 % of total value of turnover/purchase.

29. 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:

₹ in Lakhs

As at 31st March, 2011							Year ended 31st March, 2011	
Name of the Joint Venture / Operations	**Country of Incorporation**	**% Holding**	**Assets**	**Liabilities**	**Contingent Liabilities**	**Capital Commitment**	**Income**	**Expenses**
*Universal Weathermaker Factory L.L.C.	United Arab Emirates	49	**1166.05** (685.60)	**611.65** (148.73)	**Nil** (Nil)	**91.78** (Nil)	**1257.39** (858.82)	**1210.89** (798.62)
Lalbuksh Voltas Engineering Services & Trading L.L.C. (Note 1)	Sultanate of Oman	60	— (3403.28)	— (1284.38)	— (469.80)	— (Nil)	— (3728.86)	— (2789.41)
*Universal Voltas L.L.C.	United Arab Emirates	49	**5826.30** (5022.73)	**4697.62** (3807.54)	**2934.03** (3819.10)	**4820.33** (3299.88)	**7789.37** (9362.36)	**6641.87** (8383.44)
Naba Diganta Water Management Limited	India	26	**1300.28** (1176.83)	**848.37** (224.33)	**Nil** (Nil)	**Nil** (272.90)	**36.30** (Nil)	**55.83** (3.49)
ETA-Voltas-Hitachi Plant	United Arab Emirates	37.50	**11081.07** (12681.67)	**8972.78** (10348.14)	**4169.56** (4466.28)	**Nil** (Nil)	**3512.12** (13789.94)	**3718.11** (14707.08)
NDIA Package 19 Project	Qatar	77.08	**5743.03** (1481.70)	**5934.98** (1184.64)	**2793.95** (1714.00)	**Nil** (Nil)	**4894.47** (2018.33)	**5387.48** (1921.06)
Sidra Medical & Research Centre Project	Qatar	51.08	**24759.04** (12906.70)	**24641.96** (11994.31)	**19156.80** (19344.00)	**Nil** (Nil)	**21337.26** (11270.78)	**22437.43** (10167.12)

* As the accounting year of these companies ends on 31st December, 2010, the figures are as of that date.

Notes : (i) Lalbuksh Voltas Engineering Services & Trading L.L.C. ceased to be a joint venture company on acquisition of additional 11% shareholding on 31-3-2011.

(ii) Figures in the brackets are of the previous year.

30. 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.

31. Related Party Disclosures :

(a) List of Related Parties and Relationships:

	Party	**Relation**
A.	Simto Investment Company Ltd. Auto Aircon (India) Ltd . Metrovol FZE (upto 9-2-2011) Voltas Netherlands B.V. (Formerly VIL Overseas Enterprises B.V.) Lalbuksh Voltas Engineering Services & Trading L.L.C. (w.e.f. 31-3-2011) Voice Antilles N.V. Weathermaker Ltd. Saudi Ensas Company for Engineering Services W.L.L. Rohini Industrial Electricals Ltd. Universal Comfort Products Ltd. Voltas Oman L.L.C. (w.e.f. 27-3-2011) Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation)	Subsidiary
B.	Brihat Trading Private Ltd.	Associate
C.	Universal Voltas L.L.C. Lalbuksh Voltas Engineering Services & Trading L.L.C. (upto 30-3-2011) Naba Diganta Water Management Ltd. Universal Weathermaker Factory L.L.C. AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
D.	Tata Sons Ltd.	Promoters holding together with its subsidiary is more than 20%
E.	Mr. A. Soni - Managing Director (upto 22-4-2010) Mr. Sanjay Johri - Managing Director (w.e.f. 23-4-2010)	Key Management Personnel

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

31(b). Related Party Transactions:

₹ in Lakhs

Transactions	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 31 (c) (1)]	**47876.79** (31136.28)	**1230.01** (1596.76)	— (—)	— (—)	**49106.80** (32733.04)
Sale of Goods [Refer 31 (c) (2)]	**25660.15** (15042.60)	**232.27** (447.30)	— (—)	**8.06** (5.02)	**25900.48** (15494.92)
Service Income [Refer 31 (c) (3)]	— (3.00)	**520.55** (399.77)	**0.01** (—)	**1.78** (0.84)	**522.34** (403.61)
Interest Income [Refer 31 (c) (4)]	**450.96** (164.96)	— (—)	— (—)	— (—)	**450.96** (164.96)
Rental Income [Refer 31 (c) (5)]	**1.07** (—)	— (—)	— (—)	**1.56** (0.94)	**2.63** (0.94)
Dividend Income [Refer 31 (c) (6)]	**88.22** (169.81)	**54.57** (52.46)	— (—)	— (—)	**142.79** (222.27)
Net Surplus on Liquidation of a Subsidiary [Refer 31 (c) (7)]	**414.03** (—)	— (—)	— (—)	— (—)	**414.03** (—)
Freight Recovery [Refer 31 (c) (8)]	— (11.65)	— (—)	— (—)	— (—)	— (11.65)
Advertising Recovery [Refer 31 (c) (9)]	— (36.56)	— (—)	— (—)	— (—)	— (36.56)
Commission Received [Refer 31 (c) (10)]	**95.22** (122.85)	— (—)	— (—)	— (—)	**95.22** (122.85)
Write back of provision for Contingencies [Refer 31 (c) (11)]	— (783.59)	— (—)	— (—)	— (—)	— (783.59)
Remuneration Paid / Payable [Refer 31 (c) (12)]	— (—)	— (—)	**256.70** (244.55)	— (—)	**256.70** (244.55)
Dividend Paid [Refer 31 (c) (13)]	— (—)	— (—)	— (—)	**1762.64** (1259.71)	**1762.64** (1259.71)
Provision / Write off of Debts and Advances [Refer 31 (c) (14)]	— (911.00)	— (—)	— (—)	— (—)	— (911.00)
Consulting charges paid [Refer 31 (c) (15)]	— (—)	— (—)	— (—)	**9.50** (—)	**9.50** (—)
Tata Brand Equity [Refer 31 (c) (16}]	— (—)	— (—)	— (—)	**767.87** (679.72)	**767.87** (679.72)

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

Transactions	**Subsidiaries**	**Associates and Joint Ventures**	**Key Management Personnel**	**Promoter**	**Total**
Other Operating and Administration Expenses - Received/Receivable [Refer 31 (c) (17}]	**25.59** (6.29)	**0.82** (—)	— (—)	— (—)	**26.41** (6.29)
Other Operating and Administration Expenses - Paid/Payable [Refer 31 (c) (18)]	**19.16** (0.24)	— (—)	— (—)	**72.33** (48.86)	**91.49** (49.10)
Advance Share Application Money given [Refer 31 (c) (19)]	— (1054.48)	— (—)	— (—)	— (—)	— (1054.48)
Purchase of Fixed Assets [Refer 31 (c) (20)]	**53.56** (10.53)	— (—)	— (—)	— (—)	**53.56** (10.53)
Investments [Refer 31 (c) (21)]	**1996.61** (2355.67)	— (366.60)	— (—)	— (—)	**1996.61** (2722.27)
Advances given [Refer 31 (c) (22)]	**4.17** (1.00)	— (—)	— (—)	— (0.46)	**4.17** (1.46)
Intercorporate Deposits Placed [Refer 31 (c) (23)]	**1000.00** (4000.00)	— (—)	— (—)	— (—)	**1000.00** (4000.00)
Refund of Intercorporate Deposits Placed [Refer 31 (c) (24)]	**500.00** (—)	— (—)	— (—)	— (—)	**500.00** (—)
Warranty Recovery [Refer 31 (c) (25)]	— (5.78)	— (—)	— (—)	— (—)	— (5.78)
Provision for Debts and Advances Due as on 31-3-2011 [Refer 31 (c) (26)]	**1289.51** (1285.34)	— (—)	— (—)	— (—)	**1289.51** (1285.34)
Advance Outstanding as on 31-3-2011 [Refer 31 (c) (27)]	**82.77** (172.87)	**0.90** (—)	— (—)	— (—)	**83.67** (172.87)
Accrued Interest [Refer 31 (c) (28)]	**36.99** (—)	— (—)	— (—)	— (—)	**36.99** (—)
Dividend Receivable [Refer 31 (c) (29)]	**88.22** (—)	— (—)	— (—)	— (—)	**88.22** (—)
Advance Share Application Money as on 31-3-2011 [Refer 31 (c) (30)]	**2301.70** (2312.78)	— (—)	— (—)	— (—)	**2301.70** (2312.78)

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

Transactions	**Subsidiaries**	**Associates and Joint Ventures**	**Key Management Personnel**	**Promoter**	**Total**
Debit Balance Outstanding as on 31-3-2011 [Refer 31 (c) (31)]	—	**254.01**	—	—	**254.01**
	(1241.94)	(99.58)	(—)	(—)	(1341.52)
Credit Balance Oustanding as on 31-3-2011 [Refer 31 (c) (32)]	**2831.56**	**513.31**	—	**764.09**	**4108.96**
	(388.92)	(600.49)	(—)	(677.91)	(1667.32)
Intercorporate Deposits as on 31-3-2011 [Refer 31 (c) (33)]	**4500.00**	—	—	—	**4500.00**
	(4000.00)	(—)	(—)	(—)	(4000.00)

Note : Figures in brackets are of previous year.

