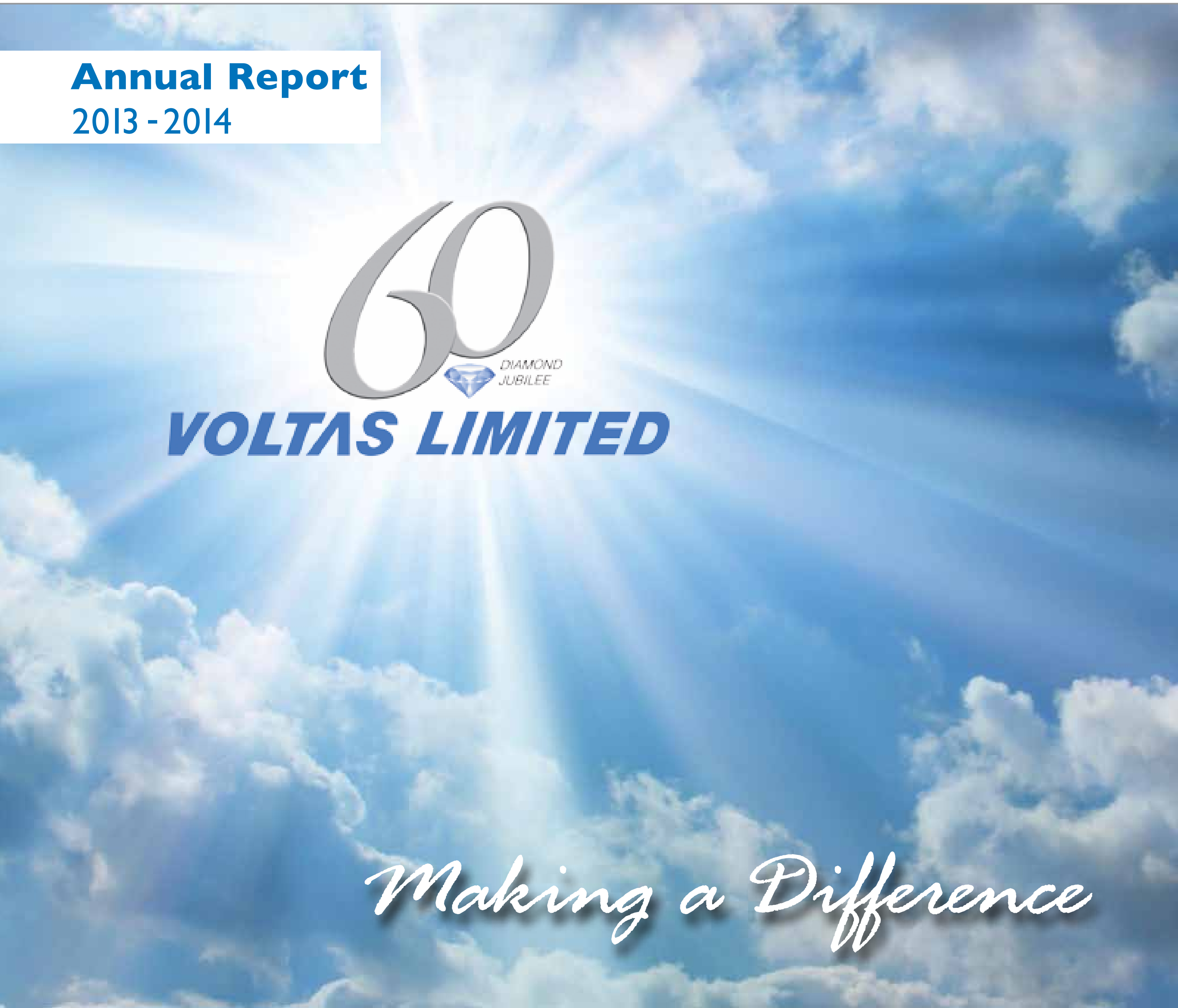
VOLTAS

A TATA Enterprise

Annual Report
2013 - 2014



Over six memorable decades

We've pioneered innovations and developments in several key sectors, ranging from consumer and industrial air conditioning to textile machinery, mining & construction equipment, water management and large infrastructure projects. In the process, we have established standards and practices that industry has often followed. Promoted energy-efficiency and eco-friendliness. Been first-to-market with new offerings. Won trust and acceptance in demanding geographies overseas. And taken market leadership in key segments.

Now the future calls

Tomorrow brings a challenge... to build upon the strengths that we've developed through these decades. The skills. The knowledge base. The resources. The reputation. The right capabilities for the right markets, in the right domains. The ones that the future demands.

We're ready. To rise to the challenge and deliver value to our stakeholders.

Presented in the next pages are a few notable achievements over the past six decades.

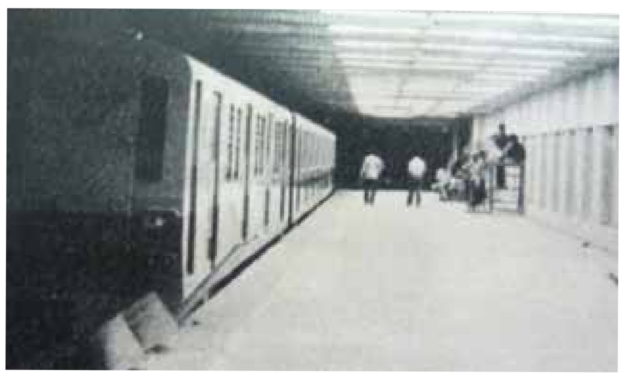
Pioneering Moves in Air Conditioning

In post-independence India, ACs were hard to import. Voltas was the first to fill that void with its popular Crystal AC.

India's first integrated plant for ACs and HVAC equipment was built at Thane in 1961. Technology was licensed from Carrier (USA).

Air conditioning for India's first high-speed train, the famous Rajdhani Express, in 1972.

Underground air conditioning & ventilation for India's first Metro Rail in Kolkata – three stations including Park Street, the longest.



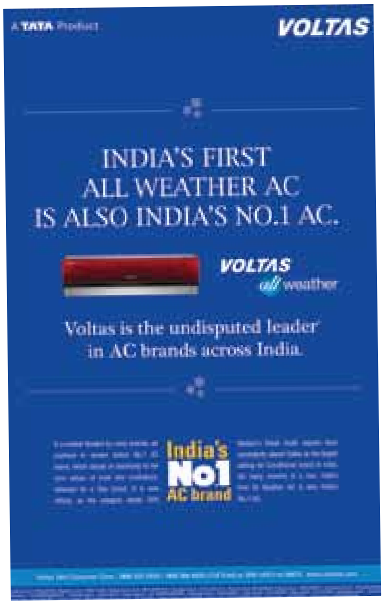
Pioneering Moves in Air Conditioning

Air conditioning of seagoing vessels… for the nation's first fleet of Leander-class naval frigates – INS Taragiri, Nilgiri, Himgiri, Udaygiri and Dunagiri.

Air conditioning for India's largest underground shopping centre, Delhi's Palika Bazaar.

India's first mobile aircraft cooler (inset) for Air-India's Jumbo.

Across products too, a string of other 'India's firsts'. Split ACs in 1983. Ductable splits in 1990. The Slimline in 1993. ACs with microprocessor controls. And many more…



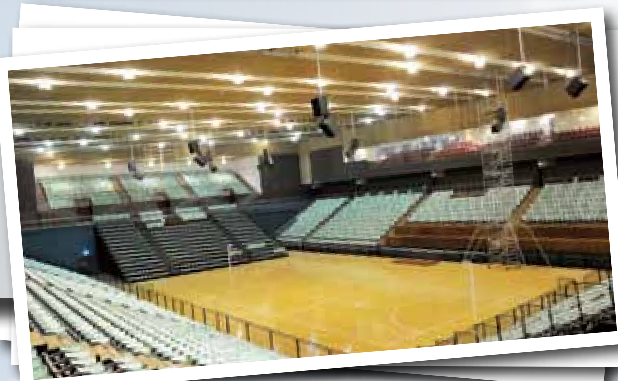
'All-Weather' ACs in 2011 - bringing a whole new dimension to air conditioning. Voltas is also the undisputed No. 1 brand in the market.

Committed to 'green' solutions

Our 'green' beginnings go back to 1970, when Voltas first offered solutions in air pollution control... an early project was the Kolaghat Thermal Power Station in 1978.

Water pollution control came next, in 1976. Such as waste water treatment for Pfizer, which started a trend in the pharma industry.

Then came a string of energy-saving chillers and compressors. The Vapour Absorption Machine, used in one of the Commonwealth Games stadiums in Delhi. And Variable Refrigerant Flow, with its growing appeal for residential towers.



'National Energy Conservation Award': a prestigious award in recognition of the promotion and sale of energy-efficient appliances.

Voltas led the market with energy-saving 'Star'-rated ACs. And ran a mass media campaign to raise awareness about conservation.

Committed to 'green' solutions

A committment to green building in a more environment-conscious age. Such as TCS Siruseri (in picture), Godrej Waterside IT Park in Kolkata and many others.

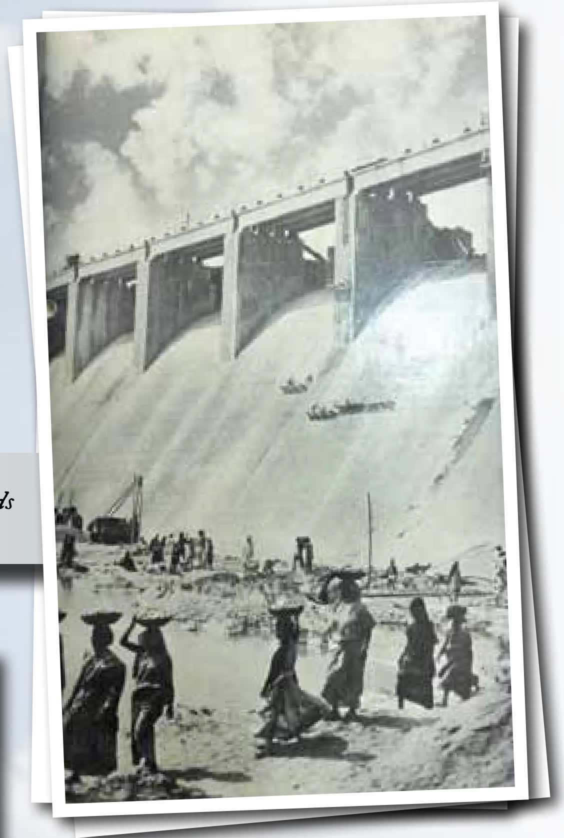
Hyderabad's International Airport, India's first and Asia's second LEED certified air terminal. As well as Mumbai's Lodha Excellus and Delhi's Fortis Hospital.

The coveted 'Sustainable GCC Project of the Year 2013' award, for electro-mechanical work on the Al Bustan Utility Complex in Saudi Arabia.

And the greenest of the green – Paryawaran Bhavan in Delhi, India's first net-zero energy-consuming structure.

Partnering India's progress

As early as 1955, Voltas began importing the world's finest capital equipment for the needs of 5-Year-Plan projects.



One example is the Tungabhadra Dam, for which Voltas supplied all kinds of earthmoving and electrical equipment.

For the vital coal mining sector, Voltas supplied heavy-duty machinery. Like a fleet of 34-ton heavy-duty Mack Dumpers, the largest in India at the time.

Our enduring relationship with the coal sector led to the largest mining equipment order ever: from Coal India, for 160 dump trucks and 22 electric mining shovels worth Rs 100 crores.

Partnering India's progress

A truly challenging project was the 6272-km canal system through the rocky Thar desert. In 1972, Voltas supplied enormous 'dragline' excavators that bit off tons at a time – the ideal solution.

One of the single largest landmark orders from National Textile Corporation for spinning machinery worth Rs 129 crores.

For decades, Voltas has led the market in spinning equipment, with an over 60% share... thanks to its long sales-and-service association with Lakshmi Machine Works (LMW).

Voltas has gone on to expand well beyond spinning. With cutting-edge world-class solutions for weaving, dyeing, printing, knitting, finishing, and many other post-spinning segments.

Making a global mark

In 1968, Voltas' International Operations Division (IOD) was formed... and was soon executing electro-mechanical projects in around 30 countries.

In 1973, IOD air conditioned the Royal Palace of the Sultan of Muscat and Oman.

Voltas' first turnkey MEP project for Internal Security Forces Housing at Tabuk, Saudi Arabia.

In 2001, many projects later, International Operations was integrated with Voltas... and won the super-deluxe Emirates Palace Hotel project in UAE. Other large-scale orders were bagged in quick succession.

Making a global mark

2005: the HVAC contract for the world's tallest tower – Dubai's Burj Khalifa. Many prestigious orders followed: Yas Marina, F1 Circuit, Sidra Medical Hospital and Research Centre, Yas Water Park, Mall of the Emirates... the list goes on.

For 3 consecutive years, Voltas walked away with the prestigious MEP Middle East award for 'GCC Project of the Year': in 2010 for Abu Dhabi's Ferrari World, 2011 for Dubai's Etihad Towers, and 2012 for Abu Dhabi's Yas Water Park (in picture).

For Singapore's Changi Water Reclamation Plant: full mechanical works covering processes from screening all the way to pumping. A project that became a benchmark for the new millennium.

Meanwhile, a whole new horizon: export of Voltas' engineering service & support. It began with O&M contracts for three LeTourneau mining equipments at Mozambique... to complete a record number of running hours. More contracts followed.

BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	Sanjay Johri
Directors	Nasser Munjee
	N. N. Tata
	Nani Javeri
	R. N. Mukhija
	V. Deshpande
	Thomas Mathew T.
Vice President - Taxation, Legal & Company Secretary	V. P. Malhotra

AUDIT COMMITTEE

Chairman	Nani Javeri
	Nasser Munjee
	R. N. Mukhija

NOMINATION AND REMUNERATION COMMITTEE

	Ishaat Hussain
	Nasser Munjee
	Nani Javeri
	N. N. Tata

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Chairman	N. N. Tata

CORPORATE MANAGEMENT

Managing Director	Sanjay Johri
Presidents	Anil George
	Pradeep Bakshi
Executive Vice Presidents	Gavin Appleby
	M. Gopi Krishna
	Emmanuel David

Solicitors

Messrs Mulla & Mulla and Craigie, Blunt & Caroe

Auditors

Deloitte Haskins & Sells LLP
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 N.V.
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 Private 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 :
Monday, 1st September, 2014 at 3.00 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

			2013-14	2012-13	2011-12	2010-11	2009-10
1.	**SALES AND SERVICES**	₹	**517086**	**560551**	**519397**	**516936**	**451666**
2.	**OTHER INCOME**	₹	**14876**	**10945**	**11985**	**7372**	**7520**
3.	**COST OF SALES AND SERVICES** (incl. Excise Duty)	₹	**407693**	**442675**	**393222**	**376211**	**319388**
4.	**OPERATING, ADMINISTRATION AND OTHER EXPENSES**	₹	**98246**	**105396**	**102330**	**100351**	**94873**
5.	Staff Expenses (included in 3 & 4)	₹	(48377)	(56704)	(55197)	(51450)	(49631)
	Number of Employees (including Contract Staff)	Nos.	6901	8862	9994	11527	8608
6.	**OPERATING PROFIT**	₹	**26023**	**23425**	**35830**	**47746**	**44925**
7.	**EXCEPTIONAL INCOME/(EXPENSES)**	₹	**(340)**	**832**	**(15095)**	**4480**	**3639**
8.	**PROFIT/(LOSS) BEFORE TAXATION**	₹	**25683**	**24257**	**20735**	**52226**	**48564**
	Percentage to Sales	%	*5.0*	*4.3*	*4.0*	*10.1*	*10.8*
	Percentage to Total Net Assets	%	*14.3*	*14.3*	*13.5*	*38.2*	*47.9*
9.	**TAXATION**	₹	**7534**	**6250**	**5548**	**16873**	**14142**
10.	**PROFIT/(LOSS) AFTER TAXATION**	₹	**18148**	**18007**	**15187**	**35353**	**34422**
	Percentage to Sales	%	*3.5*	*3.2*	*2.9*	*6.8*	*7.6*
	Percentage to Shareholders' Funds	%	*11.4*	*12.1*	*11.1*	*27.8*	*34.6*
11.	**RETAINED PROFIT**	₹	**10987**	**11813**	**9034**	**27662**	**26705**
12.	**DIVIDEND ON EQUITY CAPITAL**	₹	**6121**	**5294**	**5294**	**6618**	**6618**
	Percentage	%	*185*	*160*	*160*	*200*	*200*
13.	**FIXED ASSETS (AT COST)**	₹	**36768**	**35847**	**33398**	**32851**	**31399**
14.	**DEPRECIATION**	₹	**19122**	**18237**	**16600**	**14436**	**13931**
15.	**INVESTMENTS**	₹	**89141**	**55984**	**46741**	**39347**	**33997**
16.	**NET CURRENT AND NON-CURRENT ASSETS**	₹	**69759**	**93418**	**87992**	**77106**	**48062**
17.	**DEFERRED TAX ASSET (NET)**	₹	**2587**	**2446**	**2615**	**1696**	**1903**
18.	**DEFERRED REVENUE EXPENDITURE**	₹	—	—	—	—	—
19.	**TOTAL NET ASSETS**	₹	**179133**	**169458**	**154146**	**136564**	**101430**
20.	**SHARE CAPITAL**	₹	**3307**	**3307**	**3307**	**3307**	**3307**
21.	**RESERVES AND SURPLUS**	₹	**156487**	**144954**	**133060**	**123866**	**96215**
22.	**SHAREHOLDERS' FUNDS**	₹	**159794**	**148261**	**136367**	**127173**	**99522**
	Equity per Share	₹ †	***48.29**	*44.81	*41.21	*38.43	*30.08
	Earnings per Share	₹ †	***5.48**	*5.44	*4.59	*10.68	*10.40
	Number of Shareholders	Nos.	**103543**	116804	120098	93220	98788
	Share Prices on Stock Exchange - High	₹ †	***164**	*138	*189	*263	*190
	- Low	₹ †	***63**	*73	*72	*147	*46
23.	**BORROWINGS**	₹	**19338**	**21197**	**17779**	**9391**	**1908**
	Debt/Equity Ratio (Percentage to Shareholders' Funds)	%	***12***	*14*	*13*	*7*	*2*

** Face Value of ₹ 1 each*

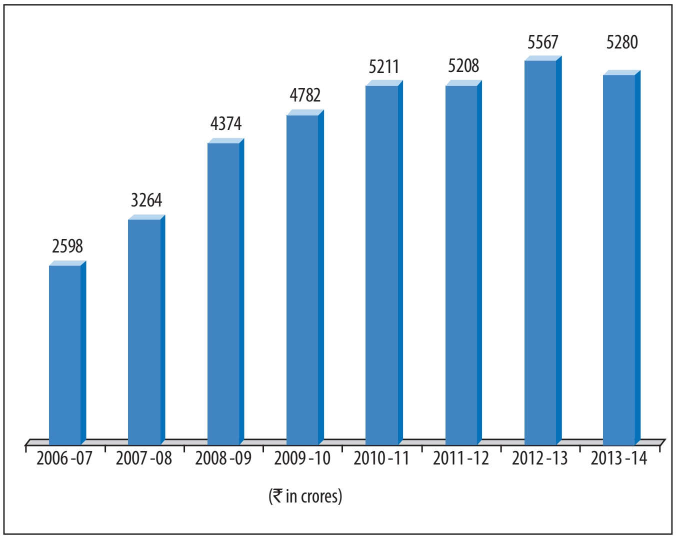
Notes : 1. All amounts are Rupees in lakhs except those marked †
2. Previous year's figures have been regrouped / reclassified, wherever necessary.

2008-09	2007-08	2006-07	2005-06	2004-05	1994-95	1984-85	1974-75	1964-65	1954-55	
407025	**308617**	**245078**	**190418**	**144143**	**81089**	**26607**	**15934**	**4223**	**991**	1
9416	**4632**	**3071**	**2431**	**1953**	**759**	**150**	**40**	**5**	**2**	2
299802	**227671**	**186100**	**145162**	**108570**	**60368**	**21080**	**13856**	**3468**	**815**	3
83107	**57811**	**46537**	**35899**	**32264**	**19225**	**5556**	**1955**	**522**	**153**	4
(42860)	(27685)	(24008)	(17623)	(14435)	(9997)	(3170)	(1031)	(363)	(109)	5
9594	7378	5848	5390	5747	10667	8147	7252	5082	2324	
33532	**27767**	**15512**	**11788**	**5262**	**2255**	**121**	**163**	**238**	**25**	6
3201	**2987**	**6771**	**(2619)**	**504**	**(78)**	—	—	—	—	7
36733	**30754**	**22283**	**9169**	**5766**	**2177**	**121**	**163**	**238**	**25**	8
9.0	*10.0*	*9.1*	*4.8*	*4.0*	*2.7*	*0.5*	*1.0*	*5.9*	*2.5*	
42.8	*52.5*	*48.1*	*29.3*	*19.2*	*5.0*	*1.1*	*4.6*	*18.3*	*6.5*	
11474	**9917**	**3675**	**2120**	**725**	**5**	**Nil**	**83**	**141**	**11**	9
25259	**20837**	**18608**	**7049**	**5041**	**2172**	**121**	**80**	**97**	**14**	10
6.2	*6.8*	*7.6*	*3.7*	*3.5*	*2.7*	*0.5*	*0.5*	*2.3*	*1.4*	
34.6	*38.7*	*48.9*	*29.2*	*26.1*	*13.2*	*4.1*	*6.7*	*17.6*	*9.1*	
19065	**15610**	**14737**	**4785**	**3155**	**997**	**23**	**5**	**59**	**6**	11
5294	**4467**	**3309**	**1985**	**1654**	**1158**	**98**	**75**	**38**	**8**	12
160	*135*	*100*	*60*	*50*	*35*	*10*	*12*	*15*	*5.5*	
30358	**28178**	**24493**	**28074**	**24858**	**30651**	**5014**	**1232**	**447**	**53**	13
13053	**12228**	**11506**	**14592**	**16615**	**10718**	**1580**	**642**	**82**	**3**	14
23580	**26793**	**13741**	**6103**	**4622**	**8245**	**512**	**132**	**67**	–	15
42700	**13813**	**16594**	**9089**	**14974**	**14230**	**6583**	**2859**	**867**	**336**	16
2158	**2043**	**2967**	**2668**	**2153**	—	—	—	—	—	17
—	—	—	—	—	**720**	—	—	—	—	18
85743	**58599**	**46289**	**31342**	**29992**	**43128**	**10529**	**3581**	**1299**	**386**	19
3307	**3307**	**3307**	**3306**	**3305**	**3428**	**978**	**623**	**255**	**150**	20
69592	**50525**	**34768**	**20835**	**16046**	**13048**	**2002**	**570**	**295**	**4**	21
72899	**53832**	**38075**	**24141**	**19351**	**16476**	**2980**	**1193**	**550**	**154**	22
**22.03*	**16.27*	**11.50*	*72.96*	*58.48*	*49.5*	*305*	*191*	*216*	*1027*	
**7.63*	**6.30*	**5.62*	*21.3*	*15.2*	*6.8*	*12*	*13*	*38*	*93*	
119549	81371	96312	52365	53674	84180	45237	14395	7356	150	
*197	*267	*120	1088	248	176	470	211	276		
*31	*79	*75	218	88	92	356	125	183		
12844	**4767**	**8214**	**7201**	**10641**	**26652**	**7549**	**2388**	**749**	**232**	23
18	*9*	*22*	*30*	*55*	*162*	*253*	*200*	*136*	*151*	

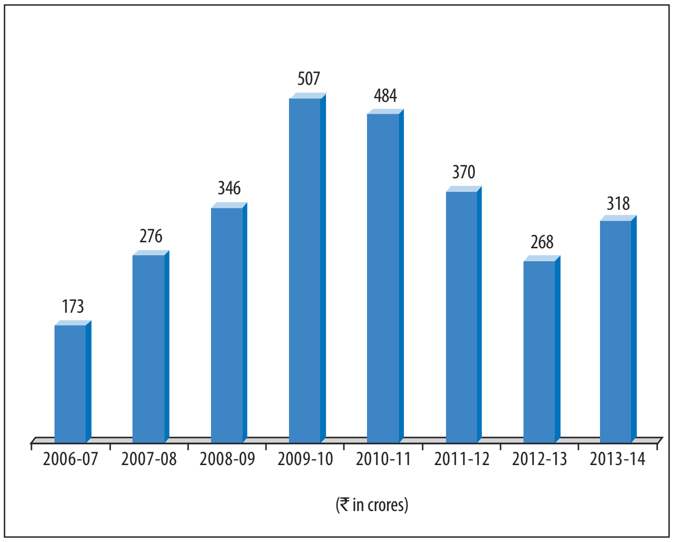
CONTENTS

FINANCIAL INDICATORS (CONSOLIDATED)

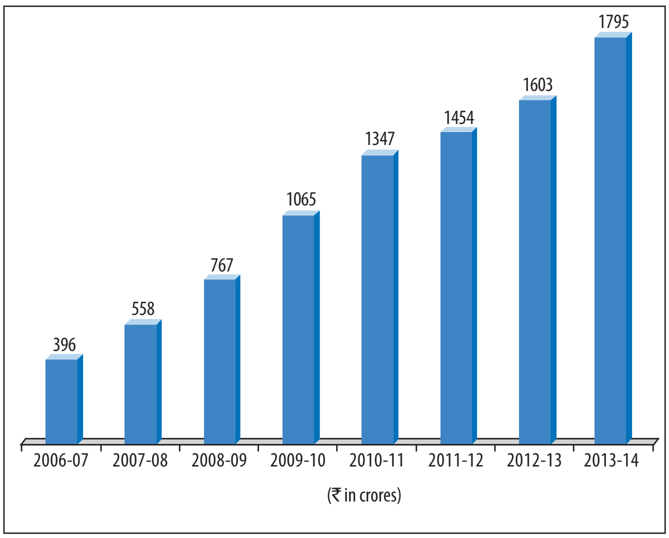
SALES AND SERVICES



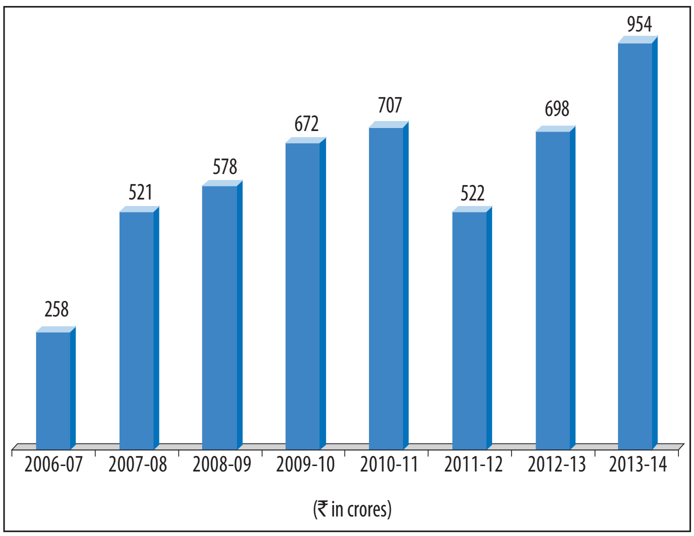
OPERATING PROFIT



NET WORTH

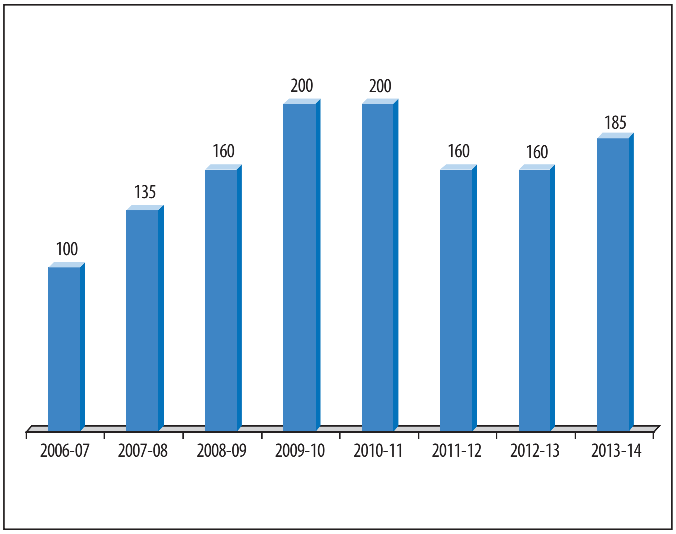


CASH AND BANK WITH LIQUID INVESTMENTS

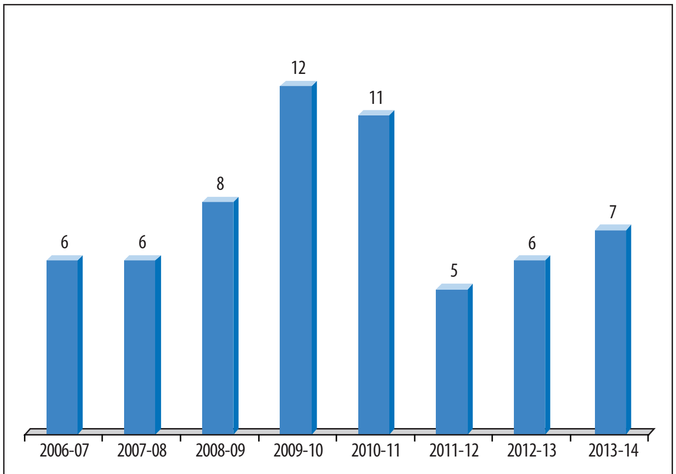


FINANCIAL INDICATORS (CONSOLIDATED)

DIVIDEND % ON EQUITY CAPITAL

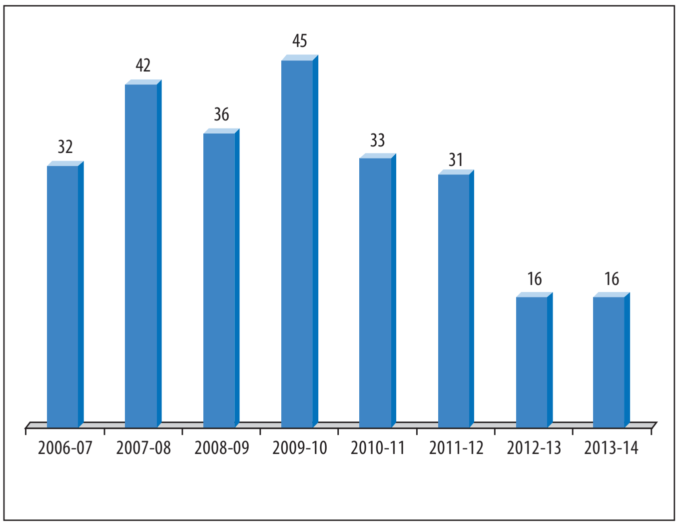


EARNINGS PER SHARE (₹)*

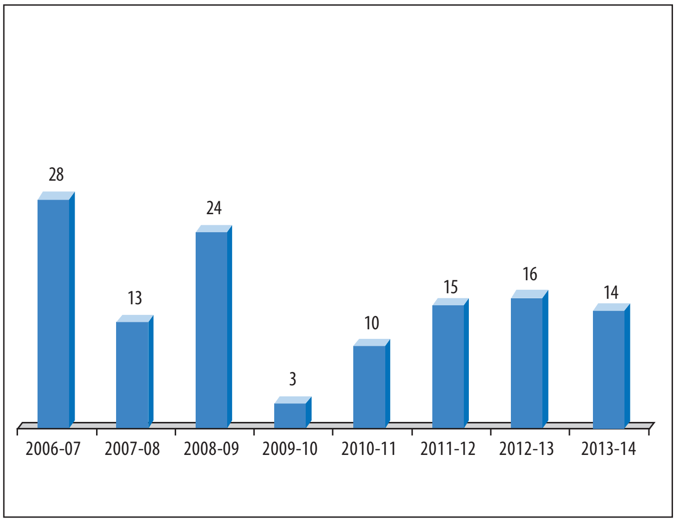


*Face Value of ₹. 1 each

RETURN ON CAPITAL EMPLOYED %



DEBT / EQUITY RATIO %



REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors present their Sixtieth Annual Report and the Audited Statement of Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

₹ in Crores

		Standalone		Consolidated	
		2013-14	2012-13	**2013-14**	2012-13
2.	Revenue from Operations (Gross)	**5188**	5618	**5303***	5584*
	Profit for the year after meeting all expenses but before interest, depreciation and exceptional items	**295**	283	**366**	329
	Interest	**16**	27	**23**	33
	Depreciation and amortization	**19**	22	**25**	28
	Profit before exceptional items	**260**	234	**318**	268
	Exceptional items (Net)	**(3)**	8	**22**	12
	Profit before tax	**257**	242	**340**	280
	Provision for taxation	**76**	62	**94**	73
	Profit after tax	**181**	180	**246**	207
	Minority Interest and Share of (Profit)/Loss of Associate	**—**	—	**(1)**	1
	Profit after Minority Interest and Share of (Profit)/Loss of Associate	**181**	180	**245**	208
	Adding thereto:				
	– Balance brought forward from the previous year	**257**	159	**353**	225
	– Foreign Exchange Translation Difference	**—**	—	**9**	(3)
	– Credit on Dividend Distribution Tax	**4**	—	**4**	—
	– Reserves and Surplus transferred on divestment of a subsidiary	**—**	—	**—**	8
	Profit available for appropriations	**442**	339	**611**	438
	Appropriations:				
	– General Reserve	**20**	20	**30**	22
	– Proposed Dividend	**61**	53	**61**	53
	– Dividend Distribution Tax	**10**	9	**10**	9
	– Legal and Special Reserve	**—**	—	**1**	1
	Leaving a balance to be carried forward	**351**	257	**509**	353

* Consolidated turnover is after eliminating inter-company purchase/sales transactions.

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 its shareholders with dividend and of conserving resources to meet its future needs. The Directors recommend a dividend of ₹ 1.85 per equity share of ₹ 1 each (185%) for the year 2013-14, including a special Diamond Jubilee dividend of 25% (2012-13: 160%), based on the Company's performance.

OPERATIONS

4. The year gone by was a mixed one, with continued sluggishness in the Indian economy, impacting the topline, offset by the Company's better margins and profitability. With the long-anticipated economic recovery being further delayed, the Index of Industrial Production (IIP) continued to tread in the negatives. For a major part of the year the Indian Rupee, after plunging to new lows, remained in the Sixties to the US Dollar amid excessive volatility. Despite a change of guard at the Reserve Bank of India, there was little respite in terms of interest rates and inflation. For the projects business in particular, new investments were few and far between, with some reliable sources reporting that capital outlays lingered at the decade's lowest levels. The pace of execution also posed challenges, leading to both time and cost overruns that contributed to margin dilution in projects. On the other hand, despite the early onset of monsoons as well as dampened consumer sentiment, the Room AC business (Primary Market) reported growth of 6.5% as against industry-wide AC sales de-growth of around 8%, as per internal estimates. In the Secondary Market, the growth was 19% as against industry growth of 11% as per GFK-Nielsen. The Company's performance in the overall depressed environment demonstrated its resilience. While Consolidated Sales and Income from Operations was ₹ 5303 crores, as compared to ₹ 5584 crores in the previous year, the Profit after Tax & Minority Interest was higher at ₹ 245 crores as against ₹ 208 crores last year.

5. As a direct outcome of adverse macro-economic conditions in India, the Domestic Projects business continued to face headwinds, principally the slow pace of execution and delayed payments, putting a strain on working capital and cash flows. However, due to tight control on costs and various measures taken to improve the margins, the overall profitability improved during 2013-14. The Company has consciously placed emphasis on shoring up its domestic project management skills and has initiated a business efficiency improvement program using external consultants.

6. While it was a subdued year for the Water business and Rohini Industrial Electricals Limited (RIEL), their integration under Domestic Projects Group (DPG) has been completed. However, RIEL continued to suffer losses on its low-margin 'legacy' orders, resulting in a further write-down of ₹ 20 crores in the value of the Company's investment. Nevertheless, the Company reached a settlement with the erstwhile Promoters, leading to purchase of the residual equity shares of RIEL (16.33% shareholding), thereby making it a 100% subsidiary of the Company.

7. The International projects business, like much of the construction industry in the Middle East, continued to grapple with cost-overruns. The Management conducts periodic techno-commercial reviews across projects and in line with the requirements of AS-7, reckons the cost overruns, if any, required for completion of the projects. Revenues from claims are accounted based on their certification. Execution of some on-going overseas projects was delayed, which resulted in further extension of the completion dates and caused certain contractual disputes. Consequently, there were cost overruns which have been accounted for during 2013-14 and claims for additional revenue and extension of time have been raised. Due to significant upward revision in the total estimated costs to complete a major project in Qatar, the Sidra Medical and Research Centre Hospital (Onerous contract), the Company had in the previous years accounted for the cost overruns in accordance with AS-7. Though the Sidra project is over 93% complete, additional costs to come have been estimated for the revised completion date along with possible enhancement of revenue from variations/claims. At the same time, there continue to be uncertainties in the process of approval of variations and complexities in the nature of the project, putting stress on the cash flows of the project. The final completion schedule and other terms are yet to be finalized between the Main Contractor and the end Customer and could revise the Company's current cost estimates and entitlements. Nevertheless, the Company is pursuing its entitlements vigorously.

8. Overall, as part of a conscious emphasis to reduce capital employed, the Projects businesses have sustained their focus on pursuing commercial entitlements and closing existing projects. The forward strategy is to remain selective in the choice of new Project undertakings, with due consideration of risk-related parameters. Any push for new orders will largely focus on identified areas of opportunity. The year under review saw some success in the form of good orders being won, both overseas and in India. The consolidated order book for the Electro-Mechanical Projects business was ₹ 3612 crores, per end March 2014, yielding healthy visibility for the

coming year. The Company continues to deal objectively with the challenges faced and has framed an appropriate business strategy to seize future growth opportunities.

9. Despite various hurdles, the Engineering Products business had an eventful year marked by exceptional performance. The Mining & Construction Equipment business continued to face several policy constraints, with mining activities still frozen in some States. As a consequence of global consolidation in the mining industry, the Company had transferred dealership rights for certain products which resulted in an exceptional income of ₹17 crores. The transfer also brought about a one-time reversal of certain cost provisions earlier made in compliance with conservative accounting practices, thereby resulting in an improvement in the bottom line. Meanwhile, operations largely continued to build on existing client relationships, while focusing on greener pastures overseas. The ongoing Mozambique venture remains lucrative, providing a natural hedge against difficulties faced in India.

10. The revised and restructured Textile Upgradation Fund (TUF) scheme is yet to have the desired impact in boosting the demand and reviving the fortunes of the Textile industry. The prevailing uncertainties and subdued investment climate, coupled with Rupee devaluation and volatility, weakened sentiments and led to postponement of equipment orders. However, there was some respite in cotton and yarn pricing, boosting exports of textiles from India and helping the industry show signs of revival. Meanwhile, the Textile Machinery business continued to ramp up capabilities in its post-spinning segment by adding principals and products. Overall, the Textile Machinery business was able to sustain its performance and strengthen its offerings.

11. The Company's Unitary Cooling business sustained its hard-won leadership position and its performance was commendable, given the background of unfavorable climate and poor consumer sentiment. Responding to the increased demand in tier 2 and tier 3 towns, as well as the rise in rural demand driven by good monsoons, the business enhanced its penetration, with the number of touch points now exceeding 6500 outlets. The success is also owed to conscious brand development and communication initiatives, which are based on extensive market research. Along with substantial growth in both volume and market share of Room ACs, the business enjoyed the benefits of better traction in Commercial Refrigeration products through sizable OEM orders. Overall, the performance of the business exceeded expectations and ended the year with a substantial improvement vis-a-vis last year in all financial parameters.

FINANCE

12. The Indian economic environment remained lackluster for most part of the year, with key indicators showing a declining trend. From a solid 7 - 8 percent annual increase in gross domestic product (GDP) in recent years, growth slowed down to about 5 percent by the end of the year. Inflation rates also remained high, due to the inability to contain supply side issues and boost production. There has been some respite in the Current Account Deficit, which moderated from a high of 4.7% of GDP in 2012-13 to just 1.7% in 2013-14. The Central bank has maintained high interest rates and tight liquidity conditions with a strong determination to lower inflation.

13. Having realized the critical importance of cash in these difficult times, the Domestic businesses have responded with renewed strategies for cash conservation, despite several challenges. The Unitary Cooling business continues to fare well primarily due to tight control on working capital.

14. The International Projects business continued to remain in the grip of recession, marked by widespread delays in settlements and release of payments. In response, project-specific task forces have been constituted, with clear roles and responsibilities directed towards faster completion and quick settlement of commercial entitlements. The drive towards speedy closure of projects has yielded some results, but there is still much to be done. Some on-going projects like the Sidra hospital at Qatar and other large projects in UAE, continue to impact the cash flows of the Company.

15. Overall, the cash situation has been appropriately managed with a satisfactory liquidity position largely comprising investments in Liquid and Liquid Plus Mutual Funds of ₹ 643 crores (2012-13: ₹ 318 crores). Borrowings specific to overseas projects have also been contained at a level of ₹ 193 crores as compared to ₹ 212 crores last year. The Management continues to focus on cash flow, including inventories and receivables. Furthermore, the surplus funds remain invested in low-risk Debt Mutual Funds and are periodically monitored by the Investment Committee of the Board so as to maximize returns with minimal risk.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

16. The Management has decided to participate in the Tata Group level TBEM External Assessment at the Company level during the financial year 2014-15. Accordingly, the Company has focused on standardizing critical processes to harness various synergies between the Business Units.

REPORT OF THE BOARD OF DIRECTORS, continued

17. The Company participated in the Tata Innovista program, a group-level initiative to promote innovation, through six Innovation projects related to either process/product improvements or enhancement of customer experience. Three of these projects were selected for regional rounds, with one project making it through to the final round. The Company also took part in 'Deep Dive Collaborative Benchmarking' studies conducted by Tata Quality Management Services and two of its processes were selected as 'best practices' across the Tata Group.

18. To further facilitate its quest for Business Excellence (BE), the Company continues to develop a pool of BE Champions and TBEM assessors. There are over 90 BE Champions, of whom, more than 30 are certified to participate in Tata Group level TBEM External Assessments. The contributions of the Voltas External Assessors won appreciation at the Group level Business Excellence Convention in December 2013, with two assessors being recognized as 'Star Assessors'.

IT INITIATIVES

19. The Company's IT function focused on critical stakeholders, viz. customers and vendors and undertook major initiatives in Unitary Products Business Group (UPBG) and the Domestic Projects Group (DPG).

20. In order to provide better customer service, UPBG implemented Siebel, a leading software solution in the Customer Relationship Management (CRM) space. This will help closer monitoring of operations and facilitate faster and better service to UPBG customers. Phase I of this project has been successfully completed with service functionality rolled out to all UPBG's branches and service partners. Phase II of this project is under implementation and would be completed during 2014-15.

21. At the same time, to shorten the bill processing cycle for vendors, DGP has outsourced its Accounts Payable process. Some of the key benefits are faster invoice processing and access to real-time information on the status of Vendor invoices through a self-service portal.

22. Recognizing the critical need for Knowledge Management, the International Operations Business Group has launched a Portal capturing both tacit and explicit knowledge of its workforce. The portal serves as a platform through which employees can collaborate and share knowledge.

23. Many improvements were carried out to ensure a robust and secure IT infrastructure. Compliance and security remain important considerations for Voltas. IT has consequently partnered with all Business Units to help stabilize their Governance & Risk Compliance (GRC) implementation and has been regularly delivering improvements in the Company-wide SAP Access and Authorization environment.

COMMUNITY DEVELOPMENT

24. The Company actively pursued its core commitment to serving its communities, with a focus on empowering under-privileged young job-seekers through 'Employability' initiatives, designed to impart opportunity. The Company thus, provides training to less fortunate youth in Air Conditioning and Refrigeration. Its long-standing association with Joseph Cardijn Technical School and Bosco Boys Home (Mumbai) and GMR Varalakshmi Foundation (at 5 centers in different locations) are expressions of the Company's Corporate Sustainability mission to create a talent pool, serving specific targeted markets. Two initiatives are also in the pipeline for partnering with Indian Hotels to start similar training centers with ITI Lonavala and ITI Chindwara.

25. Similarly, in partnership with ICICI Academy of Skills, the Company has extended support in establishing a Central Air Conditioning Centre at Coimbatore. This Centre will provide vocational training to 120 youth per year across Tamil Nadu, Kerala, Karnataka and Andhra Pradesh.

26. The Company has simultaneously embedded Affirmative Action in its HR policy and in other business activities. Voltas also supports the education of the children of the Kathkari tribe in partnership with local institutions, by providing mid-day meals, books and stationery as well as funding after-school coaching activities.

27. The Company continued with its volunteering initiatives as a means for employees to personally make societal contributions, allowing them to engage together with a shared purpose. More than 200 volunteers signed on for the Tata Sustainability Group's newly-launched initiative, Tata Engage and have contributed their time for volunteering. Some innovative drives also took shape, such as 'Safety from electricity', conducted in the remotest of villages in MP and 'Women's Safety and Hygiene Campaign' targeting Kathkari women.

28. Under the aegis of Tata Group, a new campaign was launched with the theme of 'Jaago Re - Power of 49' (PO49), intended to empower women by helping them realize their right of 49% electoral representation in India. The Textile Machinery Division of Voltas at Coimbatore, reached out to women mill workers in and around the Tamil Nadu belt, to help them get registered for voting. Special care was taken to run a party-neutral campaign focused on creating awareness about the importance of exercising one's vote.

GLOBAL COMPACT AND CARBON DISCLOSURE PROJECT

29. The Company is a signatory to the UN Global Compact and is committed to adhere to its principles. The Communication on Progress for the financial year 2013-14 has been uploaded along with the letter of Support on the Global Compact website.

ENVIRONMENT & SAFETY

30. The Company continued to address matters related to Health, Safety and Environment (HSE) through a variety of initiatives. The Executive Committee, together with the COOs, are responsible for delivering improved HSE performance. The Board has constituted a Safety, Health and Environment Committee comprising three Directors, including the Managing Director for reviewing HSE performance of operations.

31. To improve the consistency of the organization's approach and the resilience of its Safety controls, the Company implemented OHSAS 18001 and introduced a series of global standards, principles and practices that each operation should adopt. Audits were conducted against these standards and improvements are ongoing. These initiatives have complemented the process of organizational learning, including sharing the lessons based on incidents and best practices.

32. Improving Safety performance continues to be a priority for the Company. This is evidenced by four more businesses attaining ISO 18001 accreditation and four others achieving OHSAS 14001 certification. ISO 18001 is also being implemented at the Company's Thane and Dadra Plants.

33. Improvements have been made in the methods of internal communication, knowledge sharing and reporting on Safety matters. There has been adequate worker participation in Safety meetings at project sites, yielding valuable inputs pertaining to the workforce segment. Safety awards have been instituted at project sites and manufacturing locations. Health-related initiatives such as yoga camps and medical checkups have been carried out for employees.

STATEMENT OF EMPLOYEES' PARTICULARS

34. 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 said 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 of the Company.

APPOINTMENT OF COST AUDITOR

35. The Central Government has approved the appointment of M/s. Sagar & Associates, Cost Auditors, for conducting cost audit for the year ended 31st March, 2014.

36. The due date for filing the Cost Audit Report with the Ministry of Corporate Affairs for the year ended 31st March, 2013 was 30th September, 2013 and the Cost Audit Report was filed by the Cost Auditors on 23rd September, 2013. The due date for filing the Cost Audit Report for the year ended 31st March, 2014 is 30th September, 2014.

SUBSIDIARIES AND JOINT VENTURES

37. 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 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 aforesaid subsidiaries form 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.

38. The slow-down in the economy, especially in the Middle East region, continued during the whole of the year. However, some of the Company's overseas subsidiaries/joint venture companies performed better in 2013-14 as compared to the previous year and secured good orders to sustain the growth. The financial performance and other details of major operating subsidiaries/joint venture companies are given below.

39. Universal Comfort Products Limited (UCPL), a wholly-owned subsidiary of the Company engaged in the business of manufacturing air conditioners, recorded higher turnover of ₹ 928 crores and net profit of ₹ 58 crores for the year ended 31st March, 2014 as compared to turnover of ₹ 740 crores and profit of ₹ 32 crores in the previous year. UCPL has declared 100% dividend aggregating approx. ₹ 28 crores.

REPORT OF THE BOARD OF DIRECTORS, continued

40. Rohini Industrial Electricals Limited (RIEL) is engaged in undertaking turnkey electrical and instrumentation projects for industrial and commercial sectors. RIEL reported turnover of ₹ 99 crores and loss of ₹ 7 crores for the year 2013-14 as compared to turnover of ₹ 81 crores and loss of ₹ 13 crores in the previous year. Voltas purchased the residual shareholding (16.33%), comprising 298211 equity shares, from the Promoters of RIEL and accordingly, RIEL became a wholly-owned subsidiary of the Company with effect from 14th October, 2013.

41. Voltas Oman LLC, a subsidiary of the Company (65% shareholding of Voltas), is engaged in undertaking Engineering, Procurement and Construction (EPC) works for electro-mechanical projects in the Sultanate of Oman. Voltas Oman LLC recorded higher turnover of Omani Rial (RO) 3.519 million and profit of RO 0.053 million as compared to turnover of RO 0.698 million and net loss of RO 0.178 million in the previous year. The economy of Oman has started showing signs of recovery and the Government has budgeted higher expenditure in 2014. Voltas Oman LLC has secured a large and prestigious MEP project for Kempinski Hotel worth RO 17.400 million and expects to sustain the order book position during 2014.