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

₹ in Lakhs

	Name of Party	**Transaction Value**	Transaction Value 2009-10
1.	**Purchase of Goods**		
	Universal Comfort Products Ltd.	**47068.59**	30583.92
2.	**Sale of Goods**		
	Universal Comfort Products Ltd.	**25597.36**	15036.38
3.	**Service Income**		
	Universal Voltas L.L.C.	**417.37**	335.27
	Universal Weathermaker Factory L.L.C.	**87.01**	64.50
4.	**Interest Income**		
	Rohini Industrial Electricals Ltd.	**150.96**	43.84
	Universal Comfort Products Ltd.	**300.00**	120.00
5.	**Rental Income**		
	Tata Sons Ltd.	**1.56**	0.94
	Rohini Industrial Electricals Ltd.	**1.07**	—
6.	**Dividend Income**		
	Metrovol FZE	—	65.21
	Voltas Netherlands B.V.	**88.22**	104.60
	Lalbuksh Voltas Engineering Services & Trading L.L.C.	**54.57**	52.46
7.	**Net Surplus on Liquidation of a Subsidiary**		
	Metrovol FZE	**414.03**	—
8.	**Freight Recovery**		
	Universal Comfort Products Ltd.	—	11.65
9.	**Advertising Recovery**		
	Universal Comfort Products Ltd.	—	36.56

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

	Name of Party	**Transaction Value**	Transaction Value 2009-10
10.	**Commission Received**		
	Universal Comfort Products Ltd.	**95.22**	122.85
11.	**Write back of provision for Contingencies**		
	Saudi Ensas Company for Engineering Services W.L.L.	—	783.59
12.	**Remuneration Paid / Payable**		
	Mr. A.Soni	**81.28**	244.55
	Mr. Sanjay Johri	**175.42**	—
13.	**Dividend Paid**		
	Tata Sons Ltd.	**1762.64**	1259.71
14.	**Provision / Write off of Debts and Advances**		
	Saudi Ensas Company for Engineering Services W.L.L.	—	910.00
15.	**Consulting Charges paid**		
	Tata Sons Ltd.	**9.50**	—
16.	**Tata Brand Equity**		
	Tata Sons Ltd.	**767.87**	679.72
17.	**Other Operating and Administration Expenses -Received / Receivable**		
	Rohini Industrial Electricals Ltd.	**3.51**	—
	Universal Comfort Products Ltd.	**22.08**	6.29
18.	**Other Operating and Administration Expenses -Paid / Payable**		
	Saudi Ensas Company for Engineering Services W.L.L.	**17.35**	—
	Tata Sons Ltd.	**72.33**	48.86
19.	**Advance Share Application Money given**		
	Saudi Ensas Company for Engineering Services W.L.L.	—	1054.48
20.	**Purchase of Fixed Assets**		
	Universal Comfort Products Ltd.	**53.56**	10.53
21.	**Investments**		
	Rohini Industrial Electricals Ltd.	**1996.61**	2355.57
	Naba Diganta Water Management Ltd.	—	366.60
22.	**Advances given**		
	Auto Aircon (India) Ltd.	**4.17**	1.00
	Tata Sons Ltd.	—	0.46
23.	**Intercorporate Deposits Placed**		
	Rohini Industrial Electricals Ltd.	**1000.00**	1000.00
	Universal Comfort Products Ltd.	—	3000.00
24.	**Refund of Intercorporate Deposits Placed**		
	Rohini Industrial Electricals Ltd.	**500.00**	—

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

	Name of Party	Transaction Value	Transaction Value 2009-10
25.	**Warranty Recovery**		
	Universal Comfort Products Ltd.	—	5.78
26.	**Provision for Debts and Advances Due as on 31-3-2011**		
	Saudi Ensas Company for Engineering Services W.L.L.	**1206.74**	1206.74
27.	**Advance Outstanding as on 31-3-2011**		
	Auto Aircon (India) Ltd.	**82.77**	78.60
	Saudi Ensas Company for Engineering Services W.L.L.	—	94.27
28.	**Accrued Interest**		
	Rohini Industrial Electricals Ltd.	**36.99**	—
29.	**Dividend Receivable**		
	Voltas Netherlands B.V.	**88.22**	—
30.	**Advance Share Application Money as on 31-3-2011**		
	Saudi Ensas Company for Engineering Services W.L.L.	**2301.70**	2312.78
31.	**Debit Balance Outstanding as on 31-3-2011**		
	Universal Comfort Products Ltd.	—	1158.49
	Naba Diganta Water Management Ltd.	**250.94**	—
32.	**Credit Balance Oustanding as on 31-3-2011**		
	Universal Comfort Products Ltd.	**2223.25**	—
	Tata Sons Ltd.	**764.09**	677.91
	Weathermaker Ltd.	**496.89**	232.94
	Universal Voltas L.L.C.	—	390.14
	Universal Weathermaker Factory L.L.C.	—	210.35
33.	**Intercorporate Deposits as on 31-3-2011**		
	Rohini Industrial Electricals Ltd.	**1500.00**	1000.00
	Universal Comfort Products Ltd.	**3000.00**	3000.00

32. Discontinuing Operations

The Board of Directors of the Company has, at its Meeting held on 19th March, 2011, approved the proposal for formation of a joint venture with KION Group, Germany for the Materials Handling (MH) business, which forms part of the Engineering Products and Services segment of the Company. The transfer of MH business is subject to fulfillment/satisfaction of certain conditions precedent to closing of the transaction. Subsequent to close of the financial year, the Company has on 1st May, 2011, upon satisfaction/deferral of the precedent conditions, which were agreed to by the concerned partners, transferred the MH business to an affiliate of KION group.

On the effective date of the Scheme of Arrangement, all identified tangible assets, including current assets, liabilities, movable assets (excluding immovable assets), intangible assets, business contracts, certain employees, etc. of the MH business would be transferred to JVC.

The net assets of the MH business as on 31st March, 2011 are as follows. Information for the above said business is disclosed in accordance with Accounting Standard 24 (AS-24)-'Discontinuing Operations' notified under the Companies (Accounting Standards) Rules, 2006.

	₹ in Lakhs As at 31-3-2011
Fixed Assets	**760.23**
Current Assets	**4385.40**
Current Liabilities	**2542.11**
Net Assets	**2603.52**

The Net cash flows attributable to the MH business are as follows

	₹ in Lakhs 2010-11
Operating	**184.47**
Investing	**(25.31)**
Financing	**—**
Net Inflow	**159.16**

The following are disclosures pertaining to the operating activities of the MH business

	₹ in Lakhs 2010-11
Revenues	**16896.08**
Expenditure	**15605.17**
Profit from Operating Activities before Tax	**1290.91**
Income tax expense @33.22%	**428.84**
Profit after tax	**862.07**

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

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**Nasser Munjee**
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
Executive Vice President (Finance)	**M. M. Miyajiwala**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 19th May, 2011

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

I. Registration Details:

Registration No.	L29308MH1954PLC009371
State Code	11
Balance Sheet Date (Date / Month / Year)	31 / 03 / 2011

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

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands):

Total Liabilities	13656446
Total Assets	13656446

Sources of Funds

Paid-up Capital	330743
Reserves & Surplus	12386648
Secured Loans	939055
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	1977855
Investments	3862289
Net Current Assets	7646666
Deferred Tax Asset (Net)	169636
Misc. Expenditure	NIL
Accumulated Losses	NIL

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

Turnover	51693642
Total Expenditure	46467009
Profit Before Tax	5226633
Profit After Tax	3535333
Earnings Per Share in ₹	10.68
Dividend Rate %	200

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

Item Code No. (ITC Code)	84151090
Product Description	AIR CONDITIONING MACHINES
Item Code No. (ITC Code)	84186990
Product Description	REFRIGERATING EQUIPMENT ABSORPTION HEAT PUMPS & CHILLER PACKAGE
Item Code No. (ITC Code)	84272000/84271000
Product Description	FORKLIFT TRUCKS DIESEL/ELECTRIC

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, 2011, 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 the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. 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. Those 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 certain subsidiaries and joint ventures, whose financial statements reflect total net assets of ₹ 11221.85 lakhs as at 31st March, 2011, total revenues of ₹ 12751.79 lakhs and net cash inflows amounting to ₹ 350.64 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. 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 subsidiaries and joint ventures, 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) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and joint ventures and to the best of our information and according to the explanations given to us, 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, 2011;

   (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
(Registration No. 117366W)

Nalin M. Shah
Partner
Membership No. 15860

Mumbai,
19th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		Schedule	₹ **in Lakhs**	₹ **in Lakhs**	As at 31-3-2010 ₹ in Lakhs
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
1.	SHARE CAPITAL	A		**3307.43**	3307.37
2.	RESERVES AND SURPLUS	B		**132864.30**	105209.49
3.	TOTAL			**136171.73**	108516.86
4.	MINORITY INTEREST			**2178.83**	1386.34
LOAN FUNDS					
5.	SECURED LOANS	C		**12799.04**	3062.65
6.	UNSECURED LOANS	D		**1013.94**	454.39
7.	DEFERRED TAX LIABILITY (Net) (See Note 7, Schedule 'M')			**175.30**	6.82
		TOTAL		**152338.84**	113427.06
APPLICATION OF FUNDS					
8.	FIXED ASSETS				
	GROSS BLOCK	E	**44095.36**		38897.55
	LESS : DEPRECIATION / AMORTISATION		**19872.89**		18211.46
	NET BLOCK		**24222.47**		20686.09
	CAPITAL WORK-IN-PROGRESS		**355.05**		1934.31
				24577.52	22620.40
9.	GOODWILL ON CONSOLIDATION			**9157.19**	7638.62
10.	INVESTMENTS	F		**26134.44**	23394.37
11.	DEFERRED TAX ASSET (Net) (See Note 7, Schedule 'M')			**1696.36**	2030.56
12.	CURRENT ASSETS, LOANS AND ADVANCES	G			
	1. Inventories		**82241.56**		65792.42
	2. Sundry Debtors		**117047.79**		100597.33
	3. Cash and Bank Balances		**49799.21**		46890.85
	4. Other Current Assets		**79608.82**		48663.81
	5. Loans and Advances		**24397.66**		20548.08
			353095.04		282492.49
13.	LESS : CURRENT LIABILITIES AND PROVISIONS	H			
	(A) Current Liabilities		**230751.15**		198298.38
	(B) Provisions		**31570.56**		26451.00
			262321.71		224749.38
14.	NET CURRENT ASSETS			**90773.33**	57743.11
		TOTAL		**152338.84**	113427.06

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**Nasser Munjee**
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
Executive Vice President (Finance)	**M. M. Miyajiwala**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 19th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Schedule	₹ in Lakhs	₹ in Lakhs	Year ended 31st March, 2010 ₹ in Lakhs
1.	SALES AND SERVICES		**521142.31**		478182.89
	Less : EXCISE DUTY		**3458.92**		2436.14
	NET SALES AND SERVICES			**517683.39**	475746.75
2.	OTHER INCOME	I		**8098.04**	7845.69
3.	COST OF SALES, SERVICES AND EXPENSES	J		**473599.53**	429789.68
4.	PROFIT BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			**52181.90**	53802.76
5.	INTEREST	K		**1653.51**	984.40
6.	DEPRECIATION / AMORTISATION ON FIXED ASSETS			**2101.71**	2140.96
7.	PROFIT BEFORE EXCEPTIONAL ITEMS			**48426.68**	50677.40
8.	EXCEPTIONAL ITEMS	L		**4018.59**	2502.28
9.	PROFIT BEFORE TAXATION			**52445.27**	53179.68
10.	PROVISION FOR TAXATION				
	- Provision for Current Tax		**17536.98**		16401.67
	- Provision for Taxation of Earlier Years Written back		**(234.42)**		(1629.34)
	- Provision for Deferred Tax		**502.68**		216.14
	- Provision for Wealth Tax (Net of excess provision)		**40.59**		34.76
	- MAT Credit Entitlement		**(559.00)**		(299.85)
				17286.83	14723.38
11.	PROFIT AFTER TAXATION			**35158.44**	38456.30
12.	MINORITY INTEREST IN (PROFIT) / LOSS			**565.97**	(357.20)
13.	PROFIT AFTER MINORITY INTEREST			**35724.41**	38099.10
14.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			**12496.53**	7170.66
15.	FOREIGN EXCHANGE TRANSLATION DIFFERENCE ON ABOVE			**44.56**	(129.76)
16.	RESERVES AND SURPLUS OF METROVOL FZE TRANSFERRED ON LIQUIDATION			**490.56**	Nil
17.	AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			**Nil**	275.00
18.	PROFIT AVAILABLE FOR APPROPRIATIONS			**48756.06**	45415.00
19.	APPROPRIATIONS :				
	(a) GENERAL RESERVE		**27112.62**		25178.06
	(b) LEGAL RESERVE		**4.56**		6.23
	(c) SPECIAL RESERVE		**15.24**		17.37
	(d) PROPOSED DIVIDEND		**6617.69**		6617.69
	(e) TAX ON DIVIDEND		**1073.56**		1099.12
				34823.67	32918.47
20.	BALANCE CARRIED FORWARD			**13932.39**	12496.53
	Basic and diluted earnings per share of ₹ 1 each (including Exceptional items) (in ₹) (See Note 10, Schedule 'M')			**10.80**	11.51

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

For and on behalf of the Board

Chairman **Ishaat Hussain**
Managing Director **Sanjay Johri**
Directors **Nasser Munjee**
Ravi Kant
N. D. Khurody
N. N. Tata
S. N. Menon
Nani Javeri
R. N. Mukhija
Executive Vice President (Finance) **M. M. Miyajiwala**
General Manager - Taxation & Company Secretary **V. P. Malhotra**
Mumbai, 19th May, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		₹ in Lakhs	₹ in Lakhs	2009-10 ₹ in Lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before Taxation		**52445.27**	53179.68
	Add - Adjustments for :			
	Depreciation / Amortisation	**2101.71**		2140.96
	Provision for doubtful debt and advances (written back)	**163.39**		(2276.83)
	Unrealised exchange (gain) / loss	**112.89**		(257.33)
	Exchange difference on translation of foreign currency cash and cash equivalents	**90.89**		54.56
	Provision for Contingencies (written back)	**Nil**		(1016.53)
	Provision for Diminution in value of Investments	**41.30**		Nil
	Profit on Sale/Retirement of Fixed Assets (Net)	**(4098.94)**		(2530.71)
	Profit on Sale of Non Trade Current Investments (Net)	**(76.32)**		(18.25)
	Interest Paid	**1653.51**		984.40
	Interest Received	**(810.73)**		(1090.15)
	Income from Investments	**(1457.75)**		(976.83)
	Impairment of Fixed Assets	**47.47**		227.11
	Impairment of Goodwill on Consolidation	**Nil**		910.00
	Provision for Employee Benefits	**1158.65**		152.68
	Provision for Trade Guarantee	**4543.80**		751.20
			3469.87	(2945.72)
	Operating Profit before Working Capital changes		**55915.14**	50233.96
	Less - Adjustments for:			
	(Increase)/Decrease in Inventories	**(47374.20)**		(2470.22)
	(Increase)/Decrease in Trade and Other Receivables	**(14877.09)**		(4110.83)
	(Increase)/Decrease in Loans and Advances	**(2035.64)**		2634.55
	(Decrease)/Increase in Advances from Customers	**4381.51**		5785.37
	(Decrease)/Increase in Trade Payables	**26730.97**		(4422.48)
	Adjustment of translation differences on working capital	**(28.36)**		(894.29)
			(33202.81)	(3477.90)
	Cash generated from operations		**22712.33**	46756.06
	Less: Taxes paid		**18792.53**	16106.52
	NET CASH FROM OPERATING ACTIVITIES		**3919.80**	30649.54

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

				2009-10
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	**(4458.20)**		(3169.73)
	Sale of Fixed Assets	**4423.53**		3501.18
	Surrender of Tenancy Rights	**Nil**		64.54
	Purchase of Investments	**(219968.93)**		(16637.92)
	Investment in Subsidiaries (net of cash acquired)	**(2436.70)**		(2355.67)
	Sale of Investments	**217263.88**		8886.51
	Interest Received	**835.49**		1090.15
	Income from Investments	**1457.75**		976.83
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(2883.18)**	(7644.11)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Share Capital (Calls in Arrears)	**0.06**		0.03
	Securities Premium (Calls in Arrears)	**0.33**		0.11
	Increase/(Decrease) in other Borrowings	**10295.94**		(13292.80)
	Repayment of Long Term Borrowings	**Nil**		(1334.00)
	Interest Paid	**(1654.51)**		(987.23)
	Increase/(Decrease) in unpaid Deposits	**(4.38)**		(2.07)
	Dividend paid including dividend tax	**(7678.13)**		(6149.48)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**959.31**	(21765.44)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1995.93**	1239.99
	CASH AND CASH EQUIVALENTS AS AT 1-4-2010 (See Schedule 'G')		**46945.41**	45705.42
	CASH ACQUIRED ON ACQUISITION OF SUBSIDIARY		**1003.32**	Nil
	CASH AND CASH EQUIVALENTS AS AT 31-3-2011 (See Schedule 'G')		**49944.66**	46945.41
	Cash and Cash Equivalents consist of:			
	Cash and Bank balances		**49799.21**	46890.85
	Add : Unrealised loss included in Cash and Cash Equivalents		**145.45**	54.56
			49944.66	46945.41

Note: Cash and Cash Equivalents includes unclaimed dividend bank balance of ₹ 242.57 Lakhs (31-3-2010: ₹ 203.89 Lakhs).

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**Nasser Munjee**
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
Executive Vice President (Finance)	**M. M. Miyajiwala**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 19th May, 2011

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 19th May, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A' : SHARE CAPITAL

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
1. AUTHORISED			
60,00,00,000 Equity Shares of ₹ 1 each		**6000.00**	6000.00
40,00,000 Redeemable Preference Shares of ₹100 each		**4000.00**	4000.00
	TOTAL	**10000.00**	10000.00
2. ISSUED, SUBSCRIBED AND CALLED-UP			
33,08,84,740 Equity Shares of ₹ 1 each		**3308.85**	3308.85
Less: Calls in Arrears		**1.42**	1.48
	TOTAL	**3307.43**	3307.37

SCHEDULE 'B' : RESERVES AND SURPLUS

₹ in Lakhs

	As at 1-4-2010 Opening Balance	Additions	Deductions ***	**As at 31-3-2011 Closing Balance**
1. SECURITIES PREMIUM	**626.71**	**0.33**	**—**	**627.04**
	(626.60)	(0.11)	(—)	(626.71)
2. CAPITAL RESERVE	**155.52**	**—**	**—**	**155.52**
	(155.52)	(—)	(—)	(155.52)
3. CAPITAL REDEMPTION RESERVE	**125.70**	**—**	**—**	**125.70**
	(125.70)	(—)	(—)	(125.70)
4. CAPITAL RESERVE ON CONSOLIDATON	**1840.16**	**—**	**216.86**	**1623.30**
	(1839.48)	(0.68)	**(—)**	(1840.16)
5. GENERAL RESERVE *	**88963.74**	**27112.62**	**260.88**	**115815.48**
	(63901.72)	(25178.06)	(116.04)	(88963.74)
6. STAFF WELFARE RESERVE	**1.00**	**—**	**—**	**1.00**
	(1.00)	(—)	(—)	(1.00)
7. FOREIGN PROJECTS RESERVE	**—**	**—**	**—**	**—**
	(275.00)	(—)	(275.00)	**(—)**
8. FOREIGN EXCHANGE TRANSLATION RESERVE	**439.02**	**(196.05)**	**237.64**	**5.33**
	(1003.87)	564.85	(—)	(439.02)
9. SPECIAL RESERVE	**483.26**	**15.24**	**—**	**498.50**
	(465.89)	(17.37)	(—)	(483.26)
10. LEGAL RESERVE (See Note 3, Schedule 'M') **	**77.85**	**4.56**	**2.37**	**80.04**
	(102.18)	(6.23)	(30.56)	(77.85)
11. SURPLUS IN PROFIT AND LOSS ACCOUNT	**12496.53**	**36259.53**	**34823.67**	**13932.39**
	(7170.66)	(38244.34)	(32918.47)	(12496.53)
TOTAL	**105209.49**	**63196.23**	**35541.42**	**132864.30**
	(75667.62)	(62881.94)	(33340.07)	(105209.49)

* Deductions during the year of ₹ 7.96 Lakhs (2009-10 : ₹116.04 Lakhs) are due to revaluation of opening reserve.
** Deductions during the year of ₹ 2.37 Lakhs (2009-10 : ₹ 30.56 Lakhs) are due to revaluation of opening reserve.
*** General Reserve of ₹ 252.92 Lakhs and Foreign Exchange Translation Reserve of ₹ 237.64 Lakhs transferred to profit and loss account on liquidation of a foreign subsidiary.
Note : Figures in brackets are of previous year.