42. Universal Voltas LLC, Abu Dhabi, a joint venture company engaged in the business of electro-mechanical projects and operations & maintenance of electro-mechanical works, recorded higher turnover of AED 154.870 million and Profit of AED 24.863 million for the year ended 31st December, 2013 as compared to turnover and profit of AED 136.116 million and AED 24.560 million, respectively in the previous year.

43. Olayan Voltas Contracting Company Limited (OVCL), incorporated on 8th February, 2012, is a joint venture company engaged in the business of electro-mechanical projects in the Kingdom of Saudi Arabia. OVCL has recorded turnover of Saudi Riyal (SR) 102.632 million and profit of SR 9.707 million for the year ended 31st December, 2013 as compared to turnover of SR 130.861 million and profit of SR 11.667 million for the period ended 31st December, 2012.

44. Voltas Qatar WLL (VQ), a joint venture company incorporated on 2nd April, 2012, is engaged in the business of undertaking EPC works for MEP contracts in the State of Qatar. VQ has recorded turnover of Qatari Riyal (QR) 94.677 million and profit of QR 5.363 million for the year ended 31st December, 2013 as compared to turnover of QR 22.887 million and loss of QR 0.244 million for the period ended 31st December, 2012.

45. During the year under review, the Company entered into a joint venture agreement with DOW Chemical Pacific (Singapore) Private Limited for establishing a joint venture company to tap the growing Water and Waste Water treatment market in the country. The proposed new company, Voltas Water Solutions Private Limited, will have equal capital contribution from Voltas and DOW.

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

46. 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, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

48. 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 form 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 also forms part of the Annual Report.

DIRECTORATE

49. In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Ishaat Hussain and Mr. Sanjay Johri retire by rotation and being eligible, offer themselves for re-appointment.

INDEPENDENT DIRECTORS

50. Mr. S N Menon, due to his indifferent health, stepped down as an Independent Director of the Company with effect from 19th March, 2014. Accordingly, he also ceased to be a Member of the Board Remuneration Committee. The Directors place on record their sincere appreciation of the valuable advice given by Mr S N Menon during his tenure on the Board/Committee and wish him speedy recovery.

51. In line with the requirements of the Companies Act, 2013, Mr. Nani Javeri and Mr. R N Mukhija, satisfy the criteria of independence under Section 149(6) of the Act and are being appointed as Independent Directors, to hold office as per the tenure mentioned in the Notice of the ensuing Annual General Meeting (AGM) of the Company. At the same time, Mr. Nasser Munjee, has decided to step down with effect from 31st August, 2014 to comply with the requirements of SEBI, which limits directorship in seven listed companies only.

52. Mr. Debendranath Sarangi and Mr. Bahram N Vakil are proposed to be appointed as Independent Directors for a term of 5 years each and the approvals of the shareholders are being sought at the ensuing AGM of the Company. Attention of the Members is drawn to Resolution No. 8 and No.9 of the AGM Notice and its related Explanatory Statements.

AUDITORS

53. At the Annual General Meeting, members will be required to appoint Statutory Auditors of the Company. Messrs Deloitte Haskins & Sells, the present Auditors of the Company have pursuant to Section 139 of the Companies Act, 2013, furnished a certificate regarding their eligibility for reappointment. 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. 5 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

GENERAL

54. 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, 20th June, 2014

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) In the areas of energy efficiency and HCFC Phase out :

(a) Development of Vapour Absorption Machines.

(b) Development of ductable split units with MCHX (Micro Channel Heat Exchangers) to reduce refrigerant charge.

(c) Development of ductable split units with inverter compressor.

(d) Introduced plate and tube condenser with forced air cooling for efficient condensation in Commercial Refrigeration products.

(ii) Development of PCM GEL Cooler model working on low energy consumption and longer holdover during power failures.

(iii) Development of PCM GEL Freezer model with low energy consumption and longer holdover during power failures.

(iv) Development of CT 15 Chocolate Cooler with Thermo Electric Cooling Technology and low energy consumption.

2. Products and processes developed through in-house technology

(i) New series of cost effective scroll chiller packages.

(ii) Commercially launched Variable Frequency Drive (VFD) water cooled screw chiller packages.

(iii) Process developed for 'U' tube bending and tube to tube sheet expansion joint for 3/8" micro fin tubes.

(iv) Developed and converted 425 Visi Cooler from Copper tube and Fin condenser coil to Bundy Wire and Tube Condenser.

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 2013-14 was ₹ 3.74 crores. In relation to turnover of own manufactured products, the R&D expenditure was 0.67% 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) Optimised running hours of packaged air conditioners in the Canteen at Thane by providing auto start/stop controls with time schedules.

(ii) Provided VFD on portable Air-compressor in VAM shop at Thane.

(iii) Switched over to local portable air compressor for requirement of low pressure air instead of using existing Central Air Compressor facility.

(iv) Optimised water pump usage for feeding well water to over-head tank by eliminating one 5KW pump.

(v) Provided motion sensors for passage lights at Thane offices.

(vi) Replaced tube lights with FSL bulbs in coil shop at Dadra.

(vii) Air-conditioning in new offices at Lucknow and Bangalore with energy efficient Variable Refrigerant Flow (VRF).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

1. The Company continued to face the adverse consequences of the economic downturn, especially in domestic markets. The long-anticipated recovery has yet to happen in spite of some apparently encouraging signs. As a result, the market remains beset by a liquidity crunch along with high inflation and the Rupee remained depreciated against the US Dollar for most part of the year. Both investor and consumer sentiment remained poor and cautious in making financial commitments. Capital outlays, in particular, were at their lowest levels in a decade, directly impacting investment across industry and infrastructure as a whole.

2. Overseas, there have been definite signs of an upward trend in the US economy, while Europe continues to lag behind in its recovery. The developing Asian economies – particularly China, Indonesia, the Philippines and Thailand – appear to be losing some of their earlier momentum. In the GCC countries in which the Company operates, high oil prices combined with positive market sentiment have stimulated growing investment in the economy and infrastructure. This is most evident in the Kingdom of Saudi Arabia, Qatar, Oman and Dubai, which are cautiously investing in social and infrastructural works. An added stimulus to investment has been the preparation for the scheduled FIFA events in Qatar, as well as the selection of Dubai to host the prestigious Expo 2020.

3. Notwithstanding the depressed domestic climate, the Company's Unitary Cooling Products business performed much better than expected and outperformed its competitors by registering growth in a declining market and increased its turnover and profit, despite the early onset of the monsoons. The Room AC brand continued its No. 1 market position during the year and widened its lead over the competition. The 'All-Weather' platform proved to be a clear success in both urban and rural markets, winning multiple awards while demonstrating its potential as an enduring brand property. The Commercial Refrigeration business also witnessed a healthy growth in volume as compared to the previous year.

4. The Company also scored significant successes in sales of HVAC products, with the choice of its Variable Refrigerant Flow (VRF) units for two high-rise residential complexes in South India, as well as the deployment of its indigenously manufactured energy-efficient Vapour Absorption Machines (VAM) for a large HVAC project undertaken in the Kingdom of Saudi Arabia.

5. The Engineering Products segment delivered 49% increase in profitability, including certain one-time credits. Within the segment, the Mining & Construction Equipment business managed to sustain its performance against the challenges of the domestic economy, largely by shifting focus to its growing African operations and strengthening both its standing and its relationships there. The Textile Machinery business began to see some traction in the execution of long-deferred orders, while pursuing downstream expansion into post-spinning areas, as well. The business also continued to expand its portfolio through new principals and products, apart from other strategic tie-ups to cater to the varied needs of more diverse customers.

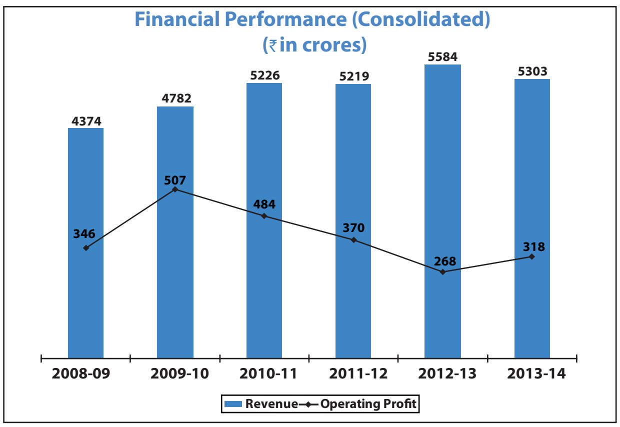
6. The Domestic Projects business, while suffering the adverse consequences of the investment slowdown, seized the opportunity to institute operational improvement towards better cost control, more efficient execution and increased profitability.

7. Several landmark awards, including the Delhi Metro HVAC project and a large-scale high-value project for industrial water treatment reaffirmed the Company's credentials in this segment. At the same time, execution of an Agreement with the Dow Group for a joint venture in the Water space offers good future potential.

8. The International Projects business successfully secured around ₹ 1000 crores worth of new business on acceptable terms and conditions. Simultaneously, the Company devoted considerable time and energy for closure of pending legacy projects along with revamping of internal systems towards greater productivity, efficiency and cost-control.

9. In pursuit of its vision of 'Engineering solutions for a greener tomorrow', notable triumphs included an award for 'Sustainable project of the year' in the Middle East. The Company also made certain breakthroughs such as entry into residential high-rise market through energy efficient VRF products, successful development of 'green' HVAC products (high co-efficient performance VAM) and Delhi's landmark net-zero energy Paryawaran Bhavan project.

10. Revenues and Operating Profits (Profit before exceptional items) of Voltas (consolidated) for the period between financial year 2008-09 and 2013-14 are given below:



11. The business segments of Voltas (Consolidated) are:

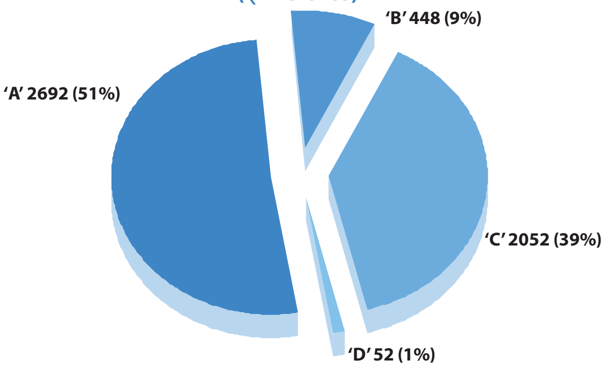
'A' - Electro-mechanical Projects and Services

'B' - Engineering Products and Services

'C' - Unitary Cooling Products for Comfort and Commercial use

'D' - Others

Segment Revenue (Consolidated) 2013-14
(₹ in crores)



ELECTRO-MECHANICAL PROJECTS AND SERVICES

International

12. The GCC countries appear to be heading towards another period of construction growth, most evident in UAE, Saudi Arabia and Oman. The Gulf States have almost exceeded the previous year's commitment of funds in terms of electro-mechanical contracts awarded, particularly large-scale and complex government funded infrastructure projects.

13. However, this growth cycle is still in its infancy and the overall private sector sentiment remains one of caution and reluctance vis-a-vis new undertakings and deferral of new project enquiries. In this highly competitive environment, the Company's International Operations business succeeded in securing new orders, such as the Workers' Hospital & Integrated Health Centre at Qatar; the Qatar Handball Association Complex and Muscat's new Kempinski Hotel, its first 5-star luxury hotel in twenty years, being executed by the Company's local subsidiary.

14. In its quest for greater efficiency, productivity and profitability, the Company tightened and streamlined its own operations. The areas of focus included completing the legacy projects that are in progress, pursuing commercial and contractual entitlements, being selective in negotiating new project undertakings and following revised personnel hiring policies aligned to the needs of its targeted business segments.

15. The delayed Sidra Project is 93% complete and Testing and Commissioning has commenced across several portions of the project though uncertainties in the process of approval of variations/claims and complexities in the nature of the project continue.

16. Compared to last year, the Company's existing joint venture in Abu Dhabi, Universal Voltas L.L.C., has delivered an improved operating profit of AED 25 million. In Saudi Arabia, the Olayan Voltas joint venture has reported profit of around SR 10 million and in Qatar, the joint venture Voltas Qatar W.L.L. has reported profit of QAR 5 million, as compared to a loss situation in the previous year.

Domestic Projects

17. The addressable market for domestic HVAC projects remained subdued, with fewer finalizations of large-sized orders. The climate of risk-aversion and caution in investment continued, deferring new project enquiries and extending time-lines on projects already under way.

18. Although new business opportunities were scarce, the Domestic projects business adhered to its adopted criteria of selection, pursuing only mid-sized and large projects with definite timelines. The Company also focused on projects with good margin thresholds and sound credit ratings, across areas such as urban infrastructure and IT/ITes among others.

19. Nevertheless, the Company's Domestic Projects business showed improvement over the previous year, largely due to better performance of Customer Care and Products businesses along with control on costs which helped to improve the margins.

20. The Company was awarded several new jobs, more importantly:

- ₹ 250 crore order from Delhi Metro Rail Corporation for Environmental Control Systems and tunnel ventilation for 8 stations;
- HVAC orders in the IT/ITeS segment, including 2 new TCS facilities at Hyderabad and Nagpur and the upcoming Infosys campus at Bhubaneshwar;
- HVAC orders for Delhi's Parliament House, as well as Tata Steel's integrated steel plant at Kalinganagar;
- Orders for VRF systems covering entire residential high-rise buildings, namely the Mantri Group's Pinnacle and Tata Housing's Primanti.

21. In the Water business, orders included Zero Liquid Discharge project for a Paper & Pulp Mill at Mysore and a large design-and-build water systems job for the steel melt shop for Tata Steel's Kalinganagar works. When completed, the Kalinganagar project (along with the ongoing Chennai Metro Rail E&M project) will be further testimony to the Company's reliability in delivering large-value complex projects.

22. To bolster its portfolio of water related offerings, the Company has entered into a joint venture agreement with the globally renowned Dow group of companies, for marketing and distribution of standardized packaged water & waste water treatment systems. These will be suitable for residential, commercial and industrial application and meet the Indian subcontinent's need for appropriate water treatment solutions.

23. To make the Company more resilient in the sluggish environment, internal initiatives were undertaken to protect the Company's profitability against volatility in input costs and other cost overruns caused by stretched project timelines. In addition, emphasis was laid on speedy completion of legacy jobs so as to ensure quick realizations, while pursuing the collection of receivables and contractual entitlements.

24. The Company's strong advocacy of 'green' values and energy-efficient offerings also resulted in several new product developments. These included inverter-driven ductable split units and a new range of packaged units, with R410a refrigerant; high co-efficient performance VAM; low-temperature VAM rated for (-)5°C; and water-cooled centrifugal chillers. The Company also obtained certification from Air conditioning, Heating & Refrigeration Institute (AHRI) for its test bed, now accommodating the extended range of screw chiller packages.

25. The Company purchased the balance shareholding (16.33%) of Rohini Industrial Electricals Limited (RIEL) from the Promoters thereby making it a wholly-owned subsidiary of the Company. RIEL has since been fully integrated with the larger Domestic Projects business. However, it continues to face challenges in cash flow and profitability and needs to speedily execute and close the carry-forward legacy orders.

26. The Segment's total carry forward order book as of 31st March, 2014 was ₹ 3612 crores.

ENGINEERING PRODUCTS AND SERVICES

Textile Machinery

27. The Textile industry witnessed a healthy increase in Indian yarn exports from 1050 million kgs to 1260 million kgs, coupled with higher demand for yarn in domestic markets as well. This has resulted in improved operating performance in the Spinning industry, despite challenges in Andhra Pradesh and power supply difficulties in Tamil Nadu.

28. The Company's Textile Machinery business enjoys a healthy relationship with its Principals, especially the Lakshmi Group and has maintained its leadership position in spinning machinery, while registering sizeable revenue growth from accessories and allied machinery. It also pursued its expansion into post-spinning areas, procuring orders for Dilo (Germany) and Benninger (Switzerland) and adding Airjet Weaving machinery to its existing Rapier Weaving lines.

29. The Company further expanded its portfolio by concluding partnership agreements with Elgi Equipments (Coimbatore) and Jinlong (China), so as to offer Air Compressor solutions and Flat knitting machinery, respectively.

30. Overall, the Textile Machinery business notched a reasonable growth in revenue and profitability.

Mining & Construction Equipment

31. For the Mining & Construction industry, the year under review commenced with the challenges posed by a weaker Rupee, significantly pushing up costs and rendering the business of imported equipment unremunerative against local competition, notwithstanding any consideration of superior technology.

32. The Company's Mining and Construction business responded to domestic setbacks by shifting focus to opportunities in Africa, supported by good responses from other Indian customers also pursuing Africa-based projects. There has been encouraging growth in the established business in Mozambique, along with a promising start in the Ivory Coast. Successful performance and maintenance of Powerscreen crushing and screening machines, have resulted in further orders for equipment and possibilty of more service contracts.

33. New products were also added to the Company's portfolio from Terex and Leeboy (USA) as well as from Sensocrete and Reimer Alliance International of Canada.

34. Meanwhile, domestic business is largely focused on tenders for Rope Shovels for Coal India. In this endeavour, the Company has the advantage of the alliance finalized in July 2013 with Taiyuan Heavy Industries of China (TZ), a well known and credible rope shovel manufacturer.

UNITARY COOLING PRODUCTS

35. The room air conditioner industry remained stagnant due to the continuing macro-economic uncertainties. The situation was aggravated by the early onset of monsoons, resulting in a shorter buying season. Despite these adversities, the Company notched 6.5% growth in sales volumes over the previous year. Profitability was also bettered through improvement in the product mix with a larger share of higher-margin Split ACs, coupled with judicious management of costs.

36. Further, the Company increased its own market share from 18.4% to 19.8% (as per GFK Nielsen) YTD 2013-14 and consolidated its No. 1 position in the AC market.

37. The growing popular sentiment in favour of greater energy-efficiency continued to drive the market, with more consumers upgrading to higher Star rated products. The Company remained the leader in this category with the widest range of 5 Star products. In parallel, it continued to advocate and promote greater awareness and usage of energy-saving appliances and won the Ministry of Power's National Energy Conservation Award 2013, presented by the President of India.

38. Responding to market feedback, the Company launched its updated range of models for 2014-15, in both Window and Split categories. Consumers are offered a wide variety of options in terms of features, energy rating, pricing and cooling capacities. There are also strong product differentiators such as Insta-Cool compressors, Multi-stage purifiers, Smart De-humidifiers and Intelligent Heating, along with features better designed to deal with extreme weather patterns. The Company widened its successful 'All-Weather' platform by including comfort solutions through distinct product differentiators.

39. Backed by a strong communication campaign and media presence, the Brand Equity Index jumped to 3.9, the highest amongst all consumer durable brands. The Company's marketing communications received several awards, including the World Advertising Research Council Award, Croma's Consumer Choice Award, TATA Brand Communication Award and the Readers' Digest Gold Award in the consumer durables category.

40. In order to shorten its time-to-market in more geographies, the Company extended its successful flexible business model by engaging larger numbers of contract manufacturers for outsourced assembly across the country, to supplement its own in-house manufacturing. An additional benefit has been a reduction in the Company's carbon footprint.

41. In order to cater to rising demand in tier 2 and tier 3 towns, the Company increased its penetration accordingly, achieving a channel footprint of over 6500 outlets. In fact, around 50% of the Company's AC sales were in smaller cities and towns.

42. To enhance the brand's popular appeal, the Company improved its after-sales service by launching a new CRM addressing the consumer experience at all critical touch points.

43. Increased focus on institutional sales resulted in securing a large order for 10000 units, serving ATM locations nationwide for a major bank – a clear indication of the brand's appeal in this demanding market.

44. The Commercial Refrigeration business witnessed robust growth in volume, due to strengthened relationships with key customers and a more diversified customer base. The Company's market leadership has grown to 40% share, according to internal estimates.

45. Universal Comfort Products Limited (UCPL), the Company's wholly-owned manufacturing subsidiary, ramped up its production capacity to 650,000 units, in response to rising consumer demand for the Voltas air conditioners.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

Domestic

46. The external environment is expected to improve in the sectors of manufacturing and urban infrastructure and project finalizations are expected to pick up during the second half of 2014-15. Projects in water and waste water management, which are dependent on Government policy and funding, are expected to gain momentum from Q3 (2014-15) onwards.

47. Energy Performance Assessment of equipment remains a future opportunity for customer care, given the prohibitive cost of energy and penalties for excessive consumption.

International

48. The rapidly rising populations of Middle Eastern countries are a constant stimulus to sustained economic growth, for the maintenance of living standards, especially the Kingdom of Saudi Arabia, Qatar and Oman. The most dramatic spending rise will probably be seen in Qatar, where the GDP per capita could double in the coming decade thanks to the low costs of producing natural gas, along with Qatar's hosting of the 2022 World Cup. Dubai is also likely to invest substantially in its preparations for hosting the Expo 2020. These represent opportunities that the Company is well placed to exploit.

49. With the shortening of project timelines, there has been a push in UAE favouring the use of pre-fabricated modules guided by 3D modelling. The Company is exploring various options to address such needs.

50. The GCC countries are investing in new modes of transportation to overcome the impact of rapidly growing populations on their road networks. With Saudi Arabia, UAE, Qatar and Oman establishing metros and rail networks, the Company is examining the possibility of diversifying into these segments in the international markets.

ENGINEERING PRODUCTS AND SERVICES

Textile Machinery

51. The good operating performance turned in by many textile mills in 2013-14 augurs well for improved investor sentiment in the years ahead. The reinstatement of the Textile Upgradation Fund should provide positive impetus for investment in the Textile Industry. The demand for yarn is expected to be sustained, both in export and domestic markets, encouraging capacity expansion of spinning mills, which should result in new order booking.

52. The anticipated growth in exports of garments to US and the European Union is also expected to provide good business opportunities for the Company's Textile Machinery business, subject to clearances by the Indian Government.

Mining & Construction Equipment

53. The Company has made a beginning in mineral beneficiation, to meet the possibility of emerging demand for magnetic separators, washing separators, silo thickeners and automatic filter presses, to improve mineral grades as well as recycle and conserve water.

54. There is also a good amount of potential business with Coal India, which plans to procure around 15 units of $10m^3$ rope shovels in 2014-15, for which the Company with its TZ alliance will be a strong contender.

55. In Africa, attendance at the BAUMA International Trade Fair in Johannesburg has brought some promising enquiries. These could provide an impetus for an expanded footprint across some parts of the African continent, where the Company has forged a good reputation for its products and support services.

UNITARY COOLING PRODUCTS

56. The changing social environment with its trend of increasing urbanization, a growing middle-class and rising income levels offers healthy long-term potential for growth. While more than 77% of urban households own a TV, 33% own a refrigerator and 13% own a washing machine, only 3% have an air conditioner, pointing to a vacuum that can be profitably addressed.

57. Notwithstanding the low penetration rates of domestic ACs, moderate growth is expected for the industry in the next fiscal year, mainly due to macro-economic as well as climatic uncertainties. However, improved consumer sentiment is likely to trigger some demand in the second ownership and replacement segments, which will drive sales of Split ACs.

58. High electricity tariffs and greater consumer consciousness of energy efficiency will probably stimulate demand for higher Star rated products, with 3 Star and 5 Star lines as well as Inverter ACs commanding more than 75% of the total offtake.

59. Commercial Refrigeration business is expected to be focused on growing segments such as frozen foods and non-alcoholic beverages. The Company is well-placed to consolidate its leadership position, due to good relationships in its targeted segments, especially modern retail channels, which may see a spurt in growth.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

Domestic

60. Growing input costs are likely to result in volatility in commodity prices. Unfavourable foreign exchange rates and high inflation could aggravate this situation even further.

61. Product differentiation continues to be challenged by the slow progress of Energy Regulatory Authorities in framing energy standards in an enforceable legal framework.

62. With the entry of MNCs and introduction of energy efficient products, India has been identified as a focus market and competition will therefore remain intense in the foreseeable future.

63. The accelerated refrigerant phase-out program and the changeover to future refrigerants, are constrained by the control of a few global manufacturers with patented technology.

International

64. Many countries have implemented far-reaching programs of government spending in the aftermath of 2011's social protests and raised the 'break-even' price of oil to pay for such outgoings and balancing the budget. Any drop in these high oil prices could prove detrimental in terms of fiscal decisions taken by these countries.

65. The opening up of markets has triggered a sizeable influx of companies seeking their share of business. Such intense competition poses obvious challenges and is a cause for concern.

66. In the Middle East, there is a growing tendency for civil construction companies to develop in-house capabilities in MEP, with a view to undertaking the electro-mechanical sub-contracts routed to them by clients and consultants. This trend threatens the Company's MEP business, although clients still prefer to entrust larger and more challenging jobs to established specialist companies such as Voltas.

67. Visas in the Middle East remain a challenge, with Saudi Arabia posing the greatest hurdle and Qatar running a close second. The push towards Omanization & Saudiization for higher employment of the locals is also impacting the Company's capabilities in the region in terms of costs and adequate local talent.

ENGINEERING PRODUCTS AND SERVICES

Textile Machinery

68. The Textile Machinery business is vulnerable to investment slowdown, shortages of electricity and changes in government policy. The business is also highly sensitive to any change in the import policies of China, which is a major importer of yarn.

Mining & Construction Equipment

69. The year 2013-14 witnessed several challenges in the mining industry due to environmental clearances, forest clearances and the banning of iron-ore mining in various States like Goa, Karnataka and Andhra Pradesh. It is expected that under the new Government, there will be speedy disposal of pending cases and mining activities will recommence in next few months. However, if such clearances are delayed, the business of mining machinery would be adversely impacted.

UNITARY COOLING PRODUCTS

70. The AC industry is showing signs of fragmentation and segmentation, brought on primarily by the crowding of more brands into the market, several of which, pursue top-line growth at the expense of their bottom-line.

71. AC product units have become less affordable due to price hikes across the board, in response to the need to comply with BEE's upgraded energy regulations and adverse foreign exchange movements. This may impact the demand.

72. The Company's energy efficiency platform for ACs is being challenged by competing DC inverter models which promise greater cost savings, but at relatively high prices.

73. Climatic unpredictability is likely to continue.

FINANCIAL PERFORMANCE - STANDALONE

74. Financial performance as a measure of operational performance.

(a) **Sales and Services, net of Excise duty (Segment Revenues):**

₹ in crores

	2013-14	2012-13	Change	Change%
Segment-A (Electro-mechanical Projects and Services	2174	2871	(-)697	(-)24%
Segment-B (Engineering Products and Services)	448	431	17	4%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	2512	2251	261	12%
Total	**5134**	**5553**	**(-)419**	**(-)8%**

Revenues in Electro-mechanical Projects and Services (Segment A) were lower by 24% as compared to the previous year. The turnover of international projects business was lower by 36% as compared to the previous year, due to delay in execution of projects and a low carry-forward order book position. Turnover of domestic projects businesses was lower by 5% as compared to the previous year. Revenues of both, Textile Machinery and Mining and Construction businesses (Segment B) were better than last year despite several challenges in Andhra Pradesh, difficulties in power supply in Tamil Nadu and closure of mining activities in some States. Similarly, inspite of intense competition and unfavourable climatic conditions, Revenue of Unitary Cooling Products (Segment C) was significantly better than last year. The AC Industry as a whole witnessed marginal growth in sales volume, whereas, the Company sustained its No.1 market position during the year.

(b) **Other Income:**

₹ in crores

	2013-14	2012-13	Change	Change%
Other Income	131	97	34	35%

Other Income comprises rental income, dividend from investments, interest income, profit from sale of current investments and foreign exchange gain/loss, if any. While Rental income was, by and large, at the same level as last year, dividend income was significantly higher, with an increase of around 100% at ₹ 63 crores as compared to ₹ 32 crores last year. The Company had a net foreign exchange gain of approximately ₹ 18 crores as compared to ₹ 10 crores in 2012-13.

(c) **Exceptional Items:**

₹ in crores

	2013-14	2012-13	Change	Change%
Exceptional Items	(-)3	8	(-)11	(-)138%

Exceptional Items during 2013-14 were mainly assignment of long term maintenance contracts, provision for diminution in value of investments in RIEL and charge of VRS cost.

(d) **Employee Benefits:**

₹ in crores

	2013-14	2012-13	Change	Change%
Employee Benefits - Expenses	483	567	(-)84	(-)15%

Employee Benefit Expenses consists of salary, wages, commission to Managing Director, Company's contribution to Provident Fund and other funds, gratuity and staff welfare expenses. There has been an overall 15% decrease in Employee Benefits expenses, primarily due to demobilization of people on completion of overseas projects.

(e) **Finance Costs:**

₹ in crores

	2013-14	2012-13	Change	Change%
Interest	16	27	(-)11	(-)41%

Finance costs largely comprises interest paid on borrowings from banks for execution of overseas projects.

(f) **Depreciation and Amortisation Expenses:**

₹ in crores

	2013-14	2012-13	Change	Change%
Depreciation and Amortisation Expenses	19	22	(-)3	(-)14%

The charge for depreciation on tangible assets is lower than last year. The amortization expenses are towards intangible assets (Manufacturing Rights & Technical Know-how and Software).

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

₹ in crores

	2013-14	2012-13	Change	Change%
Commission other than to Sole Selling Agents	39	24	15	62%

Commission other than to Sole Selling Agents includes rebates, incentive schemes and discounts given to Dealers by the Unitary Cooling Products business. It also includes Agency fees and Sponsorship expenses incurred for overseas projects.

(h) **Other General Expenses:**

₹ in crores

	2013-14	2012-13	Change	Change%
Other General Expenses	180	170	10	6%

Other Expenses includes service maintenance charges, other selling expenses, external services/contract labour charges, subscription to clubs, e-auction charges, C&F charges, moving and shifting expenses, staff selection expenses, brand equity expenses and commission paid to Non-Executive Directors.

(i) **Profitability:**

₹ in crores

	2013-14	2012-13	Change	Change%
Profit Before Tax	257	243	14	6%
Profit After Tax (Net Profit)	181	180	1	1%

While the performance and profitability of Engineering Products and Unitary Cooling Products businesses were significantly better than the previous year, profitability in the Projects business was adversely impacted by extension of completion dates and other extraneous issues, especially in overseas projects resulting in cost overruns.

75. FINANCIAL POSITION - STANDALONE

(a) **Short Term Borrowings:**

₹ in crores

	2013-14	2012-13	Change	Change%
Short Term Borrowings	193	212	(-)19	(-)9%

Borrowings are primarily for execution of overseas projects. Due to completion of some of the existing on-going projects and better cash collections, bank borrowings for overseas projects business have decreased.

(b) **Investments:**

₹ in crores

	2013-14	2012-13	Change	Change%
• **Non-current Investments:**				
- Investment in subsidiaries, joint ventures and associates	204	177	27	15%
- Other Investments	68	68	–	–
- Investment Properties	24	24	–	–
- FMPs (13 months) of Mutual Funds	50	50	–	–
Total (Gross)	346	319	27	8%
• **Current Investments:**				
- Units of Mutual Funds including FMPs (12 months)	593	268	325	121%

The Company's investment of surplus cash in Mutual Funds (Current Investments) increased by ₹ 325 crores and was ₹ 593 crores as on 31st March, 2014 as compared to ₹ 268 crores as on 31st March, 2013. Investment properties consist of office buildings in Mumbai, Chennai, Jamshedpur and other office premises let out on rent.

(c) **Inventories:**

₹ in crores

	2013-14	2012-13	Change	Change%
Raw materials, components, stores and spares	82	84	(-)2	(-)2%
Work-in-progress (net)	132	251	(-)119	(-)47%
Finished goods	156	156	–	–
Stock-in-trade of goods (for trading)	345	342	3	1%

Due to completion of some of the overseas projects, Work-in-Progress (net) had reduced by 47%.

(d) **Trade Receivables:**

₹ in crores

	2013-14	2012-13	Change	Change%
Current Trade Receivables (Net)	1059	1168	(-)109	(-)9%
Non-Current Trade Receivables (Net)	112	80	32	40%

While the Current Trade Receivables reduced due to stringent control and monitoring, Non-Current Trade receivables increased in projects businesses due to longer payment cycles and delays in certification of bills.

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

₹ in crores

	2013-14	2012-13	Change	Change%
Cash and Bank balances	209	259	(-)50	(-)19%

Cash and Bank balances were reduced by 19% due to fewer cheques on hand and payments made to suppliers/vendors at the year end.

(f) **Loans and Advances:**

₹ in crores

	2013-14	2012-13	Change	Change%
Long Term Loans and Advances - Net	146	153	(-)7	(-)5%
Short Term Loans and Advances - Net	173	169	4	2%
Total	319	322	(-)3	(-)1%

Loans and Advances consists of advance payment of taxes (net), capital advances, security deposits, advance to customs, port trust/other authorities and suppliers. It also includes inter-corporate deposits and share application money to subsidiaries/joint venture companies.

(g) **Other Assets:**

₹ in crores

	2013-14	2012-13	Change	Change%
Other Current Assets	595	620	(-)25	(-)4%
Other Non-Current Assets	6	5	1	20%

Other Current Assets are basically the contract revenues recognized as being in excess of certified bills pertaining to projects businesses. Revenues are recognized on the basis of Percentage Completion Method, in line with the Accounting Standard.

(h) **Liabilities and Provisions:**

₹ in crores

	2013-14	2012-13	Change	Change%
Current Liabilities	2406	2460	(-)54	(-)2%
Non-Current Liabilities	106	105	1	1%

Current liabilities comprises short term borrowings, trade payables, short-term provisions and other current liabilities. Non-Current liabilities consist of long-term provisions and trade payables. In addition to decrease in short-term borrowings, there was significant reduction in short-term trade payables. Provisions (long-term and short-term) are towards Employee Benefits – gratuity, pension, medical benefits, compensated absences and for trade guarantees, contingencies, taxation and proposed dividend, including dividend distribution tax.

FINANCIAL PERFORMANCE - CONSOLIDATED

76. Financial performance as a measure of operational performance.

(a) **Sales and Services, net of Excise duty (Segment Revenues):**

₹ in crores

	2013-14	2012-13	Change	Change%
Segment-A (Electro-mechanical Projects and Services	2692	3200	(-) 508	(-)16%
Segment-B (Engineering Products and Services)	448	431	17	4%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	2052	1833	219	12%
Others	52	50	2	4%
Total	**5244**	**5514**	**(-)270**	**(-)5%**

The Consolidated Segment Revenues were lower by 5% at ₹ 5244 crores as compared to ₹ 5514 crores last year, primarily due to overseas projects under Segment 'A'. However, most of the subsidiaries and joint venture companies reported higher turnover. The financial statements of three overseas joint venture companies were consolidated for incremental three months to coincide with the reporting period of Company, instead of accounting with a gap of one previous quarter in the previous year. This resulted in increasing the revenue of Segment A by ₹ 50 crores approx. Lalbuksh Voltas Engineering Services and Trading LLC (Lalvol) under 'Others' segment reported turnover of ₹ 52 crores for the year ended 31st December, 2013 as compared to ₹ 50 crores in the previous year.

(b) **Profitability:**

₹ in crores

	2013-14	2012-13	Change	Change %
Profit Before Tax	340	280	60	21%
Profit After Tax and Minority Interest/ Share of Profit/loss of Associates	245	208	37	18%

Consolidated Profit before tax was higher by 21% as compared to last year, despite lower performance by the Projects businesses. While RIEL suffered loss of ₹ 7 crores in 2013-14 (as compared to loss of ₹ 13 crores in 2012-13), Universal Comfort Products Limited performed better and recorded higher profit before tax of ₹ 75 crores as compared to ₹ 41 crores in the previous year. The other major contributors were Voltas Qatar WLL, Voltas Oman LLC and Universal Voltas LLC, overseas subsidiary/joint venture companies.

LIQUIDITY AND CAPITAL RESOURCES

77. While the Company's liquidity position remains comfortable with cash and bank balances at approximately ₹ 209 crores (stand-alone) as at the end of March 2014, the external environment remains challenging. With inflation remaining above the RBI's comfort levels, the tight liquidity and high interest regime is expected to continue for a few more quarters. The Projects business which bears the maximum brunt of these adversities has risen to the challenge with various measures to conserve cash. The same is evinced by the capital employed in the Projects business, which has been substantially reduced as compared to the previous year. The robust review processes and tight control institutionalized in the previous years have resulted in expediting settlement on some of the large projects. The Debt-Equity Ratio remains low and has been further reduced reflecting lower borrowings, mainly from international operations.

78. The importance of cash has now been deeply ingrained in the Company's DNA with multiple efforts being made to control capital engagement across businesses. Going forward, given an improved economic environment, the position of resources available with the Company would also improve.

RISKS AND CONCERNS

79. The Company has implemented and established a proccess for indentifying and mitigating the risks. Each Business Division reviews and revisits its top risks as part of the Annual Operating Plan exercise. These are then woven into a longer Strategic Business Plan which governs the road map for the Business for the subsequent three years.

80. The year gone by has been challenging, particularly for the Projects businesses and Capital goods sector. The Company, having instituted comprehensive measures to face these difficult times, feels cautiously optimistic going forward. Continuing best practices implemented in prior years, techno-commercial audits are conducted for all major overseas as well as domestic projects. Their objective is to assess physical progress and financial performance and validate end-of-project forecasts. Further, through the formation of a Project Review Cell, an adequate review and monitoring mechanism has been institutionalized at the Corporate Level for large-sized projects.

81. The year 2013-14 also witnessed high volatility in foreign exchange rates, with the Rupee touching new all-time lows. Nevertheless, a robust forex policy, along with timely monitoring and coverage of foreign exchange exposures has ensured that this risk has been adequately mitigated on an on-going basis. The Company's International Operations also provide a natural hedge for the Domestic Business, further minimizing the exposure.

82. Risks in the area of IT security have been reviewed and appropriate steps have been taken for improving the controls. Key among them has been the SAP Governance and Risk Compliance (GRC) Project which ensured that SAP User roles were suitably re-designed and risks and conflicts in the SAP environment reduced.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

83. The Company's Internal Audit team consists of qualified professionals and is headed by the Chief Internal Auditor who reports to the Board Audit Committee. The Company has also engaged the services of M/s. Mahajan & Aibara, Chartered Accountants, as a co-sourcing partner for internal audit.

84. Audits are conducted based on an annual risk-based internal audit plan which is approved by the Board Audit Committee at the beginning of the financial year. Annual plan and internal audit reports are also shared with the Statutory Auditors. The scope and coverage includes review and reporting on key process risks; adherence to operating guidelines and statutory compliances; recommendation of improvements for monitoring and enhancing efficiency of operations; and ensuring reliability of financial and operational information. The function provides assurance to the Board and the Audit Committee on the design, adequacy and operating effectiveness of the internal control system.

85. Significant audit findings and suggestions along with the 'Action Taken Reports' are discussed with the Board Audit Committee. The Committee monitors and reviews these internal audit observations, compliance with accounting standards, risk management and control systems and profitability/risk ratings of overseas contracts.

HUMAN RESOURCES

86. The Human Resources function, in its role of pro-actively managing employee capability and capacity, has embarked on various initiatives to better the skills and effectiveness of the Company's human capital, its primary source of competitiveness. The focus is on developing a culture of continuous learning to realise employees' full potential, fulfill their aspirations and equip them for the demands of changing market situations and business exigencies.

87. In order to augment its leadership, the Company has hired Engineer Trainees from premier and select campuses, as well as managers through Tata Group programs such as TAS and HRDP. To ensure that the 'Input Quality' of recruits matched the Company's standard, the hiring managers were suitably trained and provided with the job descriptions for the recruits.

88. Another key imperative has been the maintenance of the organization's talent pool, in the interests of its sustainability, growth and competitive advantage. Talent Management initiatives have been organised addressing senior, middle and entry level management. First-of-its-kind workshops were conducted, such as the 'certified Interviewer workshop', as well as cross-cultural sensitivity training with the Company's senior Management.

89. 'Parichay', a renewed lateral induction program has been initiated, calling on new entrants from different locations to engage in a two-day face-to-face connect during which senior managers actively induct and orient them in Voltas Values, Systems and Processes, thus building synergy, collaborativeness and a sense of belonging.

90. Consequent to the new law on Prevention of Sexual Harassment, the Company released its 'Policy on Respect for Gender'. Its intent is to create greater awareness of the visible and implied behaviors that contribute towards gender-based 'Respect' or 'Disrespect' for women and men, their implications and the mechanisms for redressal. Several awareness sessions were held for managers, employees and contract women employees. The Company has put in place an internal complaints Committee to redress grievances arising from gender-based disrespect and harassment. During 2013-14, there were no cases of sexual harassment filed with the Committee.

91. Based on the Employee Engagement and Satisfaction survey in 2011-12, workshops were conducted to communicate the survey findings and facilitate action plans both at the Business level and for Managers and teams. Coaching sessions were conducted to address their concerns. This led to an improvement in the overall engagement score at the Organization level in the 2013-14 survey. A handbook for managers on Employee Engagement titled 'BRIDGE – Connecting people to purpose' was released during the year and issued to all managers. The handbook is a compendium of success stories, best practices and suggested activities for creating engagement and its impact on business.

92. The Company enjoyed cordial relations on the Industrial Relations front. During 2013-14, elections were conducted and the new Union Committee consisting of President, General Secretary, Joint Secretary and other Office bearers assumed office smoothly. After detailed discussions and negotiations, an interim agreement has been signed in the current year with the Federation. As per the understanding, some legal cases have been withdrawn by the Union/Company. The Company has also paid ex-gratia to the eligible employees. The interim agreement paves the way for better Industrial relations and settlement of pending issues.

93. The total staff strength of Voltas Limited as on 31st March, 2014 was 6901, including 4519 contract staff, primarily for overseas project business.

CAUTIONARY STATEMENT

94. Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions 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

As on 31st March, 2014, the Board comprised 8 members: 7 Non-Executive Directors (NEDs) and the Managing Director. Of the 7 NEDs, 4 were Independent Directors. The Company has a Non-Executive Chairman and the number of Independent Directors was more than 50% of the total number of Directors.

(b) Non-Executive Directors' compensation and disclosures

The Sitting fees paid to Non-Executive Directors, including Independent Directors for attending Board/ Committee Meetings are within the limits prescribed under the Companies Act, 1956 (the Act). The shareholders have at the 55th Annual General Meeting (AGM) held on 10th August, 2009 passed a 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 2013-14, 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.

18th April, 2013; 20th May, 2013; 13th August, 2013; 24th September, 2013; 6th November, 2013; 10th January, 2014; 30th January, 2014 and 19th March, 2014.

The annual calendar of Board/Committee 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/ Annual Operating 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 regularly at the subsequent Meetings by the Directors/Audit Committee members. Considerable time is spent by the Directors on discussions and deliberations at the Board/ Committee 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 of the Listing Agreement), 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 a 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, 2014. A declaration to this effect, signed by the 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 2013-14	Attendance at the last AGM held on 19th August, 2013	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	4	6
Mr. Sanjay Johri (Managing Director)	Not Independent Executive	8	Yes	–	–	–
Mr. Nasser Munjee	Independent Non-Executive	4	Yes	11	5	2
Mr. Noel N. Tata	Not Independent Non-Executive	6	Yes	9	–	2
Mr. S. N. Menon (upto 19.3.2014)	Independent Non-Executive	–	No	–	–	–
Mr. Nani Javeri	Independent Non-Executive	6	Yes	4	–	3
Mr. R. N. Mukhija	Independent Non-Executive	7	Yes	1	–	1
Mr. Vinayak Deshpande	Not Independent Non-Executive	7	Yes	5	–	2
Mr. Thomas Mathew T.	Independent Non-Executive	7	Yes	2	–	–

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

3. Audit Committee

(a) Composition, name of Members and Chairman

The Board Audit Committee presently comprises 3 Non-Executive Independent Directors – Mr. Nasser Munjee, Mr. Nani Javeri and Mr. R. N. Mukhija. Mr. Nani Javeri is a Chairman of Board Audit Committee. All members of the Board Audit Committee are financially literate and have relevant finance and/ or audit exposure. The Managing Director, the President – Corporate Affairs & Chief Financial Officer, 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

Seven Board Audit Committee Meetings were held during the financial year 2013-14 on the following dates:

18th April, 2013; 20th May, 2013; 11th July, 2013; 12th August, 2013; 6th November, 2013; 14th January, 2014 and 30th January, 2014.

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

Name of Members	No. of Meetings attended
Mr. Nani Javeri	6
Mr. Nasser Munjee	3
Mr. R. N. Mukhija	7

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

(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 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 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.
- Approval of appointment of Chief Financial Officer (CFO).
- 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 Internal Auditor;

(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

The Company has eight unlisted subsidiary companies, of which three are Indian subsidiaries. As defined in Clause 49 III of the Listing Agreement, none of the Indian subsidiaries falls under the category of 'material non-listed Indian subsidiary'. However, the financial statements of all subsidiary companies including investments made, if any, are periodically reviewed by the 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.

5. Managerial Remuneration

(a) Remuneration Committee

The Remuneration Committee comprised 3 Non-Executive Directors – Mr. Nasser Munjee, Mr. Nani Javeri and Mr. Ishaat Hussain. Mr. Nasser Munjee and Mr. Nani Javeri are Independent Directors. Mr. S. N. Menon ceased to be a member of the Committee upon his resignation effective 19th March, 2014. During 2013-14, one meeting was held on 20th May, 2013. The attendance of each member of the Committee is given below:

Name of Members	No. of Meetings attended
Mr. Nasser Munjee	1
Mr. S. N. Menon	–
Mr. Nani Javeri	1
Mr. Ishaat Hussain	1

The Minutes of the Remuneration Committee Meeting 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 criteria 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 ceilings 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 2013-14 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 were paid sitting fees during 2013-14 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
- Project Committee Meeting – ₹ 10,000
- Safety-Health-Environment Committee Meeting – ₹ 10,000
- Shareholders'/Investors' Grievance Committee Meeting – ₹ 5,000

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2013-14 and their shareholding in the Company as on date are given below:

- **Non-Executive Directors**

Name of Directors	Commission for 2013-14* (₹ in Lakhs)	Sitting Fees paid in 2013-14 (₹ in Lakhs)	No. of Shares held
Mr. Ishaat Hussain	22.00	1.70	–
Mr. Nasser Munjee	10.00	1.50	–
Mr. Noel N. Tata	10.00	1.30	–
Mr. S. N. Menon	–	–	–
Mr. Nani Javeri	22.00	2.70	–
Mr. R. N. Mukhija	19.00	3.00	–
Mr. Vinayak Deshpande	10.00	1.60	–
Mr. Thomas Mathew T.**	10.00	1.40	–

* payable in 2014-15

** Mr. Thomas Mathew T is a Director representing LIC. Sitting Fees upto 29th June, 2013 was paid to LIC and thereafter to Mr. Thomas Mathew T, as advised by LIC. However, commission continues to be paid/payable to LIC.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during 2013-14, except as stated above.

- **Remuneration of Managing Director**

(₹ in Lakhs)

Name of Director	Salary	Perquisites and allowances including contribution to PF and Superannuation Fund	Commission for 2013-14*
Mr. Sanjay Johri	42.90	70.52	120.00

* payable in 2014-15

Notes:

(a) 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 fee is payable.

(b) The Company has not introduced any stock options for its Directors/employees.

(c) 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. During 2013-14, two meetings of Shareholders'/Investors' Grievance Committee Meetings were held on 24th September, 2013 and 27th March, 2014 which were attended by the Company Secretary and the Senior Manager - Shares. The Minutes of the Shareholders'/Investors' Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

During 2013-14, 13 complaints received from SEBI/ Stock Exchanges were suitably dealt with and closed.

As on 31st March, 2014, no complaints were pending. Similarly, no transfer of shares were pending as on 31st March, 2014.

Mr. V. P. Malhotra, Vice President – Taxation, Legal & Company Secretary 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 and his contact details are 022-66656251 and 022-66656258.

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, Project Committee, Safety-Health-Environment Committee, 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. The Company has formulated an Investment Policy in consultation with the Investment Committee, which has been approved by the Board. Mr. Sanjay Johri, Managing Director, Mr. Nani Javeri, Non-Executive Independent Director and Mr. Anil George, President (Corporate Affairs) & Chief Financial Officer are members of the Investment Committee. During the year under review, two Meetings of Investment Committee were held on 1st November, 2013 and 26th March, 2014. 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 and Mr. Noel N. Tata periodically meet to discuss and guide the Management on various strategic issues. During the year under review, 11 Meetings of COB were held.

(d) Project Committee comprising Mr. R. N. Mukhija (Chairman), Mr. Vinayak Deshpande and Mr. Sanjay Johri reviews and monitors the progress and execution of projects and other related matters. During the year under review, two Meetings of Project Committee were held on 20th May, 2013 and 30th January, 2014.

(e) Safety-Health-Environment Committee was constituted comprising Mr. R. N. Mukhija (Chairman), Mr. Vinayak Deshpande and Mr. Sanjay Johri to review and monitor the environment, health and safety policies and activities of the Company. No meeting of Safety-Health-Environment Committee was held during 2013-14.

(f) The Nomination Committee comprising Mr. Nasser Munjee (as the Chairman), Mr. Ishaat Hussain and Mr. Noel N. Tata has the objective of identifying independent directors to be inducted to the Board and for reconstitution of the Board, as and when required. No meeting of the Nomination Committee was held during 2013-14.