SCHEDULE 'C' : SECURED LOANS

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
LOANS FROM BANKS		**12799.04**	3062.65
	TOTAL	**12799.04**	3062.65

SCHEDULE 'D' : UNSECURED LOANS

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
SHORT TERM LOANS AND ADVANCES From Other than Banks		**1013.94**	454.39
	TOTAL	**1013.94**	454.39

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

Particulars	GROSS BLOCK AT COST						DEPRECIATION / AMORTISATION							NET BLOCK	
	As at 31 March, 2010	Adjustments (See Note 'a' below)	Additions	Deductions	Exchange Difference (See Note 'b' below)	**As at 31 March, 2011**	Up to 31 March, 2010	Adjustments (See Note 'a' below)	For the Year	On Deductions	Impairment (See Note 'd' below)	Exchange Difference (See Note 'b' below)	**Up to 31 March, 2011**	**As at 31 March, 2011**	As at 31 March, 2010
						(1+2+3-4+5)							**(7+8+9-10+11+12)**	**(6-13)**	(1-7)
	(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	(10)	(11)	(12)	**(13)**	**(14)**	(15)
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs
1. Freehold Land	793.54	Nil	Nil	Nil	Nil	**793.54**	Nil	Nil	Nil	Nil	Nil	Nil	**Nil**	**793.54**	793.54
2. Leasehold Land	568.98	Nil	Nil	Nil	Nil	**568.98**	20.84	Nil	6.23	Nil	Nil	Nil	**27.07**	**541.91**	548.14
3. Buildings (See Notes c & d)	11455.29	13.29	2316.22	230.69	(4.59)	**13549.52**	2978.96	12.75	338.59	94.17	Nil	1.22	**3237.35**	**10312.17**	8476.33
4. Plant & Machinery (See Note d)	19252.06	735.38	2573.48	1513.20	(21.56)	**21026.16**	10553.13	637.83	1137.17	1350.94	47.47	59.50	**11084.16**	**9942.00**	8698.93
5. Furniture & Fittings	2247.55	54.53	87.01	52.25	(2.02)	**2334.82**	1507.93	38.55	160.46	50.89	Nil	21.20	**1677.25**	**657.57**	739.62
6. Vehicles	1402.39	319.72	264.72	129.48	(8.66)	**1848.69**	761.82	292.74	134.58	105.03	Nil	49.61	**1133.72**	**714.97**	640.57
7. Intangible Assets : Manufacturing Rights & Technical Know-how	1004.32	Nil	26.58	Nil	Nil	**1030.90**	1004.32	Nil	2.36	Nil	Nil	Nil	**1006.68**	**24.22**	Nil
8. Software	2173.42	Nil	769.45	Nil	(0.12)	**2942.75**	1384.46	Nil	322.32	Nil	Nil	(0.12)	**1706.66**	**1236.09**	788.96
	38897.55	1122.92	6037.46	1925.62	(36.95)	**44095.36**	18211.46	981.87	2101.71	1601.03	47.47	131.41	**19872.89**	**24222.47**	20686.09
Previous Year	(39862.11)	(Nil)	(2559.29)	(3175.84)	(-348.01)	(38897.55)	(18385.29)	(Nil)	(2140.96)	(2140.83)	(227.11)	(-401.07)	(18211.46)	(20686.09)	
9. Capital Work-in-Progress [Including advances against Capital Expenditure (See Note 'e' below)]														**355.05**	1934.31
														24577-52	22620.40

Notes :

(a) Current year's figures include assets and depreciation of Lalbuksh Voltas Engineering Services & Trading L.L.C. which became a subsidiary during the year.

(b) Exchange Differences in columns (5) and (12) above relate to the opening balances.

(c) Includes factory building of ₹ 109.66 Lakhs (31-3-2010: ₹ 110.74 Lakhs) (original cost) and ₹ 2.71 Lakhs (31-3-2010: ₹ 5.47 Lakhs) (net book value) constructed on leasehold land, the lease period being fifteen years with a renewal option.

(d) Fixed Assets include assets held for sale aggregating ₹ 1392.71 Lakhs (31-3-2010: ₹ 1615.82 Lakhs), valued at the lower of the estimated net realisable value and net book value.

(e) Capital Work-in-Progress is net of Government Subsidy received.

SCHEDULE 'F' : INVESTMENTS (at Cost)

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
	LONG TERM INVESTMENTS			
1.	TRADE INVESTMENTS (See Note 4, Schedule 'M')			
	Subsidiary Companies (See Note 2(c), Schedule 'M')		**119.63**	119.63
	Equity Shares (Quoted)		**1402.28**	1428.38
	Equity Shares (Unquoted)		**2567.23**	1370.32
2.	OTHER INVESTMENTS			
	Equity Shares (Quoted)		**0.04**	0.04
	Equity Shares (Unquoted)		**0.48**	0.48
	Units of Mutual Funds (Unquoted)		**125.00**	175.00
	TOTAL LONG TERM INVESTMENTS		**4214.66**	3093.85
	CURRENT INVESTMENTS			
	Units of Mutual Funds (Unquoted)		**22472.10**	20808.01
	Government Securities (Unquoted)		**0.05**	0.05
	Equity Shares (Quoted)		**90.12**	93.65
	TOTAL CURRENT INVESTMENTS		**22562.27**	20901.71
	TOTAL INVESTMENTS		**26776.93**	23995.56
	LESS: PROVISION FOR DIMINUTION IN VALUE		**642.49**	601.19
		TOTAL	**26134.44**	23394.37
	Quoted : Cost		**1492.44**	1522.07
	: Market Value		**16605.75**	13970.60
	Unquoted : Cost		**25284.49**	22473.49

SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES

		₹ in Lakhs	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	INVENTORIES			
	STORES		**23.06**	22.12
	STOCK-IN-TRADE :			
	(a) Raw Materials and Components	**15328.87**		11252.86
	(b) Work-in-Progress	**25068.54**		20671.91
	(c) Finished Goods	**41821.09**		33845.53
			82218.50	65770.30
			82241.56	65792.42
2.	SUNDRY DEBTORS			
	(a) Fully secured, considered good	**252.42**		621.27
	(b) Unsecured, considered good	**116795.37**		99976.06
	(c) Considered doubtful	**4806.36**		4601.37
		121854.15		105198.70
	Less: Provision for doubtful debts	**4806.36**		4601.37
			117047.79	100597.33
3.	CASH AND BANK BALANCES			
	(a) Cash in hand and Cheques on Hand	**5785.42**		4358.83
	(b) Bank balances in Current Accounts	**25861.25**		14566.37
	(c) Bank balances in Fixed Deposit Accounts	**18152.54**		27965.65
			49799.21	46890.85
4.	OTHER CURRENT ASSETS			
	(a) Contract Revenue in Excess of Billing	**79586.35**		48616.58
	(b) Accrued Interest	**22.47**		47.23
			79608.82	48663.81
5.	LOANS AND ADVANCES			
	- Deposits with public bodies, others	**2918.64**		2441.64
	- Other advances	**19631.12**		17751.19
	- Advance payment of taxes (Net)	**2143.61**		692.56
		24693.37		20885.39
	Less: Provision for doubtful advances	**295.71**		337.31
			24397.66	20548.08
	TOTAL		**353095.04**	282492.49

SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS

		₹ in Lakhs	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(A)	CURRENT LIABILITIES			
1.	ACCEPTANCES		**12609.97**	7657.64
2.	SUNDRY CREDITORS		**133833.75**	111215.58
3.	ADVANCE PAYMENTS AND DEPOSITS RECEIVED			
	(a) From Customers / Others	**62907.99**		50230.42
	(b) Against Unexpired Service Contracts	**2659.76**		2252.40
	(c) Billing in excess of Contract Revenue	**11968.49**		20671.91
			77536.24	73154.73
4.	OTHER LIABILITIES		**6771.19**	6270.43
	TOTAL (A)		**230751.15**	198298.38
(B)	PROVISIONS			
5.	PROVISION FOR TAXATION (NET)		**3738.87**	4296.20
6.	PROPOSED DIVIDEND		**6617.69**	6617.69
7.	PROVISION FOR DIVIDEND TAX		**1073.56**	1099.12
8.	PROVISION FOR TRADE GUARANTEES (See Note 6, Schedule 'M')		**10140.25**	5596.45
9.	PROVISION FOR EMPLOYEE BENEFITS		**8875.19**	7716.54
10.	PROVISION FOR CONTINGENCIES (See Note 6, Schedule 'M')		**1125.00**	1125.00
	TOTAL (B)		**31570.56**	26451.00
	TOTAL (A) + (B)		**262321.71**	224749.38

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'I' : OTHER INCOME

		₹ in Lakhs	₹ in Lakhs	Year ended 31st March, 2010 ₹ in Lakhs
1.	Income from Investments			
	(a) Trade Investments (Long Term)	**299.02**		280.03
	(b) Other Investments (Long Term)	**Nil**		0.41
	(c) Other Investments (Current)	**1158.73**		696.39
			1457.75	976.83
2.	Miscellaneous Income		**2260.41**	2243.52
3.	Provision for Contingencies written back		**Nil**	232.94
4.	Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net)		**76.32**	18.25
5.	Rent Received		**3492.83**	3284.00
6.	Interest Received			
	(a) in respect of sales on deferred payment terms and other accounts	**102.64**		141.83
	(b) On fixed deposits with Banks	**637.92**		828.62
	(c) On Income tax refunds	**70.17**		119.70
			810.73	1090.15
	TOTAL		**8098.04**	7845.69