(g) Subsequent to the close of the financial year (2013-14), a Nomination and Remuneration Committee has been constituted on 20th April, 2014, comprising Mr. Ishaat Hussain, Mr. Nasser Munjee, Mr. Noel N. Tata and Mr. Nani Javeri in place of Remuneration Committee and Nomination Committee, respectively.

(h) The Ethics and Compliance Committee comprising Mr. Nasser Munjee and Mr. R. N. Mukhija oversees 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. Anil George 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. The date and time of the AGMs held during preceding three years and the Special Resolution(s) passed thereat are as follows:

Date of AGM	Time	Special Resolution passed
57th AGM – 16th August, 2011	3.30 p.m.	Nil
58th AGM – 23rd August, 2012	3.00 p.m.	Nil
59th AGM – 19th August, 2013	3.00 p.m.	Nil

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 2013-14.

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 Statement annexed to the Notice of the Annual General Meeting to be held on 1st September, 2014.

10. Disclosures

- During the year under review, besides the transactions reported in the Notes to Accounts (Refer Note No. 39), 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, in 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 2013-14.
- None of the Directors are related to each other.
- 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 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 reviewed by the Board Audit Committee. Concerns received under the Tata Code of Conduct are also reported and discussed at the Audit Committee Meetings.
- 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 formulated a detailed Risk Management Policy to establish an effective and integrated framework for the Company's risk management process. After detailed discussions/ deliberations and workshops at Corporate as well as Divisional level, the Company has identified top ten

corporate risks alongwith its mitigation measures which are periodically reviewed by the respective Businesses/Corporate and changes if any on the risks, are reported to the Board. The Strategic Business Plan of the respective Divisions factor the risks associated with the businesses.

- The Company did not raise funds through public/rights/preferential issues during the financial year 2013-14.

- 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 President (Corporate Affairs) & CFO have in accordance with Clause 49 V of the Listing Agreement certified to the Board on matters pertaining to CEO/CFO certification during the financial year 2013-14.

- 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/proposed changes in relevant laws and regulations and their 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, half-yearly and annual results are published in widely circulated newspapers: Business Standard in English; Sakaal in Marathi and also displayed on the website of the Company www.voltas.com soon after its submission to the Stock Exchanges.

- Shareholding Pattern, Corporate Governance Report and financial results are uploaded on NEAPS and Listing Centre maintained by NSE and BSE, respectively.

- 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 sent to the Stock Exchanges.

12. General Shareholders Information

- **AGM: Date, time and venue**

Monday, 1st September, 2014 at 3.00 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 14th August, 2014

(c) Second Quarter Results
– By 14th November, 2014

(d) Third Quarter Results
– By 13th February, 2015

(e) Results for the year ending 31st March, 2015
– By 29th May, 2015

- **Date of Book closure**

Tuesday, 12th August, 2014 to Monday, 1st September, 2014 (both days inclusive).

- **Dividend Payment date**

Dividend would be paid on or after 3rd September, 2014.

- **Listing on Stock Exchange**

BSE Limited
National Stock Exchange of India Limited

The Company has paid the listing fees to BSE and NSE for the year 2014-15.

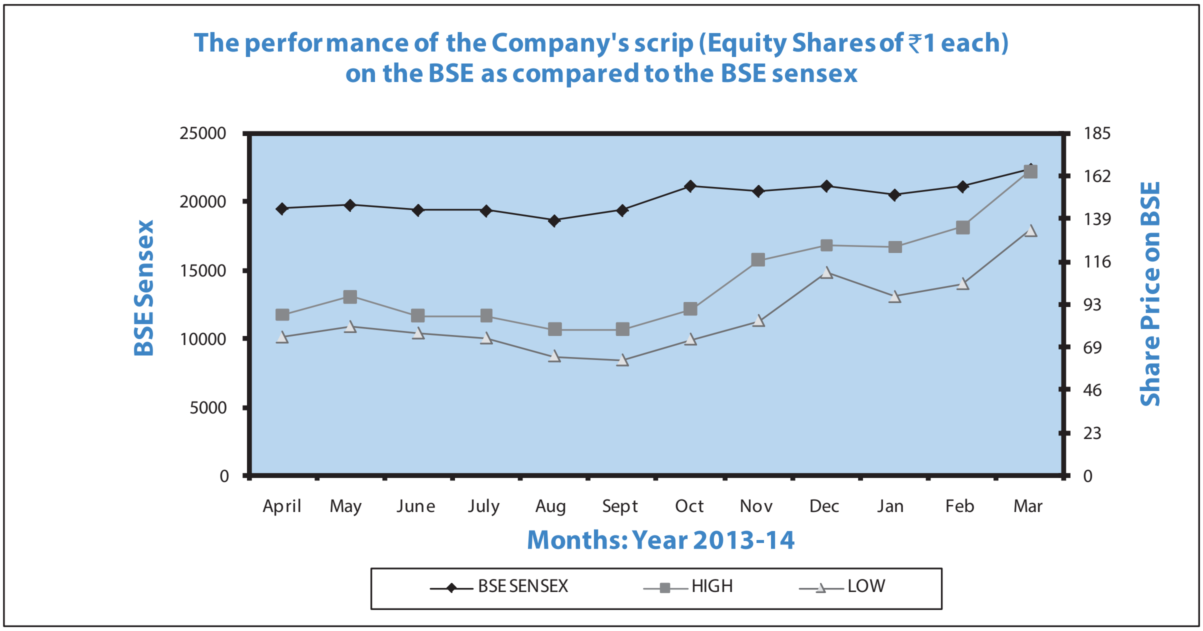
- **Stock Code**

– 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	BSE 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
2013									
April	19504	87.05	75.10	3899132	3137.18	86.90	75.00	22295829	17944.18
May	19760	96.75	80.80	6266972	5553.11	96.70	80.95	31086158	27395.65
June	19396	86.50	77.30	4246952	3496.21	86.45	77.30	24100673	19816.10
July	19346	86.70	74.60	4788245	3927.09	86.90	74.55	20057534	16426.59
August	18620	79.15	64.90	2633988	1870.43	79.15	64.75	20237872	14333.39
September	19380	79.00	62.70	4481345	3223.60	78.55	62.50	31138955	22158.57
October	21165	89.90	74.00	4376316	3670.76	89.95	74.00	31447776	26467.00
November	20792	116.40	84.10	11007207	11192.32	116.40	83.80	74290252	75286.75
December	21171	124.50	110.15	10426653	12147.52	124.70	110.05	77775267	90489.82
2014									
January	20514	123.35	97.05	9083474	10031.12	123.30	96.85	62046804	68097.32
February	21120	133.95	104.10	7511656	9027.68	133.95	104.05	63266309	76060.64
March	22386	164.35	132.85	6416689	9461.19	164.20	132.85	69154374	101710.42



- **Distribution of shareholding as on 31st March, 2014**

No. of equity shares held	No. of Shareholders	No. of Shares held	% of Issued Share Capital
Upto 5000	101593	39603133	11.97
5001 to 10000	1055	7537577	2.28
10001 to 20000	433	6147120	1.86
20001 to 30000	125	3145923	0.95
30001 to 40000	58	2048293	0.62
40001 to 50000	46	2097926	0.63
50001 to 100000	58	4070435	1.23
100001 and above	175	266234333	80.46
Total	**103543**	**330884740**	**100.00**
Physical Mode	**17676**	**12153318**	**3.67**
Electronic Mode	**85867**	**318731422**	**96.33**

- **Shareholding Pattern as on 31st March, 2014**

Category	No. of Shares held	% of Issued Share Capital
Tata Group of companies	100253480	30.30
Insurance companies (Government)	45234771	13.67
Insurance companies (others)	13085590	3.95
Mutual Funds and UTI	36690239	11.09
FIIs	59868859	18.09
Bodies Corporate	17365131	5.25
NRIs	2559655	0.77
Banks	491660	0.15
Foreign companies and Foreign National	91633	0.03
Public	55243722	16.70
Total	**330884740**	**100.00**

- **Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2014**

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	88131780	26.64
Life Insurance Corporation of India	25411176	7.68
Government Pension Fund Global	16703496	5.05
Tata Investment Corporation Ltd.	9962330	3.01
Vidya Investment and Trading Company Private Ltd.	5645741	1.71
Bajaj Allianz Life Insurance Company Ltd.	5613427	1.70
ICICI Prudential Discovery Fund	5498804	1.66
Life Insurance Corporation of India P & Gs Fund	4261218	1.29
British Columbia Investment Management Corporation A/c Emerging Markets Equity Fund	4190437	1.27
Reliance Capital Trustee Co. Ltd. A/c Reliance Equity Opportunities Fund	4100000	1.24
The New India Assurance Company Ltd.	3923682	1.19
General Insurance Corporation of India	3859157	1.17

- **Registrar & Transfer Agent**

TSR Darashaw Private Limited
Unit : Voltas Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai 400 011.
Tel : 022-66568484
Fax : 022-66568494
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**

96.33% of the share capital has been dematerialized as on 31st March, 2014.

- **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 Private 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. 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 due dates for claiming dividend.

Date of declaration of dividend	Dividend for the year	Last date for claiming unpaid dividend
6th August, 2007	2006-07	5th August, 2014
28th July, 2008	2007-08	27th July, 2015
10th August, 2009	2008-09	9th August, 2016
16th August, 2010	2009-10	14th August, 2017
16th August, 2011	2010-11	14th August, 2018
23rd August, 2012	2011-12	22nd August, 2019
19th August, 2013	2012-13	18th August, 2020

- **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 Private 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 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 Private 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 are therefore requested to convert their physical holding into demat holding. As per the requirements of the Companies Act, 2013 and Rule 11 of the Companies (Share Capital and Debentures) Rules, 2014 transfer requests have to be lodged with the Company at its Registered office or with TSR Darashaw Private Limited, the Company's Registrar & Transfer Agent in new prescribed Form SH-4.

- **Nomination facility**

Shareholders should register their nominations in case of physical shares with the Company's Registrar and Transfer Agent – TSR Darashaw Private 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**

As servicing of documents to shareholders, including Notice of Annual General Meeting, Balance Sheet, Statement of Profit and Loss, etc. is permitted through electronic mail, the Company will send the Annual Report and other documents in electronic form to those shareholders whose e-mail address are registered with the Company's Registrar & Transfer Agent – TSR Darashaw Private Limited or made available by the Depositories.

- **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 Private 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, 2014 affirmed compliance of their respective Codes of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Mumbai,	**Sanjay Johri**
20th June, 2014	*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, 2014 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 LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

	B. P. Shroff
Mumbai,	*Partner*
20th June, 2014	Membership No. 34382

INDEPENDENT AUDITORS' REPORT

To the Members of Voltas Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **VOLTAS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

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

Emphasis of Matter

We draw attention to Note No. 26(a) to the financial statements with respect to uncertainties related to costs to come, the approval of variations, the final completion schedule and other terms which are yet to be finalised between the main contractor and the end customer and the approval of variations with regard to a major complex project.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, 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 Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

   (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
29th May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business / activities / results, during the year, clauses (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of "the order" are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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 inventories:

(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 loans, secured or unsecured, to/from companies, firms or other parties covered 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 in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transactions 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, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, 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 nature of its business.

(ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(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 statutory 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 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 in arrears as at 31st March, 2014 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, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below :

Name of 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	1973-1975	1.32
The Central Excise Act, 1944	Excise Duty	Supreme Court	1993-1996	45.74
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2013-14	10.01
		Commissioners/ Adjudicating Authority	1982, 1984-2009, 2011-2012, 2013-14	2070.56
Finance Act, 1994 and Service Tax Laws	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1998– 2010	835.89
		Commissioner of Central Excise (Appeals)	2003-2008	1511.54
		Commissioners/ Adjudicating Authority	1998-2010	612.93
Central Sales Tax Act and Value Added Tax Act of various States	CST, VAT, GST and Entry Tax (including penalty and interest)	Supreme Court	1993-1994, 1996- 2001	543.71
		High Courts	1988-1992, 1993-2000, 2001- 2009	2911.71
		Appellate Tribunals	1987-1988, 1995-1998, 1999-2011	907.23
		Commissioner (Appeals)	1989-1991, 1992-1993, 1994-1997, 2002-2013	2424.70
		Assistant Commissioner (Appeals)	2011-12, 2012-13	372.37
		Deputy Commissioner (Appeals)	2005-2006, 2009-2013	263.10
		Assessing Authority	1987-1989, 1990-2008, 2010-2014	544.62

(xi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company had no debentures issued or outstanding during the year.

(xiii) 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.

(xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
29th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

						As at 31-3-2013
I.	**EQUITY AND LIABILITIES**			Note	**₹ in Lakhs**	₹ in Lakhs
	1.	**Shareholders' funds**				
		(a)	Share capital	2	**3307.48**	3307.46
		(b)	Reserves and surplus	3	**156487.44**	144953.37
					159794.92	148260.83
	2.	**Non-current liabilities**				
		(a)	Other long-term liabilities	4	**2906.54**	2749.16
		(b)	Long-term provisions	5	**7689.92**	7744.79
					10596.46	10493.95
	3.	**Current liabilities**				
		(a)	Short-term borrowings	6	**19337.63**	21196.76
		(b)	Trade payables	7	**146103.02**	152576.46
		(c)	Other current liabilities	7	**57328.06**	54703.30
		(d)	Short-term provisions	5	**17802.05**	17499.21
					240570.76	245975.73
	TOTAL EQUITY AND LIABILITIES				**410962.14**	404730.51
II.	**ASSETS**					
	1.	**Non-current assets**				
		(a)	Fixed assets			
			(i) Tangible assets	8	**16584.74**	16829.42
			(ii) Intangible assets	9	**883.75**	779.75
			(iii) Capital work-in-progress		**177.35**	0.52
					17645.84	17609.69
		(b)	Non-current investments	10	**29869.52**	29180.36
		(c)	Deferred tax assets (net)	11	**2587.41**	2445.77
		(d)	Long-term loans and advances	12	**14622.81**	15316.44
		(e)	Other non-current assets	13	**11838.59**	8531.35
					76564.17	73083.61
	2.	**Current assets**				
		(a)	Current investments	10	**59271.39**	26803.89
		(b)	Inventories	14	**71532.67**	83273.77
		(c)	Trade receivables	15	**105906.29**	116826.19
		(d)	Cash and bank balances	16	**20850.79**	25858.54
		(e)	Short-term loans and advances	12	**17303.46**	16862.99
		(f)	Other current assets	13	**59533.37**	62021.52
					334397.97	331646.90
	TOTAL ASSETS				**410962.14**	404730.51
	Summary of significant accounting policies			1A		
	See accompanying notes forming part of the financial statements.			1-41		

For and on behalf of the Board

	Chairman	**Ishaat Hussain**
	Managing Director	**Sanjay Johri**
	Directors	**N. N. Tata**
In terms of our report attached.		**Nani Javeri**
		R. N. Mukhija
For **Deloitte Haskins & Sells LLP**		**Vinayak Deshpande**
Chartered Accountants		**Thomas Mathew T.**
	President - Corporate Affairs & CFO	**Anil George**
B. P. Shroff	*Vice President- Taxation, Legal & Company Secretary*	**V. P. Malhotra**
Partner		
Mumbai, 29th May, 2014	*Mumbai, 29th May, 2014*	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		Note	₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
I.	**Revenue from operations (Gross)**	17	**518816.67**	561800.39
	Less: Excise duty		**3680.99**	5257.21
	Net Revenue from operations		**515135.68**	556543.18
II.	**Other Income**	18	**13145.58**	9696.49
III.	**Total Revenue (I + II)**		**528281.26**	566239.67
IV.	**Expenses**			
	(a) Consumption of raw materials, cost of jobs and services	19	**197170.55**	270561.20
	(b) Purchase of traded goods	20	**195261.29**	173505.22
	(c) (Increase) / Decrease in finished goods, work-in-progress and stock-in-trade	21	**11579.58**	(6648.49)
	(d) Employee benefits expenses	22	**48376.84**	56703.72
	(e) Finance costs	23	**1598.51**	2671.23
	(f) Depreciation and amortisation expenses	24	**1896.24**	2221.01
	(g) Other expenses	25	**46374.87**	43800.17
	Total Expenses (IV)		**502257.88**	542814.06
V.	**Profit before exceptional items and tax (III - IV)**		**26023.38**	23425.61
VI.	**Exceptional Items**	26	**(340.64)**	831.84
VII.	**Profit before tax (V + VI)**		**25682.74**	24257.45
VIII.	**Tax Expense**			
	(1) Current tax			
	(i) Current tax		**8415.42**	6080.91
	(ii) Provision for taxation of earlier years provided / (written back)		**(739.31)**	0.29
	(2) Deferred tax		**(141.64)**	168.86
	Total tax expense		**7534.47**	6250.06
IX.	**Profit after tax (VII - VIII)**		**18148.27**	18007.39
X.	**Earnings per share:**	32		
	Earnings Per Share (₹) - Basic and Diluted (Face value ₹ 1 per share)		**5.48**	5.44
	Summary of significant accounting policies	1A		
	See accompanying notes forming part of the financial statements.	1-41		

For and on behalf of the Board

	Chairman	**Ishaat Hussain**
	Managing Director	**Sanjay Johri**
	Directors	**N. N. Tata**
In terms of our report attached.		**Nani Javeri**
		R. N. Mukhija
For **Deloitte Haskins & Sells LLP**		**Vinayak Deshpande**
Chartered Accountants		**Thomas Mathew T.**
	President - Corporate Affairs & CFO	**Anil George**
B. P. Shroff	*Vice President- Taxation, Legal & Company Secretary*	**V. P. Malhotra**
Partner		
Mumbai, 29th May, 2014	*Mumbai, 29th May, 2014*	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ in Lakhs	₹ in Lakhs	2012-13 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax		**25682.74**	24257.45
Adjustments for :			
Depreciation and amortisation expenses	**1896.24**		2221.01
Provision for doubtful trade and other receivables, loans and advances	**1920.30**		1187.10
Net unrealised exchange (gain)	**(747.71)**		(379.78)
Provision for Diminution in value of Investments	**2017.72**		1705.26
(Profit) / loss on sale / write off of Assets	**46.97**		(4764.99)
Net (gain) on sale of Investments	**(26.41)**		(9023.83)
Finance costs	**1598.51**		2671.23
Interest income	**(813.32)**		(934.02)
Dividend income	**(6314.38)**		(3246.28)
Unclaimed credit balances write back	**(573.35)**		(444.28)
Provision for Trade Guarantees	**(309.58)**		245.16
		(1305.01)	(10763.42)
Operating Profit before Working Capital changes		**24377.73**	13494.03
Changes in Working Capital:			
Adjustments for (Increase) / Decrease in operating assets:			
Inventories	**11741.10**		(7897.25)
Trade receivables	**5887.14**		(15300.38)
Short-term loans and advances	**(440.77)**		1224.27
Long-term loans and advances	**(728.72)**		(320.18)
Other current assets	**2780.33**		11642.41
Other non-current assets	**(121.78)**		(94.27)
Adjustments for Increase / (Decrease) in operating liabilities:			
Trade payables	**(5064.49)**		19158.89
Other current liabilities	**2641.21**		(6578.96)
Other long-term liabilities	**2.70**		(32.59)
Short-term provisions	**(127.03)**		128.98
Long-term provisions	**(167.48)**		139.52
		16402.21	2070.44
Cash generated from operations		**40779.94**	15564.47
Net income tax paid		**(7419.94)**	(9195.70)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**33360.00**	6368.77

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

				2012-13
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Capital expenditure on fixed assets, including capital advances and capital work-in-progress	**(1985.69)**		(4237.80)
	Proceeds from sale of fixed assets	**28.27**		5060.08
	Inter-corporate deposits (net)	**Nil**		2000.00
	Bank balances not considered as Cash and cash equivalents (net)	**(21.58)**		19.22
	Current investments not considered as Cash and cash equivalents:			
	– Purchased	**(154612.75)**		(180850.02)
	– Proceeds from sale	**127171.73**		176644.42
	Purchase of long-term investments:			
	– Associates	**Nil**		(0.34)
	– Others	**(5000.00)**		(5000.55)
	Refund of purchase consideration paid in earlier year	**1000.00**		Nil
	Proceeds from sale of long-term investments:			
	– Subsidiaries	**Nil**		2968.03
	– Associates	**Nil**		5800.00
	Loans / advances given:			
	– Subsidiaries	**(2650.25)**		(1852.89)
	– Joint Ventures	**Nil**		(687.67)
	Loans / advances realised:			
	- Subsidiaries	**0.30**		Nil
	- Joint ventures	**Nil**		318.22
	Interest received	**521.14**		948.45
	Dividend received:			
	– Subsidiaries	**3035.18**		762.63
	– Others	**3279.20**		2483.65
	NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)		**(29234.45)**	4375.43

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

	₹ in Lakhs	₹ in Lakhs	2012-13 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares (Calls-in-Arrears)	**0.02**		0.02
Securities Premium (Calls-in-Arrears)	**0.08**		0.10
Net increase / (decrease) in working capital borrowings	**(1859.13)**		3417.35
Finance costs	**(1654.66)**		(2617.76)
Repayment of deposits and interest thereon	**(0.02)**		(2.00)
Dividends paid	**(5254.44)**		(5254.18)
Dividend distribution tax	**(489.00)**		(858.84)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)		**(9257.15)**	(5315.31)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(5131.60)**	5428.89
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**25462.99**	20034.10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**20331.39**	25462.99
Cash and cash equivalents consist of:			
Cash and cash equivalents at the end of the year (refer note :16 Cash and Bank Balances)		**20493.64**	25522.97
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		**(162.25)**	(59.98)
		20331.39	25462.99

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**

Mumbai, 29th May, 2014

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 29th May, 2014

1. NATURE OF BUSINESS

Voltas Limited, a premier Air-Conditioning and Engineering company was established in the year 1954. It is a Tata Group company in the field of air conditioning, refrigeration, in the business of electro-mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore), and also in the business of engineering product services for mining, water management and treatment, construction equipments and textile industry.

1A. SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Some of the estimations require higher degrees of judgment to be applied than others. These include the recognition of revenue and earnings from construction contracts under the percentage of completion method, and the valuation of long-term assets. Management continually evaluates all of its estimates and judgements based on available information and its experience and believes that the estimates used in the preparation of the financial statements 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.

(iii) REVENUE RECOGNITION

(a) Sales excludes sales tax, value added tax and works contract tax but include excise duty. Commission earned on consignment sales is accounted for as part of revenue from operations.

(b) Revenue from sale of goods is recognised, net of trade discounts and rebates, 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 project 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 based on current technical data. 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 "Other Current Liabilities" in the balance sheet.

(d) Long-term 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 maintenance contracts, 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 revenue is deferred and accounted for as "Unexpired Service Revenue" under "Other Current Liabilities" in the balance sheet.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

(e) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(iv) 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.

(v) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation / impairment.

The cost of tangible fixed asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Own manufactured goods are capitalised at cost 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.

Capital work-in-progress :

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(vi) INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and net of any discounts. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(vii) 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.

(viii) DEPRECIATION / AMORTISATION

Depreciation on tangible 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 and on assets acquired specifically for a Project which are charged off over the period of the Project.

Intangible assets are amortised on the Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how are 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.

(ix) PROVISION FOR TRADE GUARANTEES / WARRANTIES

The estimated liability for product warranties is recorded when products are sold / project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise - being typically upto five years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

(x) 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.

(xi) INVESTMENTS

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

(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. Cost includes all charges for bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

(xiii) TAXES ON INCOME

Current Tax is 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

(xiv) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

(a) Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate on the date of the transaction.

(b) Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate on the date of the transaction.

(c) 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 Statement of Profit and Loss. 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 / (credited) to the Statement of Profit and Loss over the period of the contract.

(d) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

(e) Forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

(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 Statement of Profit and Loss 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 Statement of Profit and Loss in the month of separation of employees.

(xvi) LEASES

(a) Finance 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.

(b) Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Operating lease expenses / income are recognised in the Statement of Profit and Loss on Straight Line Basis, representative of the time pattern of the user's benefit.

(xvii) EMPLOYEE BENEFITS

(a) Defined Contribution Plans

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

The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid to the provident funds and pension fund set up as irrevocable trusts by the Company or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return is recognised as an expense in the year incurred.

(b) Defined Benefit Plans

The Company's liabilities towards gratuity, pension 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 Statement of Profit and Loss 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 of Government bonds at the Balance Sheet date where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service 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 within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(xviii) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(xix) CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(xx) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xxi) OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

2. Share Capital

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
Authorised :		
– 60,00,00,000 (31-3-2013: 60,00,00,000) Equity Shares of ₹ 1 each	**6000.00**	6000.00
– 40,00,000 (31-3-2013: 40,00,000) Preference Shares of ₹ 100 each	**4000.00**	4000.00
	10000.00	10000.00
Issued, Subscribed and Paid up :		
– 33,08,84,740 (31-3-2013: 33,08,84,740) Equity Shares of ₹ 1 each	**3308.85**	3308.85
Less : Calls-in-Arrears [1,36,970 shares (31-3-2013: 1,38,540 shares)] [Refer note 2(d)]	**1.37**	1.39
	3307.48	3307.46

2. (a) Equity Shares: The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference shares (if issued).