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

				Year ended 31st March, 2010
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
1.	Stock-in-Trade per 1-4-2010		**65770.30**	59815.03
2.	Purchases and cost of jobs, manufacture and services		**384524.95**	334717.24
3.	Stock-in-Trade per 31-3-2011		**82218.50**	65770.30
4.	**Cost of Sales and Services (1 + 2 - 3)**		**368076.75**	328761.97
5.	Staff Expenses			
	(a) Salaries, Wages and Bonus	**50193.15**		49217.49
	(b) Company's contribution to Provident Funds and other Funds	**1450.59**		1664.71
	(c) Provision for Retirement Benefits	**1625.35**		1760.53
	(d) Welfare Expenses	**2356.68**		1859.54
			55625.77	54502.27
6.	Forwarding Charges (Net)		**3336.55**	2232.25
7.	Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		**3181.15**	6820.25
8.	Advertising (Net)		**2461.06**	2819.95
9.	Rent paid		**5104.80**	5002.20
10.	Rates and Taxes		**185.53**	172.75
11.	Insurance		**741.96**	441.47
12.	Stores Consumed		**559.25**	524.59
13.	Power		**433.44**	357.69
14.	Repairs to Buildings		**209.23**	182.17
15.	Repairs to Plant and Machinery		**649.68**	685.49
16.	Travelling and Conveyance		**6795.62**	6061.79
17.	Stationery, Postage, Fax and Telephone		**2087.27**	1967.37
18.	Auditors' Remuneration (See Note 15, Schedule 'M')		**297.83**	210.23
19.	Audit fees payable to Branch Auditors		**0.25**	35.92
20.	Audit fees payable to Cost Auditors		**2.99**	1.63
21.	Legal and Professional charges		**2850.55**	2158.94
22.	Other expenses		**18272.96**	15466.15
23.	Bad and Doubtful Debts / Advances		**1854.41**	852.38
24.	Donations		**7.55**	33.98
25.	Loss on Sale of Fixed Assets (Net)		**69.99**	350.01
26.	Loss on Foreign Exchange (Net)		**794.94**	148.23
	TOTAL		**473599.53**	429789.68

SCHEDULE 'K' : INTEREST

		₹ **in Lakhs**	Year ended 31st March, 2010 ₹ in Lakhs
Interest Paid			
(a) On fixed loans		**15.55**	86.01
(b) On other accounts		**1637.96**	898.39
	TOTAL	**1653.51**	984.40

SCHEDULE 'L' : EXCEPTIONAL ITEMS

		₹ **in Lakhs**	Year ended 31st March, 2010 ₹ in Lakhs
1. Profit on Sale of Properties / Surrender of Tenancy Rights (Net)		**4168.93**	2880.72
2. Reversal of Provision for Contingencies		**Nil**	783.59
		4168.93	3664.31
Less :			
3. Cost of Voluntary Retirement Scheme / Early Separation Scheme		**102.87**	24.92
4. Impairment of Fixed Assets		**47.47**	227.11
5. Impairment of Goodwill on Consolidation		**Nil**	910.00
		150.34	1162.03
	TOTAL	**4018.59**	2502.28

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Voltas Limited ("the Company") and its subsidiary companies and jointly controlled entities. The Company, its Subsidiaries and the jointly controlled entities, 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 jointly controlled entities of the Company have been classified as "Non Integral Foreign Operations". Revenue items of such entities are converted 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) Interests in jointly controlled entities 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.

(iv) The Financial Statements of the subsidiaries and the jointly controlled entities consolidated are drawn upto the same reporting date of the Company i.e. 31st March, 2011 except Saudi Ensas Company for Engineering Services W.L.L., Weathermaker Limited, Universal Voltas L.L.C. and Universal Weathermaker Factory L.L.C. where the accounts are drawn upto 31st December, 2010. The financial year of Lalbuksh Voltas Engineering Services & Trading L.L.C. has been changed from April to January. Hence, the current period Financial Statements are drawn for the nine months ended 31st December, 2010.

(v) The excess of the Company's portion of equity of the subsidiaries and jointly controlled entities as at the date of its investment over the cost of its investment is treated as Capital Reserve on Consolidation. The excess of cost to the Company of its investment in subsidiaries and jointly controlled entities over the Company's portion of equity as at the date of investment is treated as Goodwill on Consolidation.

(vi) Minority interest in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to the 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.

(vii) 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**	
		2010-11	2009-10
Indian Subsidiaries :			
– Simto Investment Company Ltd.	India	**95.57**	95.57
– Auto Aircon (India) Ltd.	India	**100.00**	100.00
– Agro Foods Punjab Ltd. (under liquidation)	India	**100.00**	100.00
– Westerwork Engineers Ltd. (under liquidation)	India	**51.00**	51.00
– Universal Comfort Products Ltd.	India	**100.00**	100.00
– Rohini Industrial Electricals Ltd.	India	**83.67**	67.33

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2010-11	2009-10
Foreign Subsidiaries :			
– Metrovol FZE (liquidated on 9-2-2011)	United Arab Emirates	—	100.00
– Voltas Netherlands B.V. (formerly 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
– Saudi Ensas Company for Engineering Services W.L.L.	Saudi Arabia	**100.00**	100.00
– Lalbuksh Voltas Engineering Services & Trading L.L.C., Muscat (w.e.f. 31-3-2011)	Sultanate of Oman	**60.00**	—
– Voltas Oman L.L.C. (w.e.f. 27-3-2011)	Sultanate of Oman	**65.00**	—
Indian Joint Venture :			
– Naba Diganta Water Management Ltd.	India	**26.00**	26.00
Foreign Joint Ventures :			
– 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 L.L.C.	United Arab Emirates	**49.00**	49.00
– ETA-Voltas-Hitachi Plant (Jointly Controlled Operations)	United Arab Emirates	**37.50**	37.50
– NDIA Package 19 Project (Jointly Controlled Operations)	Qatar	**77.08**	77.08
– Sidra Medical & Research Centre Project (Jointly Controlled Operations)	Qatar	**51.08**	51.08
– Universal Weathermaker Factory L.L.C.	United Arab Emirates	**49.00**	49.00
– Lalbuksh Voltas Engineering Services & Trading L.L.C., Muscat (upto 30-3-2011)	Sultanate of Oman	—	49.00
Associate :			
– Brihat Trading Pvt. Ltd. (Refer Note (a) below)	India	**33.33**	33.33

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 and AVCO Marine S.a.S., joint ventures have not been consolidated as they are under closure and liquidation, respectively and the investments in the books of the Company are fully provided.

(c) The accounts of Agro Foods Punjab Limited and Westerwork Engineers Limited, subsidiaries, have not been consolidated as they are under liquidation and the investments in the books of the Company are fully provided.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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 Financial Statements of certain foreign subsidiaries and jointly controlled entities used for the purpose of the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with local laws as applicable. The differences in accounting policies of the Company and its subsidiaries are not material and there are no material transactions from 1st January, 2011 to 31st March, 2011 in respect of subsidiaries having financial year ended 31st December, 2010.

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 period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Future 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. Commission earned on consignment sales is accounted for as part of sales and services.

(b) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of contract. Service revenue is recognised on rendering of services.

(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. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the Balance Sheet.

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 the total estimated cost for 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 billings over cost is deferred and accounted for as "Unexpired Service Revenue".

(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, commencing from the date the land is put to use for commercial operations.

(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 one of the subsidiaries, depreciation on all Fixed Assets has been provided for on Written Down Value Basis.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

(d) 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 estimated useful lives.

(e) In one of the subsidiaries, 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 the 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/impairment.

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.

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. 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 obligation as a result of past events 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 their present values and are determined based on the 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) LEASES

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.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

(xii) INVENTORIES

Inventories including Work-in-Progress (other than Construction Contracts) are valued at cost or net 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. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability.

(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 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.

(xv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

(a) The cost of Voluntary Retirement Scheme/Retrenchment Compensation, including ex-gratia and additional gratuity liability arising there from, is charged to the Profit and Loss Account in the month of separation of employees.

(b) The Present Value of future payments to employees opting for Early Separation Scheme (ESS) and the additional gratuity liability arising there from are charged to the Profit and Loss Account in the month of separation of employees.

(xvi) EMPLOYEE BENEFITS

(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 credit 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. Actuarial gains and losses based on actuarial valuation done by the independent actuary carried out annually are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of the 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 Group'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.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

(c) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed in twelve months immediately following the year end are reported as expenses during the year in which the employee perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit and where the availment or encashment is otherwise not expected to occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(xvii) 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 Group 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 ₹ 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.

5. INVENTORIES - WORK-IN-PROGRESS

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

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**656747.19**	616433.33
(b)	Advances received for such contracts in progress	**52453.38**	46828.02
(c)	The amount of retentions due for such contracts	**20116.27**	22187.61
(d)	The gross amount due from customers for such contracts	**79586.35**	48616.58
(e)	The gross amount due to customers for such contracts	**11968.49**	20671.91

6. CURRENT LIABILITIES AND PROVISIONS

₹ in Lakhs

Provisions	Opening Balance	Additions	Utilisation	Reversal	Closing Balance
Trade Guarantee	**5596.45**	**10845.29**	**4953.15**	**1348.34**	**10140.25**
	(4845.25)	(5567.69)	(3303.24)	(1513.25)	(5596.45)
Contingency for tax matters	**1125.00**	**Nil**	**Nil**	**Nil**	**1125.00**
	(1357.94)	(Nil)	(Nil)	(232.94)	(1125.00)
Contingency for claim	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	(783.59)	(Nil)	(Nil)	(783.59)	(Nil)

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 10 years depending on the contractual obligation.

Note : Figures in brackets are for the previous year.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

7. DEFERRED TAX ASSET / LIABILITY

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

				As at 31-3-2010	
		Deferred Tax Assets	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
(i)	Depreciation	—	**3027.32**	18.43	2751.87
(ii)	Voluntary Retirement Scheme	**21.02**	—	35.00	—
(iii)	Unpaid Statutory Liabilities	**474.33**	—	576.00	—
(iv)	Provision for Doubtful Debts and Advances	**1445.48**	—	1448.17	—
(v)	Provision for Contingencies	**365.06**	—	373.56	—
(vi)	Employees Benefits	**2351.44**	—	2272.63	—
(vii)	Others	**66.35**	—	58.64	—
	Total	**4723.68**	**3027.32**	4782.43	2751.87
	Net Timing Differences				
	Deferred Tax assets	**1696.36**	—	2030.56	—

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

				As at 31-3-2010	
		Deferred Tax Assets	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
(i)	Depreciation	—	**189.72**	—	191.97
(ii)	Unabsorbed Depreciation	—	—	165.82	—
(iii)	Employees Benefits	**0.99**	—	5.07	—
(iv)	Others	**13.43**	—	14.26	—
	Total	**14.42**	**189.72**	185.15	191.97
	Net Timing Differences				
	Deferred Tax (liability)	**(175.30)**	—	(6.82)	—

The deferred tax assets have been recognised on unabsorbed depreciation to the extent of virtual certainty on account of deferred tax liability on depreciation timing difference.

8. COST OF SALES, SERVICES AND EXPENSES

(a) The Group makes contribution towards provident funds, defined benefit retirement plans and towards superannuation fund, a defined contribution retirement plan for qualifying employees. These funds are administered by the trustees appointed by the Company. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

(b) The Company makes annual contributions to Gratuity Funds, which is a funded defined benefit plan for qualifying employees. The scheme provides for lumpsum payment to vested employees at retirement, death while in employment or in termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of 5 years of service.

The Company is also providing post retirement medical benefits to qualifying employees.

The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out as at 31st March, 2011. The present value of the defined benefit obligation and the related current service cost and past service cost, are measured using the Projected Unit Credit Method.

The following tables set out the funded status and the amounts recognised in the Company's financial statements as at 31st March, 2011 for the Defined Benefit Plans other than Provident Fund. According to the Management, in consultation with the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in the absence of guidance from the Actuarial Society of India.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

Defined Benefit Plans - As per Actuarial Valuation as on 31st March, 2011 :

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
I.	**Expense recognised in the Profit and Loss Account for the year ended 31st March, 2011**				
	1. Current Service Cost	**637.26**	**320.61**	**86.39**	**—**
		623.72	*320.91*	*24.93*	—
	2. Interest Cost	**100.33**	**364.92**	**63.33**	**65.09**
		71.78	*283.48*	*44.03*	*47.58*
	3. Expected return on plan assets	**—**	**(324.73)**	**—**	**—**
		—	*(254.88)*	—	—
	4. Cost of plan amendment	**—**	**—**	**—**	**—**
		—	*48.16*	*159.59*	—
	5. Actuarial (Gains) / Losses	**32.89**	**(184.29)**	**(82.55)**	**530.64**
		(75.27)	*197.02*	*(19.79)*	*165.81*
	6. Difference in Exchange	**22.73**	**—**	**—**	**—**
		7.45	—	—	—
	7. **Total expense**	**793.20**	**176.51**	**67.17**	**595.73**
		627.68	*594.69*	*208.76*	*213.39*
II.	**Net Liability recognised in the Balance Sheet as at 31st March, 2011**				
	1. Present value of Defined Benefit Obligation	**2416.89**	**4606.62**	**830.70**	**1298.05**
		1989.25	*4558.84*	*791.63*	*813.69*
	2. Fair value of plan assets as at 31st March, 2011	**—**	**(4648.11)**	**—**	**—**
		—	*(4069.15)*	—	—
	3. **Net (asset)/liability as at 31st March, 2011**	**2416.89**	**(41.49)**	**830.70**	**1298.05**
		1989.25	*489.69*	*791.63*	*813.69*
III.	**Change in Obligation during the year ended 31st March, 2011**				
	1. Present value of Defined Benefit Obligation at the beginning of the year	**1989.25**	**4558.84**	**791.63**	**813.69**
		1892.96	*4045.72*	*629.01*	*679.67*
	2. Current Service Cost	**637.26**	**320.61**	**86.39**	**—**
		623.72	*320.91*	*24.93*	—
	3. Interest Cost	**100.33**	**364.92**	**63.33**	**65.09**
		71.78	*283.48*	*44.03*	*47.58*
	4. Actuarial (Gains)/Losses	**32.89**	**(119.21)**	**(82.55)**	**530.64**
		(75.27)	*271.24*	*(19.79)*	*165.81*
	5. Cost of Amendment	**—**	**—**	**—**	**—**
		—	*48.16*	*159.59*	—
	6. Benefits Payments	**(315.00)**	**(518.56)**	**(28.10)**	**(111.36)**
		(290.59)	*(410.67)*	*(46.14)*	*(79.37)*
	7. Difference in exchange	**(27.84)**	**—**	**—**	**—**
		(233.35)	—	—	—
	8. **Present value of Defined Benefit Obligation at the end of the year**	**2416.89**	**4606.62**	**830.70**	**1298.05**
		1989.25	*4558.84*	*791.63*	*813.69*

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
IV.	**Change in Assets during the year ended 31st March, 2011**				
1.	Plan assets at the beginning of the year	—	**4069.16**	—	—
		—	*3645.93*	—	—
2.	Expected return on plan assets	—	**324.73**	—	—
		—	*254.88*	—	—
3.	Contributions by employers	**315.00**	**707.68**	**28.10**	**111.36**
		290.59	*504.79*	*46.14*	*79.37*
4.	Actual benefits paid	**(315.00)**	**(518.56)**	**(28.10)**	**(111.36)**
		(290.59)	*(410.67)*	*(46.14)*	*(79.37)*
5.	Actuarial Gains / (Losses)	—	**65.08**	—	—
		—	*74.22*	—	—
6.	Plan assets at the end of the year	—	**4648.11**	—	—
		—	*4069.15*	—	—
7.	**Actual return on plan assets (2+5)**	—	**389.81**	—	—
		—	*329.10*	—	—
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**1989.25**	**489.69**	**791.63**	**813.69**
		1892.96	*399.79*	*629.01*	*679.66*
2.	Expenses as above (I)	**793.20**	**176.51**	**67.17**	**595.73**
		627.68	*594.69*	*208.76*	*213.39*
3.	Employers Contribution	**(315.00)**	**(707.68)**	**(28.10)**	**(111.36)**
		(290.59)	*(410.67)*	*(46.14)*	*(79.37)*
4.	Difference in exchange	**(50.57)**	—	—	—
		(240.80)	—	—	—
5.	**Closing Net Liability**	**2416.89**	**(41.49)**	**830.70**	**1298.06**
		1989.25	*489.69*	*791.63*	*813.69*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (LIC)	1994-96	1994-96 (Ultimate)	1994-96	1996-98
2.	Discount Rate	**5% & 8.25%**	**8.25% & 8.35%**	**8.25%**	**8.25%**
		5% & 8%	*8% & 8.25%*	*8%*	*8%*
3.	Increase in Salary/Health Care Cost/ Pension	**5%**	**8%**	**5%**	**7%**
		5%	*8% & 9%*	*8%*	*8%*
4.	Rate of Return on Plan Assets	—	**7.5% & 8.25%**	**8.25%**	**8.25%**
		—	*7.5% & 8%*	*8%*	*8%*

Note: Figures in italics under I to VI are of the previous year.

VII. Categories of plan assets as a percentage of the fair value of total plan assets

		Gratuity	Gratuity 31-3-2010
		%	%
1.	Government of India Securities	**24**	26
2.	Corporate Bonds	**69**	65
3.	Special Deposit Scheme	**3**	5
4.	Others	**4**	4
		100	100

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

VIII. Effect of Change in Assumed Health Care Cost Trend Rate

				2009-10	
		₹ in Lakhs		₹ in Lakhs	
		One percentage point increase	**One percentage point decrease**	One percentage point increase	One percentage point decrease
1.	Effect on the aggregate of the service cost and interest cost	**93.64**	**88.47**	68.21	66.28
2.	Effect on defined benefit obligation	**851.14**	**810.25**	809.32	785.74

(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.

(c) The disclosure of Present value of Defined obligations, fair value of the assets, surplus/(deficit) of Assets and Experience adjustments of the current year and preceding four years are as under:

	Particulars		2009-10	2008-09	2007-08	2006-07
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1.	Present Value of Defined benefit Obligation	**9152.26**	8153.41	7247.36	5403.85	3981.55
2.	Fair value of Planned Assets	**4648.11**	4069.15	3645.93	1848.98	1232.06
3.	Surplus or (Deficit) of the plan	**4504.15**	4084.26	3601.43	3554.87	2749.49
4.	Experience Adjustment					
	– On Plan Assets	**65.08**	72.09	49.66	14.99	6.56
	– On Plan Liabilities	**(16.99)**	(11.32)	1020.18	437.05	113.17
		48.09	60.77	1069.84	452.04	119.73

(d) The details of the Company's Defined Benefit plans for its employees are given above which are certified by the actuary and relied upon by the auditors.

(e) Expected contribution of ₹ 621.50 Lakhs (31-3-2010: ₹ 836 Lakhs) to Defined Benefits (other than Provident Fund) for the next year.

(f) The Company has recognised the following amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund and Other Funds :

		2009-10
Particulars	**₹ in Lakhs**	₹ in Lakhs
Provident Fund	**949.07**	825.04
Superannuation Fund	**191.46**	199.95
	1140.53	1024.99

(g) The Company has not disclosed information related to defined benefits as required under AS-15 on Employee benefits notified under the Companies (Accounting Standards) Rules, 2006 for foreign subsidiaries and joint ventures. However, these companies are not material in relation to the Group.

9. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is ₹ 258964.24 Lakhs (2009-10: ₹ 269964.32 Lakhs).

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

10. EARNINGS PER EQUITY SHARE

		2009-10
Net Profit after Minority Interest and Share of Profit of Associate (₹ Lakhs)	**35724.41**	38099.10
Weighted average number of Equity Shares outstanding	**330884740**	330884740
Earnings Per Share (₹) - Basic and Diluted (Face value of ₹ 1 per share)	**10.80**	11.51

11. DERIVATIVE INSTRUMENTS

The Company has entered into the following derivative instruments :

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 :

Currency	Amt. in Lakhs	Sell / Buy	Cross Currency
US Dollar	**50.00**	**Buy**	**Rupees**
	(65.00)	Buy	Rupees
GB Pound	**Nil**	**—**	**—**
	(3.00)	Buy	QAR
	(1.10)	Buy	US Dollar
Euro	**Nil**	**—**	**—**
	(34.56)	Buy	QAR

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 ₹ Nil (2009-10: ₹ 4.35 Lakhs).

Note : Figures in brackets are of the previous year.

12. LEASES

(a) Assets under operating Leases :

(i) The Group has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 4631.12 Lakhs (2009-10: ₹ 4502.83 Lakhs).

(ii) The minimum future lease rentals payable in respect of non-cancellable lease are as under :-

		2009-10
	₹ in Lakhs	₹ in Lakhs
Not later than one year	**3431.04**	1384.12
Later than one year but not later than five years	**2602.90**	2306.75
Later than five years	**131.20**	127.71

(iii) The Company has given on operating lease certain assets. The total lease rent received on the same amounting to ₹ 3274.52 Lakhs (2009-10: ₹ 3067.79 Lakhs) is included under Other Income.