2. (b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

			As at 31-3-2013	
Particulars	**Equity Shares**		Equity Shares	
	Numbers	**₹ in Lakhs**	Numbers	₹ in Lakhs
Shares outstanding at the beginning of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85
Shares outstanding at the end of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85

2. (c) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held in the Company:

				As at 31-3-2013	
Name of Shareholder	**Class of Shares**	**No. of Shares held**	**% of holding**	No. of Shares held	% of holding
Tata Sons Limited	**Equity**	**8,81,31,780**	**26.64**	8,81,31,780	26.64
Life Insurance Corporation of India	**Equity**	**2,54,11,176**	**7.68**	2,96,72,394	8.97
Government Pension Fund Global	**Equity**	**1,67,03,496**	**5.05**	1,53,12,143	4.63

2. (d) As per records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2014 (31-3-2013: Nil).

3. Reserves and Surplus

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(1)	Capital Reserve		
	As per last Balance Sheet	**155.52**	155.52
(2)	Capital Redemption Reserve		
	As per last Balance Sheet	**125.70**	125.70
(3)	Securities Premium Account		
	As per last Balance Sheet	**627.20**	627.10
	Premium on calls-in-arrears received during the year	**0.08**	0.10
	Closing Balance	**627.28**	627.20
(4)	General Reserve		
	As per last Balance Sheet	**118182.83**	116182.83
	Transfer from Statement of Profit and Loss	**2000.00**	2000.00
	Closing Balance	**120182.83**	118182.83
(5)	Staff Welfare Reserve		
	As per last Balance Sheet	**1.00**	1.00
(6)	Foreign Exchange Translation Reserve		
	As per last Balance Sheet	**145.95**	65.61
	Add : Effect of foreign exchange rate variations during the year on net investment in non-integral operations	**136.68**	80.34
	Closing Balance	**282.63**	145.95
(7)	Surplus in the Statement of Profit and Loss		
	As per last Balance Sheet	**25715.17**	15901.68
	Add :		
	Profit for the current year	**18148.27**	18007.39
	Credit on dividend distribution tax	**410.74**	Nil
	Sub-total Additions	**18559.01**	18007.39
	Deductions :		
	Proposed Dividend	**6121.37**	5294.16
	Dividend distribution tax	**1040.33**	899.74
	Transfer to General Reserve	**2000.00**	2000.00
	Sub-total Deductions	**9161.70**	8193.90
	Closing Balance	**35112.48**	25715.17
		156487.44	144953.37

4. Other long-term Liabilities

A.	**Trade Payables**	**2867.98**	2713.30
	(Due on account of goods purchased and services rendered)		
B.	**Others**		
	Other Payables		
	- Unexpired Service Contracts	**38.56**	35.86
		2906.54	2749.16

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

5. Provisions

						As at 31-3-2013
			₹ in Lakhs			₹ in Lakhs
	Long-term	**Short-term**	**Total**	Long-term	Short-term	Total
(a) Provision for employee benefits						
(i) Provision for gratuity	**2532.75**	**195.11**	**2727.86**	2693.55	281.88	2975.43
(ii) Pension obligations	**1403.00**	**144.11**	**1547.11**	1402.26	121.53	1523.79
(iii) Provision for compensated absences	**Nil**	**2910.18**	**2910.18**	Nil	2961.72	2961.72
(iv) Post retirement medical benefits	**793.54**	**37.77**	**831.31**	799.13	38.03	837.16
(v) Provision for employee separation compensation	**115.27**	**30.28**	**145.55**	117.10	41.32	158.42
(b) Others						
(i) Provision for Trade Guarantees [Refer footnote 5 (a)]	**2845.36**	**4615.36**	**7460.72**	2732.75	5037.55	7770.30
(ii) Provision for other Contingencies [Refer footnote 5 (b)]						
- Contingency for Tax matters	**Nil**	**1125.00**	**1125.00**	Nil	1125.00	1125.00
(iii) Provision for taxation (net of advance tax)	**Nil**	**1582.54**	**1582.54**	Nil	1698.28	1698.28
(iv) Provision for Proposed Equity dividend	**Nil**	**6121.37**	**6121.37**	Nil	5294.16	5294.16
(v) Provision for Dividend Distribution Tax on proposed dividend	**Nil**	**1040.33**	**1040.33**	Nil	899.74	899.74
	7689.92	**17802.05**	**25491.97**	7744.79	17499.21	25244.00

Footnotes :

	Opening Balance	Additions	Utilisation	Reversed	₹ in Lakhs Closing Balance
5. (a) Provision for Trade Guarantees	**7770.30** *7525.14*	**6677.20** *7054.94*	**6202.98** *5258.78*	**783.80** *1551.00*	**7460.72** *7770.30*
(b) Provision for other Contingencies					
- Contingency for Tax matters	**1125.00** *1125.00*	**Nil** *Nil*	**Nil** *Nil*	**Nil** *Nil*	**1125.00** *1125.00*

The provision for trade guarantees is expected to be utilised for warranty expenses within the period of 1 to 5 years depending on the contractual obligations.

Figures in Italics are for the Previous year.

6. Short-term Borrowings

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Secured Borrowings		
Repayable on demand from Banks (refer footnote)	**19337.63**	21196.76
	19337.63	21196.76

Footnote :

Secured against assignment of stocks, book debts, contract dues and lien on Term Deposits.

7. Current Liabilities

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(A) Trade Payables		
Due on account of goods purchased and services rendered (includes acceptances of ₹ 13583.82 Lakhs (31-3-2013 : ₹ 11300.64 Lakhs) (Refer footnote 7(A) below for dues to micro, small and medium enterprises)	**146103.02**	152576.46
	146103.02	152576.46
(B) Other Current Liabilities		
(a) Interest accrued but not due on borrowings	**24.84**	80.99
(b) Unpaid dividends [Refer footnote 7(B)]	**356.16**	316.44
(c) Unpaid matured deposits (unsecured) and interest accrued thereon [Refer footnote 7(B)]	**Nil**	0.02
(d) Advances received from customers / others	**35909.58**	34756.45
(e) Unexpired service contracts	**1968.99**	2269.87
(f) Billing in excess of contract revenue	**12371.40**	10942.28
(g) Statutory obligations	**5991.86**	5452.38
(h) Other liabilities	**705.23**	884.87
	57328.06	54703.30

Footnote 7(A)

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

(i) (a) Principal amount remaining unpaid to any supplier	**1206.32**	1032.72
(b) Interest on (i)(a) above	**28.33**	19.31
(ii) The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2013-14	**80.77**	54.48
(iii) Amount of interest due and payable on delayed payments	**69.26**	61.09
(iv) Amount of further interest remaining due and payable for the earlier years	**6.85**	0.34
(v) Total outstanding dues of Micro, Small and Medium Enterprises		
- Principal	**1206.32**	1032.72
- Interest	**104.44**	80.74

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Footnote 7(B)

No amount was due for transfer at the end of the year. The actual amount to be transferred to Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

8. Tangible Assets

₹ in Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Office and EDP Equipments	Furniture and fixtures	Vehicles	Transferred to Investment property	Transferred to 'Assets held for sale'	Total Tangible Assets
Gross Block at Cost										
Cost at the beginning of the year	**2077.64**	**312.73**	**12232.16**	**11594.70**	**6008.92**	**2277.07**	**677.26**	**(2940.23)**	**(662.79)**	**31577.46**
	629.13	*312.73*	*10626.69*	*10737.72*	*5866.49*	*2046.47*	*743.30*	*(1415.66)*	*(662.79)*	*28884.08*
Additions	**Nil**	**Nil**	**310.64**	**259.57**	**518.54**	**221.10**	**47.12**	**Nil**	**Nil**	**1356.97**
	1448.51	*Nil*	*1774.88*	*1032.78*	*423.44*	*332.82*	*45.03*	*(186.29)*	*Nil*	*4871.17*
Disposals	**Nil**	**Nil**	**193.03**	**437.57**	**303.85**	**63.91**	**18.09**	**Nil**	**Nil**	**1016.45**
	Nil	*Nil*	*169.41*	*175.80*	*281.01*	*102.22*	*111.07*	*Nil*	*Nil*	*839.51*
Transfers in / (out)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**(77.55)**	**Nil**	**(77.55)**
	Nil	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*(1338.28)*	*Nil*	*(1338.28)*
Cost at the end of the year	**2077.64**	**312.73**	**12349.77**	**11416.70**	**6223.61**	**2434.26**	**706.29**	**(3017.78)**	**(662.79)**	**31840.43**
	2077.64	*312.73*	*12232.16*	*11594.70*	*6008.92*	*2277.07*	*677.26*	*(2940.23)*	*(662.79)*	*31577.46*
Depreciation										
Depreciation at the beginning of the year	**Nil**	**22.57**	**2770.29**	**6962.46**	**3850.46**	**1650.12**	**288.03**	**(515.16)**	**(280.73)**	**14748.04**
	Nil	*19.15*	*2647.12*	*6298.39*	*3477.12*	*1566.81*	*302.11*	*(476.97)*	*(280.73)*	*13553.00*
Charge for the year	**Nil**	**3.42**	**299.66**	**546.90**	**443.24**	**148.94**	**77.29**	**(55.24)**	**Nil**	**1464.21**
	Nil	*3.42*	*223.52*	*743.33*	*595.12*	*154.84*	*57.44*	*(24.82)*	*Nil*	*1752.85*
Disposals	**Nil**	**Nil**	**193.03**	**413.02**	**261.72**	**56.25**	**17.19**	**Nil**	**Nil**	**941.21**
	Nil	*Nil*	*100.35*	*79.26*	*221.78*	*71.53*	*71.52*	*Nil*	*Nil*	*544.44*
Transfers in / (out)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**(15.35)**	**Nil**	**(15.35)**
	Nil	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*(13.37)*	*Nil*	*(13.37)*
Depreciation at the end of the year	**Nil**	**25.99**	**2876.92**	**7096.34**	**4031.98**	**1742.81**	**348.13**	**(585.75)**	**(280.73)**	**15255.69**
	Nil	*22.57*	*2770.29*	*6962.46*	*3850.46*	*1650.12*	*288.03*	*(515.16)*	*(280.73)*	*14748.04*
Net book value at the beginning of the year	**2077.64**	**290.16**	**9461.87**	**4632.24**	**2158.46**	**626.95**	**389.23**	**(2425.07)**	**(382.06)**	**16829.42**
	629.13	*293.58*	*7979.57*	*4439.33*	*2389.37*	*479.66*	*441.19*	*(938.69)*	*(382.06)*	*15331.08*
Net book value at the end of the year	**2077.64**	**286.74**	**9472.85**	**4320.36**	**2191.63**	**691.45**	**358.16**	**(2432.03)**	**(382.06)**	**16584.74**
	2077.64	*290.16*	*9461.87*	*4632.24*	*2158.46*	*626.95*	*389.23*	*(2425.07)*	*(382.06)*	*16829.42*

Figures in italics are for the previous year.

Footnotes :

(a) Buildings includes ₹ 0.40 Lakh (31-3-2013: ₹ 0.40 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

(b) 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.

(c) Investment properties comprise book value of land of ₹ 14.19 Lakhs (31-3-2013: ₹ 14.19 Lakhs) and Building ₹ 2417.84 Lakhs (31-3-2013: ₹ 2410.88 Lakhs).

(d) The Company had accounted the profit on transfer of development rights in respect of following properties for which agreement was executed and consideration received but for which conveyance is pending completion :-

Location	**Year**	**₹ in Lakhs**	As at 31-3-2013 ₹ in Lakhs
1. Lalbaug Property	1999-2000	734.12	734.12
2. Non-Sanad land behind HRD Centre, Thane	2003-04	1735.95	1735.95
3. Pune Property	2003-04	2145.53	2145.53
4. Non-Sanad land on south side of Voltas Switchgear Limited, Thane	2004-05	199.75	199.75
5. Sanad land behind HRD Centre, Thane	2004-05	305.78	305.78
6. Upvan Land, Thane	2006-07	2070.00	2070.00
7. Henkel Switchgear Limited approach land at Thane	2006-07	223.40	223.40
8. Land adjoining Simtools at Thane	2007-08	919.96	919.96
9. Nala Land at Thane	2009-10	238.18	238.18

9. Intangible Assets

	Manufacturing Rights & Technical Know-how	Software Costs	₹ in Lakhs Total Intangible Assets
Gross Block at Cost			
Cost at the beginning of the year	**1030.90**	**3238.24**	**4269.14**
	1030.90	*3079.26*	*4110.16*
Additions	**Nil**	**480.79**	**480.79**
	Nil	*158.98*	*158.98*
Cost at the end of the year	**1030.90**	**3719.03**	**4749.93**
	1030.90	*3238.24*	*4269.14*
Depreciation and Amortisation			
Depreciation at the beginning of the year	**1015.54**	**2473.85**	**3489.39**
	1011.11	*2034.94*	*3046.05*
Charge for the year	**4.43**	**372.36**	**376.79**
	4.43	*438.91*	*443.34*
Depreciation at the end of the year	**1019.97**	**2846.21**	**3866.18**
	1015.54	*2473.85*	*3489.39*
Net book value at the beginning of the year	**15.36**	**764.39**	**779.75**
	19.79	*1044.32*	*1064.11*
Net book value at the end of the year	**10.93**	**872.82**	**883.75**
	15.36	*764.39*	*779.75*

Figures in italics are for the Previous year.

10 . Investments

	No.	Currency	Face Value	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(A) Non-current investments at cost unless stated otherwise					
(i) Investment Property (net of accumulated depreciation) [Refer 10 (C)]				**2432.03**	2425.07
(ii) Investments in Equity Instruments					
1. TRADE INVESTMENTS					
Fully paid Equity Shares of					
Subsidiaries :					
UNQUOTED:					
Auto Aircon (India) Ltd. (#)	1,13,00,000	₹	10	**565.00**	565.00
Agro Foods Punjab Ltd. [Refer footnote 10 (a)] (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
Weathermaker Ltd., UAE	4,08,441	US$	1	**307.20**	307.20
Voltas Netherlands B.V. (Formerly known as 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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

10. Investments (contd.)

	No.	Currency	Face Value	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Rohini Industrial Electricals Ltd. (#) [Refer footnote 10 (c)] (2,98,211 shares purchased during the year)	18,25,782	₹	10	**9685.11**	10685.11
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia (#)	15,860	SR	100	**17.90**	17.90
Lalbuksh Voltas Engineering Services and Trading L.L.C, Muscat, Sultanate of Oman	50,000	RO	1	**8.14**	8.14
				12652.76	**13652.76**
Joint Ventures :					
UNQUOTED:					
Naba Diganta Water Management Ltd.	47,97,000	₹	10	**479.70**	479.70
Olayan Voltas Contracting Company Ltd., Saudi Arabia	50,000	SR	100	**710.70**	710.70
Universal Weathermaker Factory L.L.C., Abu Dhabi	2,695	AED	1000	**298.09**	298.09
				1488.49	1488.49
Associates:					
Brihat Trading Private Ltd.	3,352	₹	10	**0.34**	0.34
Others :					
UNQUOTED:					
Lakshmi Ring Travellers (Coimbatore) Ltd.	1,20,000	₹	10	**3.00**	3.00
Terrot GmbH, Germany	2,50,450	EURO	1	**147.62**	147.62
Agrotech Industries Ltd. (#)	3,67,500	US$	1	**115.42**	115.42
Tata International Ltd.	10,000	₹	1000	**565.00**	565.00
Tata Services Ltd.	448	₹	1000	**4.48**	4.48
Industrial Estates Private Ltd. (#)	25	₹	1000	**0.24**	0.24
Tata Industries Ltd.	13,05,720	₹	100	**2071.50**	2071.50
Tata Projects Ltd.	1,35,000	₹	100	**26.25**	26.25
Premium Granites Ltd. (#)	4,91,220	₹	10	**49.77**	49.77
OMC Computers Ltd. (#)	4,04,337	₹	10	**44.37**	44.37
Rujuvalika Investments Ltd.	1,83,333	₹	10	**30.00**	30.00
Avco Marine S.a.S, France (#)	1,910	EURO	10	**7.97**	7.97
				3065.62	3065.62
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. (#) [Refer footnote 10 (b)]	2,640	₹	10	**4.55**	4.55
				808.97	808.97
Total Trade Investment Equity				**18016.18**	**19016.18**
2. OTHER INVESTMENTS					
UNQUOTED:					
Voltas Employees Consumers Co-operative Society Ltd.	750	₹	10	**0.08**	0.08
Saraswat Co-operative Bank Ltd.	10	₹	10	**	**
Super Bazar Co-operative Stores Ltd.	500	₹	10	**0.05**	0.05
Total Other Investments				**0.13**	0.13
				18016.31	19016.31
(iii) Investments in Preference Shares Fully paid Preference Shares of Subsidiaries :					
UNQUOTED (Trade Investments) :					
Rohini Industrial Electricals Ltd. (#) 0.01% Cumulative Redeemable Preference Shares (37,00,000 preference shares subscribed during the year)	62,00,000	₹	100	**6200.00**	**2500.00**

10. Investments (contd.)

		No.	Currency	Face Value	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
	Others :					
	UNQUOTED:					
	Lakshmi Automatic Loom Works Ltd. 6% Cumulative Redeemable Preference Shares	5,50,000	₹	100	*	*
					6200.00	2500.00
(iv)	Investments in Government or Trust securities					
	UNQUOTED - Government Securities				**0.05**	0.05
					0.05	0.05
(v)	Investments in Debentures or Bonds					
	QUOTED:					
	11.50% Tata Steel Ltd. Perpetual Bonds (#)	292	₹	1000000	**2972.56**	2972.56
					2972.56	2972.56
(vi)	Investments in Mutual Funds					
	QUOTED:					
	Tata Fixed Maturity Plan Series 42 Scheme F - Plan A - Growth		₹	10	**Nil**	5000.54
	DWS Fixed Maturity Plan Series 57 - Direct Plan - Growth	2,50,00,000	₹	10	**2500.00**	Nil
	Sundaram Fixed Term Plan FI 383 Days Direct Growth	2,50,00,000	₹	10	**2500.00**	Nil
					5000.00	5000.54
	Gross Non-current investments				**34620.95**	31914.53
	Less: Provision for diminution in value (#)				**4751.43**	2734.17
(A)	**Total Non-current Investments including Investment Properties**				**29869.52**	29180.36
	Aggregate amount of quoted investments : Cost				**8781.53**	8782.07
	Aggregate market value of quoted investments				**27000.53**	19898.66
	Aggregate amount of unquoted investments : Cost				**23407.39**	20707.39

* Cost ₹ 1 (31-3-2013: ₹ 1)

** Cost ₹ 100 (31-3-2013: ₹ 100)

Abbreviations for currencies :

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

Footnotes :

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

10. (b) In respect of the Company's investment in 2,640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur restraining the transfer of these shares. The share certificates are, however, in the possession of the Company. Pending disposal of the case, dividend on these shares has not been recognised.

10. (c) The Company has purchased the balance 16.33% shareholding of Rohini Industrial Electricals Limited (RIEL) from the Promoters comprising 2,98,211 equity shares of ₹ 10 each. Accordingly, the Company's shareholding in RIEL stands increased to 18,25,782 equity shares, representing 100% of its equity share capital. RIEL has, therefore, become a wholly-owned subsidiary of the Company with effect from 14th October, 2013. The Promoters of RIEL have also refunded ₹ 1000 Lakhs towards consideration paid to them for purchase of RIEL shares in earlier years. The Company has also subscribed to preference shares of RIEL of ₹ 3700 Lakhs by converting equivalent amount of inter corporate deposits given to RIEL.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

10. Investments (contd.)

	No.	Currency	Face Value	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(B) Current investments (Cost or fair value whichever less)					
(a) Investments in Mutual Funds					
UNQUOTED:					
Axis Liquid Fund - Direct Plan - Daily Dividend Reinvestment (CF - DR)	2,52,942	₹	1000	**2529.71**	Nil
Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment	34,96,817	₹	100	**3503.64**	Nil
Canara Robeco Liquid - Direct - Daily Dividend Reinvestment	1,99,969	₹	1000	**2010.69**	Nil
DWS Treasury Fund - Investment - Direct Plan - Daily Dividend Reinvestment	2,23,82,793	₹	10	**2287.97**	Nil
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct - Dividend Reinvestment	4,66,57,830	₹	10	**4703.53**	Nil
ICICI Prudential Blended Plan B - Regular Plan - Growth Option - I	2,28,95,214	₹	10	**4000.00**	4000.00
IDFC Super Saver Income Fund - Medium Term Plan - Growth (Regular Plan)	1,99,60,777	₹	10	**4000.00**	4000.00
JM Money Manager Fund-Super Plus Plan - (Direct) Daily Dividend Option	4,30,13,417	₹	10	**4303.93**	Nil
JP Morgan India Treasury Fund - Direct Plan - Daily Dividend Reinvestment	4,05,43,405	₹	10	**4063.47**	Nil
Kotak Floater Long Term - Direct Plan - Daily Dividend	2,27,99,009	₹	10	**2298.09**	Nil
L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment	2,96,663	₹	1000	**3002.07**	Nil
Reliance Money Manager Fund - Direct Plan Daily Dividend	28,958	₹	1000	**290.19**	Nil
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	4,76,65,463	₹	10	**4778.03**	Nil
Birla Sun Life Floating Rate Long Term - Daily Dividend Direct Plan	45,28,626	₹	100	**Nil**	4536.00
DWS Ultra Short Term Fund - Direct Plan - Daily Dividend Reinvestment	99,94,174	₹	10	**Nil**	1001.21
JM Floater Short Term Fund (Direct) - Daily Dividend	5,39,66,185	₹	10	**Nil**	5444.33
Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option Dividend Reinvestment	1,96,319	₹	1000	**Nil**	3001.22
Sundaram Ultra Short - Term Fund Direct Plan - Daily Dividend	4,80,00,565	₹	10	**Nil**	4821.13
QUOTED:					
Sundaram Fixed Term Plan FJ 365 Days Direct Growth	2,50,00,000	₹	10	**2500.00**	Nil
Tata Fixed Maturity Plan Series 42 Scheme F - Plan A - Growth	5,00,05,445	₹	10	**5000.54**	Nil
Birla Sunlife Interval Income Fund - Annual Plan 5 - Growth. - Direct	1,37,77,014	₹	10	**1499.53**	Nil
ICICI Prudential FMP Series 73 - 369 Days Plan P Direct Plan Cumulative	1,00,00,000	₹	10	**1000.00**	Nil
Kotak FMP Series 152 Direct - Growth	2,50,00,000	₹	10	**2500.00**	Nil
Reliance Fixed Horizon Fund - XXVI - Series 6 - Direct Plan Growth	5,00,00,000	₹	10	**5000.00**	Nil
Total current investments				**59271.39**	26803.89
Aggregate amount of quoted investments : Cost				**17500.07**	Nil
Aggregate market value of quoted investments				**17500.07**	Nil
Aggregate amount of Unquoted investments : Cost				**41771.32**	26803.89

10. Investments (contd.)

10 (C) Investment Property

	Freehold Land	Buildings	₹ in Lakhs Total
Gross Block at Cost			
Cost at the beginning of the year	**14.19**	**2926.04**	**2940.23**
	14.19	*1401.47*	*1415.66*
Additions	**Nil**	**Nil**	**Nil**
	Nil	***186.29***	*186.29*
Transfers in / (out)	**Nil**	**77.55**	**77.55**
	Nil	*1338.28*	*1338.28*
Cost at the end of the year	**14.19**	**3003.59**	**3017.78**
	14.19	*2926.04*	*2940.23*
Depreciation and Amortisation			
Depreciation at the beginning of the year	**Nil**	**515.16**	**515.16**
	Nil	*476.97*	*476.97*
Charge for the year	**Nil**	**55.24**	**55.24**
	Nil	*24.82*	*24.82*
Transfers in / (out)	**Nil**	**15.35**	**15.35**
	Nil	*13.37*	*13.37*
Depreciation at the end of the year	**Nil**	**585.75**	**585.75**
	Nil	*515.16*	*515.16*
Net book value at the beginning of the year	**14.19**	**2410.88**	**2425.07**
	14.19	*924.50*	*938.69*
Net book value at the end of the year	**14.19**	**2417.84**	**2432.03**
	14.19	*2410.88*	*2425.07*

Footnote :
All the above assets are under operating lease.
Figures in italics are for the Previous year.