(iv) The minimum future lease rentals receivable in respect of non-cancellable lease are as under :-

		2009-10
	₹ in Lakhs	₹ in Lakhs
Not later than one year	**3274.52**	2968.37
Later than one year but not later than five years	**6540.19**	5270.63
Later than five years	**1690.64**	1732.35

(v) The Original Cost, Depreciation for the year and Written Down Value are ₹ 1307.79 Lakhs, ₹ 31.65 Lakhs and ₹ 815.69 Lakhs (2009-10: ₹ 1307.78 Lakhs, ₹ 31.10 Lakhs and ₹ 847.33 Lakhs), respectively.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

13. CONTINGENT LIABILITIES NOT PROVIDED FOR:

(a) Bills and Letter of Credits discounted with Banks : ₹ 1235.01 Lakhs (31-3-2010 : ₹ 554.49 Lakhs).

(b) Other Guarantees given ₹ 16.71 Lakhs (31-3-2010 : ₹ 16.71 Lakhs).

(c) Claims against the Group not acknowledged as debts :

In respect of various matters aggregating ₹ 27104.80 Lakhs (31-3-2010: ₹ 26330.21 Lakhs) against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2010: ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 4928.10 Lakhs (31-3-2010: ₹ 4513.74 Lakhs), the Group has a right to recover the same from a third party.

(d) Income tax demands decided in Group's favour by Appellate Authorities where the Department is in further appeal - ₹ 1075.53 Lakhs (31-3-2010: ₹ 1300.30 Lakhs).

(e) In respect of guarantees aggregating ₹ 144347.46 Lakhs (31-3-2010: ₹ 97739.05 Lakhs) issued by Banks at the request of the Group in favour of third parties.

(f) Staff demands under adjudication : Amount indeterminate.

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

14. Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹ 8423.21 Lakhs (31-3-2010: ₹ 1481 Lakhs). Advance paid against such contracts : ₹ 233.99 Lakhs (31-3-2010: ₹ 642.02 Lakhs).

15. (a) Auditors' Remuneration:

		2009-10
	₹ in Lakhs	₹ in Lakhs
Audit Fees	**160.52**	103.15
Other Services	**129.31**	103.77
Out of pocket expenses	**8.00**	3.31
	297.83	210.23

[The above excludes Service Tax availed ₹ 20.91 Lakhs (2009-10 : ₹ 16.16 Lakhs)]

(b) Other expenses includes ₹ 41.30 Lakhs (2009-10 : Nil) for provision for diminution in value.

16. (a) The Group has consolidated the accounts of the following joint ventures as on 31st March, 2011 and its percentage holding is given below :

Name of the Joint Venture	% Holding
Universal Voltas L.L.C., United Arab Emirates	49.00
Naba Diganta Water Management Ltd., India	26.00
Universal Weathermaker Factory L.L.C., United Arab Emirates	49.00
ETA-Voltas-Hitachi Plant, United Arab Emirates	37.50
NDIA Package 19 Project, Qatar	77.08
Sidra Medical & Research Centre Project, Qatar	51.08

Note : Lalbuksh Voltas Engineering Services & Trading L.L.C., Sultanate of Oman, in which Voltas's holding was 49% as on 31-3-2010, ceased to be a joint venture company on acquisition of additional 11% shareholding on 31-3-2011.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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 :

		2009-10
	₹ in Lakhs	₹ in Lakhs
ASSETS		
Net Block (including Capital WIP)	**2420.32**	1889.70
Current Assets	**49957.84**	35947.64
Loans and Advances	**243.54**	1140.66
	52621.70	38978.00
LIABILITIES		
Reserves and Surplus	**3249.52**	7357.31
Secured Loans	**9332.61**	2536.60
Current Liabilities and Provisions	**38004.95**	26565.40
	50587.08	36459.31
INCOME		
Sale of Products and other Services	**37021.26**	39913.54
Other Income	**2199.16**	329.96
EXPENSES		
Cost of Sales, Services and Expenses	**39053.39**	38165.78
Depreciation	**216.55**	262.72
Interest	**508.51**	121.25
Taxes :		
- Current	**Nil**	134.45
CONTINGENT LIABILITIES	**29054.34**	24792.38
CAPITAL COMMITMENT	**4912.11**	3572.78

(b) The effect of acquisition of additional shareholding of Lalbuksh Voltas Engineering Services & Trading L.L.C., Muscat on the financial position and results as included in the consolidated financial statements for the year ended 31st March, 2011 are given below:

	₹ in Lakhs
SOURCES OF FUNDS	
Share Capital	**57.79**
Reserves and Surplus	**2278.09**
Current Liabilities	**725.40**
Provisions	**484.67**
APPLICATION OF FUNDS	
Fixed Assets	**139.69**
Current Asets	**3084.97**
Loans and Advances	**321.29**

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

17(A). Information about Consolidated Segments :

	Particulars		2009-10
		₹ in Lakhs	₹ in Lakhs
1.	**SEGMENT REVENUE**		
	(a) Segment - A (Electro - mechanical Projects and Services)	**304113.44**	311340.70
	(b) Segment - B (Engineering Products and Services)	**56382.91**	46802.90
	(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**156075.13**	113867.38
	(d) Others	**1261.74**	3911.13
	Less : Inter segment revenue	**149.83**	175.36
	Net Sales / Income from Operations	**517683.39**	475746.75
2.	**SEGMENT RESULTS**		
	(a) Segment - A (Electro - mechanical Projects and Services)	**23930.08**	30909.39
	(b) Segment - B (Engineering Products and Services)	**10314.06**	7684.76
	(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**15989.42**	12029.26
	(d) Others	**159.42**	717.64
		50392.97	51341.05
	Less : (i) Interest Paid	**1653.51**	984.40
	(ii) Interest Received	**(810.73)**	(1090.15)
	(iii) Other unallocable expenditure net of unallocable income	**(2895.08)**	(1732.88)
	Profit from Ordinary Activities before Tax	**52445.27**	53179.68

Particulars	**Segment Assets**		**Segment Liabilities**	
		As at 31-3-2010		As at 31-3-2010
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	**226119.86**	179163.99	**179085.08**	156983.75
(b) Segment - B (Engineering Products and Services)	**20746.29**	19468.58	**12298.02**	9872.00
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**66744.91**	48777.49	**47665.07**	34633.18
(d) Others	**4011.70**	2356.52	**1808.65**	1153.02
Segment Total	**317622.76**	249766.58	**240856.82**	202641.95
Unallocated	**97037.79**	88409.86	**35453.17**	25631.29
	414660.55	338176.44	**276309.99**	228273.24

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

	Particulars	Capital Expenditure ₹ in Lakhs	Capital Expenditure 2009-10 ₹ in Lakhs	Depreciation ₹ in Lakhs	Depreciation 2009-10 ₹ in Lakhs	Non-Cash Expenses Other than Depreciation ₹ in Lakhs	Non-Cash Expenses Other than Depreciation 2009-10 ₹ in Lakhs
(a)	Segment - A (Electro - mechanical Projects and Services)	**3217.89**	1305.75	**980.79**	890.30	**6664.08**	1048.96
(b)	Segment - B (Engineering Products and Services)	**239.48**	216.51	**144.50**	135.10	**181.72**	275.56
(c)	Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**379.64**	159.72	**342.78**	406.63	**1222.48**	1593.94
(d)	Others	**25.87**	33.46	**52.03**	71.43	**411.92**	73.55
	Segment Total	**3862.89**	1715.44	**1520.10**	1503.46	**8480.20**	2992.01
	Unallocated	**2174.57**	843.85	**581.61**	637.50	**—**	—
		6037.46	2559.29	**2101.71**	2140.96	**8480.20**	2992.01

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

Particulars	₹ in Lakhs	2009-10 ₹ in Lakhs
Revenue by Geographical Market		
India	**346865.45**	277582.83
Middle East	**163171.46**	178309.11
Others	**7646.47**	19854.81
Total	**517683.39**	475746.75
Capital Expenditure		
India	**2958.00**	1066.18
Middle East	**893.79**	599.58
Others	**11.09**	49.68
Total	**3862.89**	1715.44
Carrying Amount of Segment Assets		
India	**193094.23**	147275.57
Middle East	**121812.31**	98142.09
Others	**2716.22**	4348.92
Total	**317622.76**	249766.58

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

18. Related Party Disclosures :

(a) List of Related Parties and Relationships :

	Party	Relation
A.	Brihat Trading Private Ltd.	Associate
B.	Universal Voltas L.L.C. Lalbuksh Voltas Engineering Services & Trading L.L.C. (upto 30-3-2011) Naba Diganta Water Management Ltd. Universal Weathermaker Factory L.L.C. AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
C.	Tata Sons Ltd.	Promoters holding together with its subsidiary is more than 20%
D.	Mr. A. Soni - Managing Director (upto 22-4-2010) Mr. Sanjay Johri - Managing Director (w.e.f. 23-4-2010)	Key Management Personnel

18. (b) Related Party Transactions :

₹ in Lakhs

Transactions	**Associates and Joint Ventures**	**Key Management Personnel**	**Promoter**	**Total**
Purchase of Goods [Refer18 (c) (1)]	**652.84** (871.69)	**—** (—)	**—** (—)	**652.84** (871.69)
Sale of Goods [Refer18 (c) (2)]	**171.88** (331.00)	**—** (—)	**8.06** (5.02)	**179.94** (336.02)
Service Income [Refer18 (c) (3)]	**62.03** (38.97)	**0.01** **(—)**	**1.78** (0.84)	**63.82** (39.81)
Rental Income [Refer18 (c) (4)]	**—** (—)	**—** (—)	**1.56** (0.94)	**1.56** (0.94)
Consulting Charges paid [Refer18 (c) (5)]	**—** (—)	**—** (—)	**9.50** (—)	**9.50** (—)
Remuneration Paid / Payable [Refer18 (c) (6)]	**—** (—)	**256.70** (244.55)	**—** (—)	**256.70** (244.55)
Dividend Paid [Refer18 (c) (7)]	**—** (—)	**—** (—)	**1762.64** (1259.71)	**1762.64** (1259.71)
Tata Brand Equity [Refer18 (c) (8)]	**—** (—)	**—** (—)	**767.87** (679.72)	**767.87** (679.72)
Other Operating and Administration Expenses - Received /Receivable [Refer18 (c) (9)]	**0.68** (—)	**—** (—)	**—** (—)	**0.68** (—)
Other Operating and Administration Expenses - Paid/Payable [Refer18 (c) (10)]	**—** (—)	**—** (—)	**72.33** (48.86)	**72.33** (48.86)

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

Transactions	**Associates and Joint Ventures**	**Key Management Personnel**	**Promoter**	**Total**
Advances Given [Refer18 (c) (11)]	—	—	—	—
	(—)	(—)	(0.46)	(0.46)
Advance Outstanding as on	**0.76**	—	—	**0.76**
31-3-2011 [Refer18 (c) (12)]	(—)	(—)	(—)	(—)
Debit Balance Outstanding as on	**177.18**	—	—	**177.18**
31-3-2011 [Refer18 (c) (13)]	(74.24)	(—)	(—)	(74.24)
Credit Balance Oustanding as on	**369.87**	—	**764.09**	**1133.96**
31-3-2011 [Refer18 (c) (14)]	(407.25)	(—)	(677.91)	(1085.16)

Note: Figures in brackets are of previous year.

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

₹ in Lakhs

	Name of Party	**Transaction Value**	Transaction Value 2009-10
1.	**Purchase of Goods**		
	Universal Voltas L.L.C.	**359.19**	382.33
	Universal Weathermaker Factory L.L.C.	**293.65**	489.35
2.	**Sale of Goods**		
	Naba Diganta Water Management Ltd.	**171.88**	331.00
3.	**Service Income**		
	Universal Weathermaker Factory L.L.C.	**50.06**	38.97
	Naba Diganta Water Management Ltd.	**11.97**	—
4.	**Rental Income**		
	Tata Sons Ltd.	**1.56**	0.94
5.	**Consulting Charges paid**		
	Tata Sons Ltd.	**9.50**	—
6.	**Remuneration Paid / Payable**		
	Mr. A. Soni	**81.28**	244.55
	Mr. Sanjay Johri	**175.42**	—
7.	**Dividend Paid**		
	Tata Sons Ltd.	**1762.64**	1259.71
8.	**Tata Brand Equity**		
	Tata Sons Ltd.	**767.87**	679.72
9.	**Other Operating and Administration Expenses -Received/Receivable**		
	Naba Diganta Water Management Ltd.	**0.68**	—
10.	**Other Operating and Administration Expenses -Paid/Payable**		
	Tata Sons Ltd.	**72.33**	48.86
11.	**Advances Given**		
	Tata Sons Ltd.	—	0.46
12.	**Advance Outstanding as on 31-3-2011**		
	Naba Diganta Water Management Ltd.	**0.76**	—
13.	**Debit Balance Outstanding as on 31-3-2011**		
	Naba Diganta Water Management Ltd.	**185.70**	70.63
14.	**Credit Balance Oustanding as on 31-3-2011**		
	Tata Sons Ltd.	**764.09**	677.91
	Universal Voltas L.L.C.	**304.94**	257.12
	Universal Weathermaker Factory L.L.C.	—	150.13

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

19. The Company has opted for exemption granted vide Circular No.2/2011 dated 8th February, 2011 related to not attaching the balance sheet of Subsidiaries under Section 212(8) of the Companies Act, 1956. The details of Subsidiaries as at 31st March, 2011, as required vide Circular No.2/2011 are as follows:

	Name of Subsidiary Company	Weathermaker Limited (WML) # @		Saudi Ensas Company for Engineering Services WLL # @		Metrovol FZE (Metrovol) # *		Lalbuksh Voltas Engineering Services & Trading L.L.C. (LALVOL) # @		Voltas Netherlands B.V. (VNBV) (formerly VIL Overseas Enterprises B.V.) #		Voice Antilles N.V. (VANV) #		Simto Investment Company Limited (Simto)	Auto Aircon (India) Limited (AAIL)	Universal Comfort Products Limited (UCPL)	Rohini Industrial Electricals Limited (RIEL)
		AED	₹ in Lakhs	SAR	₹ in Lakhs	AED	₹ in Lakhs	OMR	₹ in Lakhs	EURO	₹ in Lakhs	USD	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1.	Capital	1500000	183.15	2600000	310.96	—	—	150000	174.59	618729	390.91	400000	178.76	152.99	1130.00	2764.20	182.58
2.	Reserves & Surplus	22605172	2760.09	(555156)	66.40	—	—	3796033	4418.20	2684937	1696.34	4063169	1815.83	1302.56	—	2670.67	2546.19
3.	Total Assets (Fixed Assets + Current Assets)	31801371	3882.95	8208644	981.75	—	—	5990226	6972.02	1256269	793.71	1966321	878.75	23.06	35.59	13072.24	14795.66
4.	Total Liabilities (Debts+Current Liabilities)	7696199	939.71	6163800	737.19	—	—	2044193	2379.24	163797	103.49	27618	12.34	21.57	114.03	7637.37	14395.54
5.	Investments *excluding investment in subsidiary	—	—	—	—	—	—	—	—	636945	402.42	2524466	1128.18	1454.06	—	—	—
6.	Turnover	27658687	3377.13	2882160	344.71	36590	4.52	—	—	—	—	1760000	786.54	110.71	—	49155.98	16193.55
7.	Profit/(Loss) before Tax	3881866	473.98	3184787	380.90	(397660)	(49.07)	—	—	1149334	726.15	1741247	778.16	82.19	(4.56)	2932.35	(3528.73)
8.	Provision for Taxation	—	—	—	—	—	—	—	—	—	—	(12874)	(5.75)	6.00	—	195.91	127.57
9.	Profit/(Loss) after Tax	3881866	473.98	3184787	380.90	(397660)	(49.07)	—	—	1149334	726.15	1728373	772.41	76.19	(4.56)	2736.44	(3656.30)
10.	Proposed Dividend	—	—	—	—	—	—	—	—	—	—	1500000	670.35	—	—	—	—

Notes :

The foreign currency figures of WML, Saudi Ensas, Metrovol, LALVOL, VNBV, VANV have been converted into Indian Rupees on the basis of appropriate exchange rates. Exchange rate as on 31st March, 2011 : 1 EURO = ₹ 63.18, 1 USD = ₹ 44.69.

@ Financials of WML, Saudi Ensas and LALVOL are for the year ended 31st December, 2010: 1 AED = ₹ 12.21, 1 OMR = ₹ 116.39, 1 SAR = ₹ 11.96.

* Financials of Metrovol are for the period upto 9th February, 2011 (date of liquidation) : 1 AED = ₹ 12.34.

20. Figures of the previous year have been regrouped, wherever necessary.

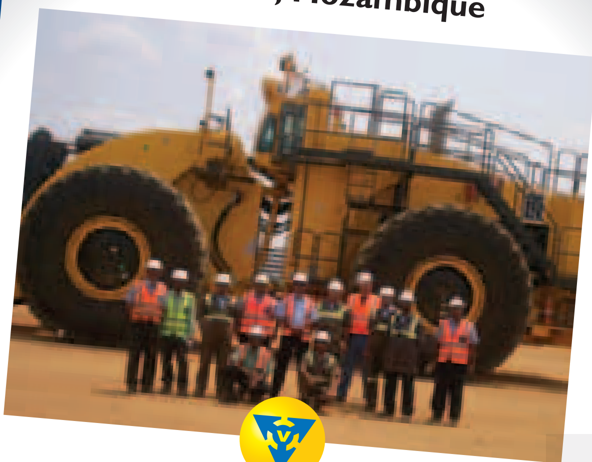
For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**Nasser Munjee**
	Ravi Kant
	N. D. Khurody
	N. N. Tata
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
Executive Vice President (Finance)	**M. M. Miyajiwala**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 19th May, 2011

Notes

Vale SA, Mozambique



A long-term contract with the Brazilian mining giant for commissioning and maintenance of LeTourneau loaders. A breakthrough into overseas markets for Voltas' mining equipment support & service capabilities.

Voltas' single largest order for textile machinery

From the Ludhiana-based Abhishek Group, for spinning equipment manufactured by Voltas' principals LMW, worth Rs 120 crores – bringing the year's total to Rs 210 crores from this customer alone.

A new record in forklift manufacture

Over 1500 forklifts were produced and sold – a new high for a single year's output.

Recognitions

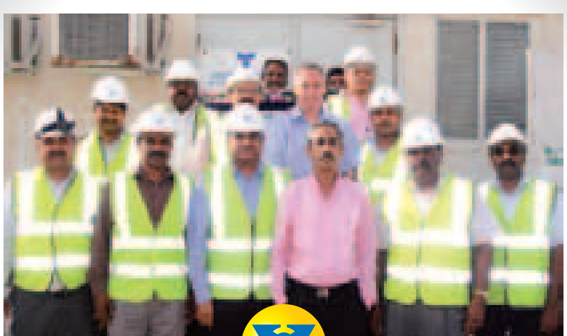
Middle East MEP 2010 awards

'Overall GCC Project of the Year', for Ferrari World, in which Voltas played a major role. The Company also won 'MEP Contractor of the Year 2010' and 'Project Manager of the Year' awards.

Dubai Quality Appreciation Programme award

Part of the Dubai Quality Awards (2010 cycle, Construction sector). This coveted accolade recognizes the Company's calibre in terms of leadership, processes, products, services, results and several other parameters.

Aldar Properties UAE



Certificate of Accomplishment for top scores in Health, Safety and Environment, at the Ferrari World project in Abu Dhabi

Tata Innovista 2011 award

Conferred in the 'Promising Innovations' category on Voltas' Unitary Products team, for fresh and inventive thinking – in competition with 80 Tata Group companies from 11 countries.

Active Promotion award in Business Excellence

Conferred by Tata Quality Management Services, won by Voltas' Unitary Products business: clearly ranking Voltas among the highest-achieving Tata companies.

VOLTAS LIMITED

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A TATA Enterprise