11. Deferred Tax Assets (Net)

		₹ in Lakhs **Deferred Tax Assets**	**₹ in Lakhs** **Deferred Tax Liabilities**	As at 31-3-2013 ₹ in Lakhs Deferred Tax Assets	As at 31-3-2013 ₹ in Lakhs Deferred Tax Liabilities
(1)	On difference between book balance and tax balance of fixed assets	**Nil**	**3736.77**	Nil	3859.58
(2)	Voluntary Retirement Scheme	**249.22**	Nil	333.32	Nil
(3)	Unpaid Statutory Liabilities	**667.91**	Nil	624.47	Nil
(4)	Provision for Doubtful Debts and Advances	**2582.69**	Nil	1936.78	Nil
(5)	Provision for Contingencies	**382.39**	Nil	382.39	Nil
(6)	Provision for Employee Benefits	**2491.70**	Nil	2914.77	Nil
(7)	Others	**Nil**	**49.73**	113.62	Nil
		6373.91	**3786.50**	6305.35	3859.58
	Net Timing Differences				
	Deferred tax assets (Net)	**2587.41**		2445.77	
	Charge / (credit) for the year	**(141.64)**		168.86	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

12. Loans and Advances

		₹ in Lakhs		As at 31-3-2013 ₹ in Lakhs		
	Long-term	**Short-term**	**Total**	Long-term	Short-term	Total
(a) Capital advances	**61.95**	**Nil**	**61.95**	90.85	Nil	90.85
(b) Security deposits	**668.73**	**1190.41**	**1859.14**	520.84	1222.40	1743.24
(c) Advance with public bodies (Customs, Port Trust, etc.)	**65.23**	**775.08**	**840.31**	30.81	1300.31	1331.12
(d) Share Application money (Refer footnote 12(a))	**2677.56**	**Nil**	**2677.56**	2540.88	Nil	2540.88
(e) Loans and advances to related parties (Refer footnotes 12(a) and 12(b))	**2589.78**	**1728.46**	**4318.24**	3639.53	704.77	4344.30
(f) Other loans and advances						
(1) Advance payment of Taxes (Net)	**5274.39**	**Nil**	**5274.39**	5646.29	Nil	5646.29
(2) Loans to Employees	**127.05**	**269.49**	**396.54**	138.18	249.18	387.36
(3) Deposits with Customers / Others	**457.12**	**Nil**	**457.12**	536.82	Nil	536.82
(4) Indirect Taxes recoverable	**3879.17**	**2901.58**	**6780.75**	3329.03	2996.18	6325.21
(5) Advance to Suppliers *	**164.95**	**5993.96**	**6158.91**	69.72	7119.41	7189.13
(6) Others	**426.87**	**4444.48**	**4871.35**	435.00	3270.74	3705.74
Sub-Total	**10329.55**	**13609.51**	**23939.06**	10155.04	13635.51	23790.55
Gross Loans and advances	**16392.80**	**17303.46**	**33696.26**	16977.95	16862.99	33840.94
Less: Provision for bad and doubtful loans and advances						
(a) Share Application money	**1201.89**	**Nil**	**1201.89**	1201.89	Nil	1201.89
(b) Loans and advances to related parties	**89.78**	**Nil**	**89.78**	89.53	Nil	89.53
(c) Other loans and advances / deposits	**478.32**	**Nil**	**478.32**	370.09	Nil	370.09
Total provision for bad and doubtful loans and advances	**1769.99**	**Nil**	**1769.99**	1661.51	Nil	1661.51
Total Loans and advances	**14622.81**	**17303.46**	**31926.27**	15316.44	16862.99	32179.43
Gross Loans and advances						
Secured, considered good	**127.05**	**269.49**	**396.54**	138.18	249.18	387.36
Unsecured, considered good	**14495.76**	**17033.97**	**31529.73**	15178.26	16613.81	31792.07
Doubtful	**1769.99**	**Nil**	**1769.99**	1661.51	Nil	1661.51
	16392.80	**17303.46**	**33696.26**	16977.95	16862.99	33840.94

* Advance to Suppliers includes advance to a subsidiary ₹ Nil (31-3-2013: ₹ 146.61 Lakhs) and to a joint venture ₹ Nil (31-3-2013: ₹ 687.67 Lakhs).

12. Loans and Advances (contd.)

Footnotes :

12.(a) Loans and advances to related parties

Name of the Related Party	Relation	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Auto Aircon (India) Ltd.	Subsidiary	**84.93**	84.68
Saudi Ensas Company for Engineering Services W.L.L.	Subsidiary	**4.85**	5.15
Rohini Industrial Electricals Ltd.	Subsidiary	**2803.49**	3550.00
Voltas Oman L.L.C.	Subsidiary	**24.50**	2.59
Olayan Voltas Contracting Company Ltd.	Joint Venture	**15.90**	14.21
Voltas Qatar W.L.L.	Joint Venture	**1275.99**	687.67
Universal Voltas L.L.C.	Joint Venture	**108.58**	Nil
Total		**4318.24**	4344.30
Share Application money - Saudi Ensas Company for Engineering Services W.L.L.	Subsidiary	**2677.56**	2540.88

12.(b) Loans and advances in nature of loans given to Subsidiaries and Associates etc., in view of Clause 32 of listing agreements

	Name of the Related Party	Relation	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs	Maximum balance during the year ₹ in Lakhs	Maximum balance during the year As at 31-3-2013 ₹ in Lakhs
(a)	Auto Aircon (India) Ltd. (*)	Subsidiary	**84.93**	84.68	**84.93**	84.68
(b)	Saudi Ensas Company for Engineering Services W.L.L. (*)	Subsidiary	**4.85**	5.15	**5.15**	5.15
(c)	Rohini Industrial Electricals Ltd.	Subsidiary	**2500.00**	3550.00	**5200.00**	3600.00
(d)	Saudi Ensas Company for Engineering Services W.L.L. (Share application money)(*)	Subsidiary	**2677.56**	2540.88	**2677.56**	2540.88
			5267.34	6180.71	**7967.64**	6230.71

* Loans and advances shown in (a), (b) and (d) 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.

13. Other Assets

		₹ in Lakhs Non-current	₹ in Lakhs Current	₹ in Lakhs Total	As at 31-3-2013 ₹ in Lakhs Non-current	As at 31-3-2013 ₹ in Lakhs Current	As at 31-3-2013 ₹ in Lakhs Total
(a)	**Non-current Trade Receivables**						
	(including trade receivables on deferred credit terms)	**11296.06**	**Nil**	**11296.06**	8110.60	Nil	8110.60
	Classification of Non-current Trade Receivables						
	(1) Unsecured, considered good	**11192.22**	**Nil**	**11192.22**	8006.76	Nil	8006.76
	(2) Unsecured, considered doubtful	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
	Gross Non-current Trade Receivables	**11296.06**	**Nil**	**11296.06**	8110.60	Nil	8110.60
	Less: Provision for bad and doubtful debts	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
	Net Non-current Trade Receivables	**11192.22**	**Nil**	**11192.22**	8006.76	Nil	8006.76

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

13. Other Assets (contd.)

	₹ in Lakhs			As at 31-3-2013 ₹ in Lakhs		
	Non-current	**Current**	**Total**	Non-current	Current	Total
(b) Other Assets						
Unsecured, considered good						
(1) Interest accrued on investments / deposits / loan (Refer footnote 2)	**Nil**	**1000.56**	**1000.56**	Nil	708.38	708.38
(2) Contract Revenue in excess of Billing (Refer footnote 1)	**Nil**	**54108.89**	**54108.89**	Nil	60438.52	60438.52
(3) Assets held for sale (valued at the lower of the estimated net realisable value and net book value)	**Nil**	**382.06**	**382.06**	Nil	382.06	382.06
(4) Others (Including restricted fixed deposits with maturity more than 12 months)	**646.37**	**4041.86**	**4688.23**	524.59	492.56	1017.15
Total Other Assets	**646.37**	**59533.37**	**60179.74**	524.59	62021.52	62546.11
Total (a + b)	**11838.59**	**59533.37**	**71371.96**	8531.35	62021.52	70552.87

Footnotes:

1. Disclosure under Accounting Standard - 7 on Construction Contracts

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Details of contract revenue and costs :		
(i) Contract revenue recognised during the year	**164751.87**	237293.96
(ii) Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**616503.19**	689751.10
(iii) Advances received for contracts in progress	**30647.40**	32331.63
(iv) Retention money for contracts in progress	**16029.55**	16424.82
(v) The gross amount due from customers for contract work	**54108.89**	60438.52
(vi) The gross amount due to customers for contract work	**12371.40**	10942.28

2. Interest accrued on loan includes ₹ 807.70 Lakhs (31.3.2013: ₹ 533.74 Lakhs) due from a subsidiary.

14. Inventories
(Valued at lower of Cost and net realisable value)

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(a) Raw materials and Components	**8177.46**	8208.43
(b) Work-in-progress (includes project material at site)	**13218.83**	25053.48
(c) Finished goods	**15587.49**	15657.13
(d) Stock-in-trade of goods acquired for trading	**34520.92**	34196.21
(e) Stores and spares	**27.97**	158.52
	71532.67	83273.77
The above includes goods-in-transit:		
(i) Raw materials and Components	**471.77**	466.47
(ii) Finished goods	**1253.55**	3544.36
(iii) Stock-in-trade of goods acquired for trading	**10539.84**	7789.47
	12265.16	11800.30

15. Trade Receivables

Current Trade Receivables	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total (₹ in Lakhs)	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total (As at 31-3-2013 ₹ in Lakhs)
Classification of Current Trade Receivables						
(1) Secured, considered good	**137.48**	**Nil**	**137.48**	159.04	Nil	159.04
(2) Unsecured, considered good	**81542.65**	**24226.16**	**105768.81**	87394.27	29272.88	116667.15
(3) Unsecured, considered doubtful	**Nil**	**6925.46**	**6925.46**	Nil	5133.66	5133.66
Gross Current Trade Receivables	**81680.13**	**31151.62**	**112831.75**	87553.31	34406.54	121959.85
Less: Provision for bad and doubtful debts	**Nil**	**6925.46**	**6925.46**	Nil	5133.66	5133.66
Net Current Trade Receivables	**81680.13**	**24226.16**	**105906.29**	87553.31	29272.88	116826.19

16. Cash and Bank Balances

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(A) Cash and cash equivalents		
(a) Cash in hand	**154.93**	119.06
(b) Cheques on hand	**3848.35**	4965.55
(c) Balances with banks		
(1) Current accounts	**11086.82**	19730.48
(2) Fixed deposits with maturity less than 3 months	**5403.54**	707.88
Total Cash and cash equivalents	**20493.64**	25522.97
(B) Other Bank balances		
(a) Fixed deposits with maturity more than 3 months but less than 12 months	**Nil**	1.74
(b) Balances with banks		
(1) Earmarked balances	**353.88**	317.84
(2) To the extent held as margin money	**3.27**	15.99
Total Other Bank balances	**357.15**	335.57
Total Cash and Bank balances	**20850.79**	25858.54

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

17. Revenue from Operations

			₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Sale of products		**290998.96**	264730.42
(b)	Sale of services		**61335.01**	58527.08
(c)	Contract revenue		**164751.87**	237293.96
(d)	Other operating income			
	(1)	Unclaimed credit balances write back	**573.35**	444.28
	(2)	Sale of scrap	**909.91**	663.54
	(3)	Profit on Sale of fixed assets (Net)	**Nil**	17.95
	(4)	Others	**247.57**	123.16
			518816.67	561800.39

Footnote :

Sale of products comprises of

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(1)	Room Airconditioners including condensing units	**146727.21**	136342.34
(2)	Others	**144271.75**	128388.08
		290998.96	264730.42

18. Other Income

			₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Dividend Income			
	(1)	From investment in subsidiaries	**3035.18**	762.63
	(2)	From non-current investments	**258.54**	506.39
	(3)	From current investments	**3020.66**	1977.26
(b)	Interest Income [Refer footnote 18(a)]			
	(1)	On sundry advances, deposits, customers' balances, etc	**317.54**	346.49
	(2)	On bank deposits / bonds	**394.12**	391.09
	(3)	On Income-tax refunds	**101.66**	196.44
(c)	Net Gain on sale of investments		**26.41**	464.94
(d)	Net foreign exchange gain		**1771.21**	1001.44
(e)	Rent income		**3531.03**	3643.81
(f)	Cash discount from suppliers		**246.10**	226.27
(g)	Other non-operating income (net of expenses directly attributable to such income)		**443.13**	179.73
			13145.58	9696.49

Footnote :

18(a) Interest income includes interest from

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(1)	Subsidiaries	**304.40**	293.12
(2)	Promoters	**Nil**	43.81
		304.40	336.93

19. Consumption of Raw Materials, Cost of Jobs and Services

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
Opening stock		**8208.43**	6876.47
Add: Purchases and cost of jobs, manufacture and services		**197139.58**	271893.16
		205348.01	278769.63
Less: Closing stock		**8177.46**	8208.43
Cost of material consumed		**197170.55**	270561.20
Material consumed comprises:			
(1)	Steel / Ferrous Metals	**7590.98**	6981.19
(2)	Non - Ferrous Metals	**5331.18**	4600.36
(3)	Compressors	**10953.44**	8608.06
(4)	Others (Items individually not exceeding 10% of total)	**18568.67**	16459.90
	Sub-total :	**42444.27**	36649.51
(5)	Cost of jobs and services	**154726.28**	233911.69
		197170.55	270561.20

	Value ₹ in Lakhs	**%**	Value ₹ in Lakhs	%
Imported	**12191.11**	**28.72**	9634.20	26.29
Indigenous	**30253.16**	**71.28**	27015.31	73.71
	42444.27	**100.00**	36649.51	100.00

20. Purchase of Traded Goods

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Room Airconditioners including condensing units	**109645.31**	97098.62
(b)	Compressors	**32864.49**	23690.19
(c)	Indoor Unit	**27613.02**	21070.37
(d)	Others	**25138.47**	31646.04
		195261.29	173505.22

21. (Increase) / Decrease in Finished Goods, Work-in-Progress and Stock-in-Trade

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
Inventories at the end of the year:			
(1)	Finished Goods including stock-in-trade	**50108.41**	49853.34
(2)	Work-in-progress	**13218.83**	25053.48
		63327.24	74906.82
Inventories at the beginning of the year:			
(1)	Finished Goods including stock-in-trade	**49853.34**	43456.83
(2)	Work-in-progress	**25053.48**	24801.50
		74906.82	68258.33
Net (increase) / decrease		**11579.58**	(6648.49)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

22. Employee Benefits Expenses

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Salaries and Wages, including Bonus	**43877.93**	50479.27
(b)	Contribution to Provident and other Funds	**1122.55**	1749.31
(c)	Gratuity expenses (Unfunded)	**733.79**	823.34
(d)	Staff Welfare expenses	**2642.57**	3651.80
		48376.84	56703.72

23. Finance Costs

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
	Interest expense on :		
(1)	Borrowings	**1452.75**	2307.66
(2)	Others		
	Interest on delayed / deferred payment of income tax	**145.76**	363.57
		1598.51	2671.23

24. Depreciation and Amortisation Expenses

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Depreciation on Tangible assets (Refer note 8)	**1464.21**	1752.85
(b)	Amortisation on Intangible assets (Refer note 9)	**376.79**	443.34
(c)	Depreciation on Investment Property [Refer note 10(C)]	**55.24**	24.82
		1896.24	2221.01

25. Other Expenses

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a)	Consumption of Stores and Spare parts	**396.48**	336.70
(b)	Power and Fuel	**413.26**	339.42
(c)	Rent	**4242.78**	4699.79
(d)	Repairs to Buildings	**101.63**	128.57
(e)	Repairs to Plant and Machinery	**498.47**	508.32
(f)	Insurance charges	**451.28**	428.00
(g)	Rates and Taxes	**224.31**	201.46
(h)	Travelling and Conveyance	**4592.50**	5155.80
(i)	Payment to Auditors [Refer note 25(a)]	**252.13**	215.81
(j)	Legal and Professional charges	**2965.02**	2794.17
(k)	Bad and Doubtful Debts / Advances	**1920.30**	1187.10
(l)	Loss on Sale of Fixed Assets (Net)	**46.97**	Nil
(m)	Other expenses		
	(1) Forwarding charges (Net)	**3536.22**	3128.26
	(2) Commission other than to Sole Selling Agents, Rebates and Allowances	**3858.84**	2432.39
	(3) Advertising	**3123.45**	3356.40
	(4) Stationery, Postage, Fax and Telephone Expenses	**1747.06**	1849.29
	(5) Donations	**39.75**	23.05
	(6) Provision for Diminution in value of Investments	**5.72**	5.26
	(7) Other General Expenses	**17958.70**	17010.38
		46374.87	43800.17

25(a). Auditors' Remuneration

	₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a) To Statutory Auditor for		
(1) Audit Fees	**100.00**	86.25
(2) Tax Audit Fees	**26.00**	25.88
(3) Taxation Matters	**11.25**	3.75
(4) Company Law Matters	**Nil**	0.30
(5) Other Services	**100.98**	83.29
(6) Reimbursement of Expenses	**9.70**	10.06
	247.93	209.53
(b) To Cost Auditor for Cost Audit	**4.20**	6.28
	252.13	215.81

Service Tax which is being claimed for set off as input credit, has not been included in the expenditure above.

26. Exceptional Items

		₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
A.	**Exceptional Income**		
(1)	Assignment of Long-term Maintenance Contracts	**1679.36**	Nil
(2)	Profit on Sale of Property / Surrender of Tenancy Rights	**Nil**	4747.04
(3)	Profit on Sale of Shares of a Subsidiary company	**Nil**	2763.89
(4)	Profit on Sale of Trade Investments	**Nil**	5795.00
	Sub-total : Exceptional Income	**1679.36**	13305.93
	Less :		
B.	**Exceptional Expenses**		
(1)	Provision for Diminution in value of Investments of Subsidiary	**2012.00**	1700.00
(2)	Cost of Voluntary Retirement Scheme / Early Separation Scheme	**8.00**	1219.01
(3)	Onerous Contract [Refer footnote 26(a)]	**Nil**	9555.08
	Sub-total : Exceptional Expenses	**2020.00**	12474.09
Exceptional Items (Net)		**(340.64)**	831.84

Footnote :

26.(a) In the previous years, due to significant upward revision in estimated cost of a major project in Qatar, Sidra Medical and Research Centre, the Company accounted for the estimated costs on the project in accordance with the requirement of Accounting Standard (AS) 7 and in line with the revised completion schedule, including the integrated testing and commissioning. The cost to come for the extended duration of the project along with the possible enhancement of revenue from variations have been estimated based on current technical data. Uncertainties in the process of approval of variations and complexities in nature of the project continue, the final completion schedule and other terms are yet to be finalised between the main contractor and the end customer which may modify the Company's current estimates and entitlements. Nevertheless, the Company is pursuing its entitlements vigorously.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

27. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2132.26 Lakhs (31-3-2013: ₹ 2257.46 Lakhs). [Tangible assets : ₹ 1975.16 Lakhs (31-3-2013: ₹ 2230.73 Lakhs) and Intangible assets of ₹ 157.10 Lakhs (31-3-2013: ₹ 26.73 Lakhs)]. Advance paid against such contracts: ₹ 61.95 Lakhs (31-3-2013: ₹ 90.85 Lakhs).

(b) On account of Other Commitments :

(i) Foreign currency exposures (Refer note 30)

(ii) Minimum future lease rental payable (Refer note 31)

28. Contingent liabilities not provided for

(a) Guarantees on behalf of other companies :

Limits ₹ 26989.72 Lakhs (31-3-2013: ₹ 22829.48 Lakhs) against which amount outstanding was ₹ 16589.98 Lakhs (31-3-2013: ₹ 14995.39 Lakhs).

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

In respect of various matters aggregating ₹ 21470.41 Lakhs (31-3-2013: ₹ 23592.38 Lakhs), net of tax ₹ 14172.62 Lakhs (31-3-2013: ₹ 15937.83 Lakhs) against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2013: ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 1889.93 Lakhs (31-3-2013: ₹ 1841.62 Lakhs), the Company has a right to recover from third party.

	₹ in Lakhs	2012-13 ₹ in Lakhs
Taxes, Cess and Duties (other than income tax)	**18110.49**	17034.17
Contractual matters in the course of business	**2756.95**	5831.74
Ex-employees matters	**248.63**	372.13
Others	**354.34**	354.34
	21470.41	23592.38

(c) Contractual matters under arbitration : Amount indeterminate.

(d) Income tax demands :

In respect of matters decided in Company's favour by appellate authorities where the department is in further appeal ₹ 1568.42 Lakhs (31-3-2013: ₹ 1115.73 Lakhs).

In respect of matters decided against the Company and where Company has appealed amounted to ₹ 1564.04 Lakhs (31-3-2013: ₹ 2017.97 Lakhs).

(e) Staff demands under adjudication : Amount indeterminate.

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

29. In respect of guarantees aggregating ₹ 141156.74 Lakhs (31-3-2013: ₹ 137745.05 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, trade receivables and inventories.

30. Derivative Instruments

The Company has entered into the following derivative instruments :

(a) Forward Exchange Contracts (being derivative instruments), 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	**₹ in Lakhs**	**Sell / Buy**	**Cross Currency**
US Dollar	**80.00** *Nil*	**Buy** –	**Rupees** –

Figures in italics are for the Previous year.

The difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to the Statement of Profit and Loss is ₹ Nil (2012-13: ₹ Nil).

(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 :

	₹ in Lakhs	**US $ in Lakhs**
Export of goods and Services	**4526.64** *3230.90*	**75.54** *59.40*
Overseas Operations	**94423.19** *125646.04*	**1587.91** *2324.15*

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

	₹ in Lakhs	**US $ in Lakhs**
Import of goods and services	**2390.73** *5282.66*	**39.90** *97.13*
Overseas Operations	**90729.68** *104963.82*	**1522.32** *1936.79*

Figures in italics are for the Previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

31. Assets under Operating Leases

(a) The Company has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 4119.33 Lakhs (2012-13: ₹ 4636.82 Lakhs).

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

	₹ in Lakhs	2012-13 ₹ in Lakhs
Not later than one year	**442.78**	552.00
Later than one year but not later than five years	**255.27**	448.25
Later than five years	**154.65**	4.79

(c) The Company has given on operating lease certain assets. The total lease rent received on the same amounts to ₹ 3197.19 Lakhs (2012-13: ₹ 3332.49 Lakhs) and is included under Other Income.

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

	₹ in Lakhs	2012-13 ₹ in Lakhs
Not later than one year	**2598.23**	2629.15
Later than one year but not later than five years	**4600.94**	6664.11
Later than five years	**Nil**	Nil

(e) The Original Cost, Depreciation for the year and Written Down Value are ₹ 3017.78 Lakhs, ₹ 55.24 Lakhs and ₹ 2432.03 Lakhs (2012-13: ₹ 2940.22 Lakhs, ₹ 24.82 Lakhs and ₹ 2425.07 Lakhs), respectively.

32. Earnings per share

Earnings per Share has been computed as under :		2012-13
(1) Profit after tax for the year (₹ in Lakhs)	**18148.27**	18007.39
(2) Weighted average number of Equity Shares Outstanding	**33,08,84,740**	33,08,84,740
(3) Earnings Per Share (₹) Basic and Diluted (Face value ₹ 1/- per share)	**5.48**	5.44

33. 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 are as under:

		2012-13
(i) Number of non-resident shareholders	**2,720**	2,698
(ii) Number of Equity shares held by them	**35,03,315**	27,27,423
(iii) Gross amount of dividend (₹)	**5604984**	4363877
(iv) Year ended to which the dividend related	**March-2013**	March-2012

34. Earnings in foreign exchange received in India

		₹ in Lakhs	2012-13 ₹ in Lakhs
(a)	F.O.B. Value of exports (including amounts invoiced against work-in-progress)	**2732.24**	3187.53
(b)	Service Commission (On Cash basis)	**1925.93**	499.16
(c)	Other Income	**801.72**	728.06
(d)	Foreign Projects Profit (on accrual basis) at Branch Level	**859.41**	780.53
(e)	Dividend	**3035.18**	762.63
(f)	Assignment of Long-term Maintenance Contracts	**1679.36**	Nil

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

		₹ in Lakhs	2012-13 ₹ in Lakhs
(a)	Royalty	**63.00**	36.85
(b)	Other matters	**119.30**	196.37

36. Value of Imports on C.I.F. basis

		₹ in Lakhs	2012-13 ₹ in Lakhs
(a)	Raw Materials	**1317.73**	1155.22
(b)	Finished Goods	**61109.37**	69719.63
(c)	Components and Spares	**13545.28**	11182.46
(d)	Capital Goods	**51.86**	267.09

37. Employee benefits expenses

(a) The Company makes contribution towards provident funds, defined benefit retirement plans, and towards superannuation fund. 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, 2014. 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 the position of and the amounts recognised in the Company's financial statements as at 31st March, 2014 for Defined Benefit / Contribution Plans :

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

Defined Benefit Plans - As per Actuarial Valuation

		Gratuity Unfunded ₹ in Lakhs	Gratuity Funded ₹ in Lakhs	Post Employment Medical Benefits ₹ in Lakhs	Pension Plan ₹ in Lakhs
I.	**Expense recognised in the Statement of Profit and Loss**				
1.	Current Service Cost	**1062.96** *781.29*	**299.33** *399.49*	**39.70** *38.34*	— —
2.	Interest Cost	**168.59** *161.53*	**381.50** *368.19*	**69.07** *66.40*	**125.71** *114.75*
3.	Expected return on plan assets	— —	**(391.40)** *(383.17)*	— —	— —
4.	Actuarial (Gains) / Losses	**(497.77)** *(113.86)*	**(347.07)** *221.00*	**(88.00)** *(5.45)*	**34.56** *179.14*
5.	**Total expense**	**733.78** *828.96*	**(57.64)** *605.51*	**20.77** *99.29*	**160.27** *293.89*
II.	**Net Liability recognised in the Balance Sheet**				
1.	Present value of Defined Benefit Obligation	**2727.86** *2975.43*	**4415.22** *4624.24*	**831.31** *837.16*	**1547.11** *1523.79*
2.	Fair value of plan assets	— —	**(4588.12)** *(4744.25)*	— —	— —
3.	**Net (asset) / liability**	**2727.86** *2975.43*	**(172.90)** *(120.01)*	**831.31** *837.16*	**1547.11** *1523.79*
III.	**Change in Obligation during the year**				
1.	Present value of Defined Benefit Obligation at the beginning of the year	**2975.43** *3010.18*	**4624.24** *4331.66*	**837.16** *781.22*	**1523.79** *1350.05*
2.	Current Service Cost	**1062.96** *781.29*	**299.33** *399.49*	**39.70** *38.34*	— —
3.	Interest Cost	**168.59** *161.53*	**381.50** *368.19*	**69.07** *66.40*	**125.71** *114.75*
4.	Actuarial (Gains) / Losses	**(497.77)** *(113.86)*	**(415.40)** *229.58*	**(88.00)** *(5.45)*	**34.56** *179.14*
5.	Benefits Payments	**(1310.64)** *(1054.98)*	**(474.45)** *(704.68)*	**(26.62)** *(43.35)*	**(136.95)** *(120.15)*
6.	Difference in exchange	**329.29** *191.27*	— —	— —	— —
7.	**Present value of Defined Benefit Obligation at the end of the year**	**2727.86** *2975.43*	**4415.22** *4624.24*	**831.31** *837.16*	**1547.11** *1523.79*

		Gratuity Unfunded ₹ in Lakhs	Gratuity Funded ₹ in Lakhs	Post Employment Medical Benefits ₹ in Lakhs	Pension Plan ₹ in Lakhs
IV.	**Change in Assets during the year**				
1.	Plan assets at the beginning of the year	— —	**4744.25** *4507.86*	— —	— —
2.	Expected return on plan assets	— —	**391.40** *383.17*	— —	— —
3.	Contributions by employers	— —	**(4.75)** *549.32*	**26.62** *43.35*	**136.95** *120.15*
4.	Actual benefits paid	— —	**(474.45)** *(704.68)*	**(26.62)** *(43.35)*	**(136.95)** *(120.15)*
5.	Actuarial Gains / (Losses)	— —	**(68.33)** *8.58*	— —	— —
6.	Plan assets at the end of the year	— —	**4588.12** *4744.25*	— —	— —
7.	**Actual return on plan assets (2+5)**	— —	**323.07** *391.75*	— —	— —
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**2975.43** *3010.18*	**(120.01)** *(176.20)*	**837.16** *781.22*	**1523.79** *1350.05*
2.	Expenses as above (I)	**733.78** *828.96*	**(57.64)** *605.51*	**20.77** *99.29*	**160.27** *293.89*
3.	Employers Contribution	**(1310.64)** *(1054.98)*	**4.75** *(549.32)*	**(26.62)** *(43.35)*	**(136.95)** *(120.15)*
4.	Difference in exchange	**329.29** *191.27*	— —	— —	— —
5.	**Closing Net Liability**	**2727.86** *2975.43*	**(172.90)** *(120.01)*	**831.31** *837.16*	**1547.11** *1523.79*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (Indian Assured Lives Mortality)	**2006-08** *2006-08*	**2006-08** *2006-08* (Ultimate)	**2006-08** *2006-08*	**2006-08** *2006-08*
2.	Discount Rate	**5.25%** *5.25%*	**9.25%** *8.25%*	**9.25%** *8.50%*	**9.25%** *8.25%*
3.	Increase in Salary/Health Care Cost/Pension	**5.00%** *5.00%*	**8.00%** *8.00%*	**5.00%** *5.00%*	**8.00%** *8.00%*
4.	Rate of Return on Plan Assets	— —	**9.25%** *8.25%*	— —	— —

Figures in italics under I to VI are for the Previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

VII. Categories of plan assets as a percentage of the fair value of total plan assets	**Gratuity**	Gratuity 31-3-2013
	%	%
1. Government of India Securities	**22.00**	22.00
2. Corporate Bonds	**70.00**	66.00
3. Special Deposit Scheme	**3.00**	2.50
4. Others	**5.00**	9.50
	100.00	100.00

VIII. Effect of Change in Assumed Health Care Cost Trend Rate			2012-13	
	₹ in Lakhs	**₹ in Lakhs**	₹ 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	**117.66**	**112.54**	111.18	106.36
2. Effect on defined benefit obligation	**850.46**	**812.15**	856.46	817.87

(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 obligation, fair value of assets, surplus/(deficit) of assets and experience adjustments of current year and preceding four years are as under:

		2012-13	2011-12	2010-11	2009-10
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Present value of defined benefit obligation	**9521.48**	9960.62	9473.11	8993.70	7926.64
Fair value of Plan Assets	**4588.12**	4744.25	4507.86	4586.99	4019.52
(Surplus) or Deficit of the Plan	**4933.36**	5216.37	4965.25	4406.71	3907.12
Experience Adjustments					
- On Plan Assets	**(68.33)**	8.58	15.46	62.92	72.09
- On Plan Liabilities	**(563.62)**	(305.57)	(217.78)	69.78	(11.32)
	(631.95)	(296.99)	(202.32)	132.70	60.77

(d) 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.

(e) Expected contribution to Defined Benefits Schemes for the next year is ₹ 600.00 Lakhs (2012-13: ₹ 620.00 Lakhs).

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

		2012-13
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**805.35**	820.68
Superannuation Fund	**169.71**	170.21
	975.06	990.89

38. Segmental Reporting

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

39. Related Party Disclosures

(a) List of Related Parties and Relationships

Party		**Relation**
A.	Simto Investment Company Ltd. (upto 31-8-2012) Auto Aircon (India) Ltd . Voltas Netherlands B.V. Lalbuksh Voltas Engineering Services & Trading L.L.C. Voice Antilles N.V. (upto 14-9-2012) Weathermaker Ltd. Saudi Ensas Company for Engineering Services W.L.L. Rohini Industrial Electricals Ltd. Universal Comfort Products Ltd. Voltas Oman L.L.C. Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation)	Subsidiary
B.	Brihat Trading Private Ltd. Voltas Material Handling Private Ltd. (w.e.f. 1-5-2011 and upto 2-11-2012)	Associate
C.	Universal Voltas L.L.C. Naba Diganta Water Management Ltd. Olayan Voltas Contracting Company Ltd. (w.e.f. 8-2-2012) Universal Weathermaker Factory L.L.C. Voltas Qatar W.L.L. (w.e.f. 2-4-2012) AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
D.	Tata Sons Ltd.	Promoter holding together with its subsidiary more than 20%
E.	Mr. Sanjay Johri - Managing Director	Key Management Personnel

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

39. (b) Related Party Transactions

₹ in Lakhs

Transactions		Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods	[Refer 39 (c) (1)]	**85396.64**	**684.38**	**—**	**—**	**86081.02**
		72176.16	*1448.02*	—	—	*73624.18*
Sale of Products	[Refer 39 (c) (2)]	**55939.92**	**157.19**	**—**	**10.39**	**56107.50**
		46631.79	*838.58*	*0.81*	*8.89*	*47480.07*
Service Income	[Refer 39 (c) (3)]	**108.81**	**1190.87**	**0.05**	**57.73**	**1357.46**
		20.21	*1424.11*	—	*4.13*	*1448.45*
Sale of Fixed Assets	[Refer 39 (c) (4)]	**—**	**—**	**—**	**—**	**—**
		—	*5.43*	—	—	*5.43*
Interest Income	[Refer 39 (c) (5)]	**304.40**	**—**	**—**	**—**	**304.40**
		293.12	—	—	*43.81*	*336.93*
Rental Income	[Refer 39 (c) (6)]	**89.97**	**—**	**—**	**1.57**	**91.54**
		104.16	*199.43*	—	—	*303.59*
Dividend Income	[Refer 39 (c) (7)]	**3035.18**	**—**	**—**	**—**	**3035.18**
		762.63	—	—	—	*762.63*
Commission Received	[Refer 39 (c) (8)]	**800.06**	**—**	**—**	**—**	**800.06**
		328.25	—	—	—	*328.25*
Deputation Charges Received	[Refer 39 (c) (9)]	**—**	**—**	**—**	**—**	**—**
		—	*15.76*	—	—	*15.76*
Provision for Debts and Advances	[Refer 39 (c) (10)]	**0.25**	**—**	**—**	**—**	**0.25**
		—	—	—	—	—
Remuneration Paid / Payable	[Refer 39 (c) (11)]	**—**	**—**	**233.42**	**—**	**233.42**
		—	—	*183.21*	—	*183.21*
Dividend Paid	[Refer 39 (c) (12)]	**—**	**—**	**—**	**1410.11**	**1410.11**
		—	—	—	*1410.11*	*1410.11*
Provision for Diminution in Value of Investment	[Refer 39 (c) (13)]	**2012.00**	**—**	**—**	**—**	**2012.00**
		1700.00	—	—	—	*1700.00*
Consulting charges paid	[Refer 39 (c) (14}]	**—**	**—**	**—**	**5.29**	**5.29**
		—	—	—	*6.96*	*6.96*
Tata Brand Equity	[Refer 39 (c) (15)]	**—**	**—**	**—**	**758.26**	**758.26**
		—	—	—	*821.04*	*821.04*
Other Expenses - Received/Receivable	[Refer 39 (c) (16)]	**106.61**	**2061.61**	**—**	**—**	**2168.22**
		79.91	*1660.87*	—	—	*1740.78*
Other Expenses - Paid/Payable	[Refer 39 (c) (17)]	**14.67**	**137.98**	**—**	**51.66**	**204.31**
		65.82	*21.63*	—	*57.23*	*144.68*
Purchase of Fixed Assets	[Refer 39 (c) (18)]	**—**	**—**	**—**	**—**	**—**
		—	*34.80*	—	*0.23*	*35.03*
Investments	[Refer 39 (c) (19)]	**3700.00**	**—**	**—**	**—**	**3700.00**
		—	—	—	—	—

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

₹ in Lakhs

Transactions		Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Advances given	[Refer 39 (c) (20)]	**303.74**	**—**	**—**	**—**	**303.74**
		—	*—*	*—*	*—*	*—*
Intercorporate Deposits Placed	[Refer 39 (c) (21)]	**2650.00**	**—**	**—**	**—**	**2650.00**
		1850.00	*—*	*—*	*—*	*1850.00*
Refund of Intercorporate Deposits Placed	[Refer 39 (c) (22)]	**3700.00**	**—**	**—**	**—**	**3700.00**
		—	*—*	*—*	*2000.00*	*2000.00*
Provision for Debts and Advances Due at year end	[Refer 39 (c) (23)]	**1286.83**	**—**	**—**	**—**	**1286.83**
		1286.57	*—*	*—*	*—*	*1286.57*
Advance Outstanding at year end	[Refer 39 (c) (24)]	**109.43**	**1400.47**	**—**	**—**	**1509.90**
		84.68	*—*	*—*	*—*	*84.68*
Advance Share Application Money at year end	[Refer 39 (c) (25)]	**2677.56**	**—**	**—**	**—**	**2677.56**
		2540.88	*—*	*—*	*—*	*2540.88*
Debit Balance Outstanding at year end	[Refer 39 (c) (26)]	**841.94**	**1331.73**	**—**	**—**	**2173.67**
		257.17	*1035.50*	*—*	*0.62*	*1293.29*
Credit Balance Oustanding at year end	[Refer 39 (c) (27)]	**7331.15**	**153.45**	**—**	**763.33**	**8247.93**
		1185.13	*473.98*	*—*	*830.42*	*2489.53*
Intercorporate Deposits at year end	[Refer 39 (c) (28)]	**2500.00**	**—**	**—**	**—**	**2500.00**
		3550.00	*—*	*—*	*—*	*3550.00*

Figures in italics are for the Previous year.

39. (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 2012-13
1.	**Purchase of Goods**		
	Universal Comfort Products Ltd.	**82114.96**	68940.79
2.	**Sale of Products**		
	Universal Comfort Products Ltd.	**55925.30**	46486.57
3.	**Service Income**		
	Universal Voltas L.L.C.	**738.77**	654.02
	Voltas Qatar W.L.L.	**354.08**	–
	Voltas Material Handling Private Ltd.	**–**	585.70

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

39. (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 2012-13
4.	**Sale of Fixed Assets**		
	Voltas Material Handling Private Ltd.	**—**	5.43
5.	**Interest Income**		
	Rohini Industrial Electricals Ltd.	**304.40**	293.12
	Tata Sons Ltd.	**—**	43.81
6.	**Rental Income**		
	Rohini Industrial Electricals Ltd.	**89.97**	104.16
	Voltas Material Handling Private Ltd.	**—**	199.43
7.	**Dividend Income**		
	Weathermaker Ltd.	**618.38**	331.30
	Voltas Netherlands B.V.	**2416.80**	219.99
	Lalbuksh Voltas Engineering Services & Trading L.L.C.	**—**	211.34
8.	**Commission Received**		
	Universal Comfort Products Ltd.	**800.06**	328.25
9.	**Deputation Charges Received**		
	Voltas Material Handling Private Ltd.	**—**	15.76
10.	**Provision for Debts and Advances**		
	Auto Aircon (India) Ltd.	**0.25**	—
11.	**Remuneration Paid / Payable**		
	Mr. Sanjay Johri	**233.42**	183.21
12.	**Dividend Paid**		
	Tata Sons Ltd.	**1410.11**	1410.11
13.	**Provision for Diminution in Value of Investment**		
	Rohini Industrial Electricals Ltd.	**2012.00**	1700.00
14.	**Consulting Charges paid**		
	Tata Sons Ltd.	**5.29**	6.96
15.	**Tata Brand Equity**		
	Tata Sons Ltd.	**758.26**	821.04
16.	**Other Expenses - Received / Receivable**		
	Voltas Qatar W.L.L.	**1920.75**	1634.76
17.	**Other Expenses - Paid / Payable**		
	Rohini Industrial Electricals Ltd.	**—**	26.22
	Weathermaker Ltd.	**—**	39.60
	Tata Sons Ltd.	**50.94**	57.23
	Voltas Qatar W.L.L.	**122.88**	—

39 (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 2012-13
18.	**Purchase of Fixed Assets**		
	Voltas Material Handling Private Ltd.	—	34.80
19.	**Investments**		
	Rohini Industrial Electricals Ltd.	**3700.00**	—
20.	**Advances given**		
	Rohini Industrial Electricals Ltd.	**303.49**	—
21.	**Intercorporate Deposits Placed**		
	Rohini Industrial Electricals Ltd.	**2650.00**	1850.00
22.	**Refund of Intercorporate Deposits Placed**		
	Tata Sons Ltd.	—	2000.00
	Rohini Industrial Electricals Ltd.	**3700.00**	—
23.	**Provision for Debts and Advances Due at year end**		
	Saudi Ensas Company for Engineering Services W.L.L.	**1201.89**	1201.89
24.	**Advance Outstanding at year end**		
	Auto Aircon (India) Ltd.	—	84.68
	Voltas Qatar W.L.L..	**1275.99**	—
25	**Advance Share Application Money at year end**		
	Saudi Ensas Company for Engineering Services W.L.L.	**2677.56**	2540.88
26.	**Debit Balance Outstanding at year end**		
	Naba Diganta Water Management Ltd.	**264.70**	306.09
	Rohini Industrial Electricals Ltd.	**735.05**	214.00
	Universal Voltas L.L.C.	**729.81**	—
	Voltas Qatar W.L.L..	**306.82**	687.67
27.	**Credit Balance Oustanding at year end**		
	Universal Comfort Products Ltd.	**7024.18**	554.69
	Weathermaker Ltd.	—	630.44
	Tata Sons Ltd.	—	830.42
	Universal Weathermaker Factory L.L.C.	—	473.98
28.	**Intercorporate Deposits at year end**		
	Rohini Industrial Electricals Ltd.	**2500.00**	3550.00

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

40. In compliance with the Accounting Standard 27- 'Financial Reporting of interest 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

Name of the Joint Venture/ Operations	Country of Incorporation	% of Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenses
*Universal Weathermaker Factory L.L.C.	United Arab Emirates	**49.00**	**1198.35** *1011.65*	**619.93** *506.49*	**59.61** *74.90*	**Nil** *1.90*	**1415.06** *1219.25*	**1389.72** *1180.96*
*Universal Voltas L.L.C.	United Arab Emirates	**49.00**	**11277.56** *7458.61*	**7730.68** *3991.70*	**4638.77** *2742.42*	**7835.88** *4708.77*	**15045.38** *9826.39*	**12743.18** *8056.18*
*Olayan Voltas Contracting Company Limited (Incorporated on 8th February, 2012)	Kingdom of Saudi Arabia	**50.00**	**3308.82** *4095.77*	**1003.71** *2598.46*	**Nil** *Nil*	**Nil** *Nil*	**8485.27** *9107.94*	**7738.87** *8295.90*
*Voltas Qatar W.L.L. (Incorporated on 2nd April, 2012)	Qatar	**75.00**	**11709.30** *3898.40*	**10878.56** *3813.17*	**8458.92** *7596.29*	**Nil** *Nil*	**12935.70** *2508.55*	**12051.22** *2535.21*
NDIA Package 19 Project	Qatar	**77.08**	**1834.65** *1772.20*	**591.98** *657.51*	**Nil** *Nil*	**Nil** *Nil*	**741.71** *1939.96*	**610.82** *1771.00*
Sidra Medical & Research Centre Project	Qatar	**51.08**	**13473.28** *17123.39*	**23511.62** *27605.80*	**Nil** *Nil*	**Nil** *Nil*	**14008.01** *43218.00*	**15279.67** *54914.86*
ETA-Voltas-Hitachi Plant	United Arab Emirates	**37.50**	**14413.80** *13316.33*	**11697.74** *10846.15*	**Nil** *Nil*	**Nil** *Nil*	**(62.82)** *316.94*	**(56.99)** *304.73*
Naba Diganta Water Management Limited	India	**26.00**	**1353.49** *1361.96*	**593.02** *675.96*	**Nil** *Nil*	**6.85** *6.63*	**167.18** *107.10*	**164.24** *178.56*

* As the accounting years of these companies end on 31st December, 2013, the figures are as of that date.

Figures in italics are for the Previous year.

41. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**
Mumbai, 29th May, 2014	

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 29th May, 2014

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Voltas Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **VOLTAS LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries and jointly controlled entities referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 26(a) to the financial statements with respect to uncertainties related to costs to come, the approval of variations, the final completion schedule and other terms which are yet to be finalised between the main contractor and the end customer and the approval of variations with regard to a major complex project.

Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of six subsidiaries and four jointly controlled entities, whose financial statements reflect total assets (net) of ₹ 42612 lakhs as at 31st March, 2014, total revenues of ₹ 51390 lakhs and net cash outflows amounting to ₹ 1647 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
29th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

		Note	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' funds**			
	(a) Share capital	2	**3307.48**	3307.46
	(b) Reserves and surplus	3	**178624.63**	159254.74
			181932.11	162562.20
2.	**Minority Interest**		**1381.78**	1180.86
3.	**Non-current liabilities**			
	(a) Long-term borrowings	4	**537.33**	602.13
	(b) Deferred tax liabilities (net)	5	**198.14**	228.06
	(c) Other long-term liabilities	6	**2987.29**	2795.97
	(d) Long-term provisions	7	**9022.68**	8982.92
			12745.44	12609.08
4.	**Current liabilities**			
	(a) Short-term borrowings	4	**25751.75**	25521.59
	(b) Trade payables	8	**162674.30**	171909.53
	(c) Other current liabilities	8	**71197.31**	64765.99
	(d) Short-term provisions	7	**18874.46**	18114.05
			278497.82	280311.16
	TOTAL EQUITY AND LIABILITIES		**474557.15**	456663.30
II.	**ASSETS**			
1.	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	9	**19917.82**	20247.12
	(ii) Intangible assets	10	**938.54**	852.54
	(iii) Capital work-in-progress		**177.35**	0.52
			21033.71	21100.18
	(b) Goodwill on consolidation		**7984.78**	8884.04
	(c) Non-current investments	11	**13932.46**	13931.30
	(d) Deferred tax assets (net)	5	**2587.41**	2445.77
	(e) Long-term loans and advances	12	**12326.20**	12974.40
	(f) Other non-current assets	13	**15235.14**	10445.20
			73099.70	69780.89
2.	**Current assets**			
	(a) Current investments	11 A	**59271.39**	26803.89
	(b) Inventories	14	**90098.40**	97840.34
	(c) Trade receivables	15	**133517.29**	136178.22
	(d) Cash and bank balances	16	**28179.54**	34983.47
	(e) Short-term loans and advances	12	**18757.57**	18449.06
	(f) Other current assets	13	**71633.26**	72627.43
			401457.45	386882.41
	TOTAL ASSETS		**474557.15**	456663.30
	Summary of significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements.	1-37		

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**

Mumbai, 29th May, 2014

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

B. P. Shroff
Partner

Mumbai, 29th May, 2014

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		Note	₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
I.	**Revenue from operations (Gross)**	17	**530285.48**	558353.22
	Less: Excise duty		**3680.99**	5257.21
	Net Revenue from operations		**526604.49**	553096.01
II.	**Other Income**	18	**10017.81**	9012.62
III.	**Total Revenue (I + II)**		**536622.30**	562108.63
IV.	**Expenses**			
	(a) Consumption of raw materials, cost of jobs and services	19	**316309.56**	371674.38
	(b) Purchase of traded goods	20	**57321.63**	58649.89
	(c) (Increase) / Decrease in finished goods, work-in-progress and stock-in-trade	21	**11794.62**	(13621.81)
	(d) Employee benefits expenses	22	**59468.72**	63253.16
	(e) Finance costs	23	**2254.57**	3254.73
	(f) Depreciation and amortisation expenses	24	**2484.33**	2784.03
	(g) Other expenses	25	**55148.80**	49339.30
	Total Expenses (IV)		**504782.23**	535333.68
V.	**Profit before exceptional items and tax (III - IV)**		**31840.07**	26774.95
VI.	**Exceptional Items**	26	**2154.10**	1208.23
VII.	**Profit before tax (V + VI)**		**33994.17**	27983.18
VIII.	**Tax Expense**			
	(1) Current tax			
	(i) Current tax		**10341.63**	7121.33
	(ii) Provision for taxation of earlier years provided / (written back)		**(756.73)**	(15.39)
	(2) Deferred tax	05	**(171.56)**	206.58
	(3) MAT Credit entitlement		**Nil**	(36.34)
	Total tax expense		**9413.34**	7276.18
IX.	**Profit after tax (VII - VIII)**		**24580.83**	20707.00
X.	**Minority Interest in (profit) / loss**		**(45.12)**	70.72
XI.	**Profit for the year (IX + X)**		**24535.71**	20777.72
XII.	**Earnings per share**	32		
	Basic and Diluted (Face value ₹ 1 per share) - (₹)		**7.42**	6.28
	Summary of significant accounting policies	1		
	See accompanying notes forming part of the consolidated financial statements.	1-37		

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**

Mumbai, 29th May, 2014

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 29th May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ in Lakhs	₹ in Lakhs	2012-13 ₹ in Lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax and minority interest in (profit) / loss		**33994.17**	27983.18
	Adjustments for :			
	Depreciation and amortisation expense	**2484.33**		2784.03
	Provision for doubtful trade and other receivables, loans and advances	**2794.64**		1463.27
	Net unrealised exchange (gain) / loss	**(747.72)**		(379.78)
	Provision for Diminution in value of Investments written back	**5.72**		5.26
	(Profit) on sale of assets (net)	**(459.76)**		(4811.91)
	Net (gain) on sale of investments	**(26.41)**		(7710.18)
	Finance costs	**2254.57**		3254.73
	Interest income	**(636.51)**		(795.02)
	Dividend income	**(3279.20)**		(2557.37)
	Unclaimed credit balances write back	**(952.38)**		(728.56)
	Provision for Trade Guarantees	**(302.58)**		(355.76)
			1134.70	(9831.29)
	Operating Profit before Working Capital changes		**35128.87**	18151.89
	Changes in working capital:			
	Adjustments for (increase)/decrease in operating assets:			
	Inventories	**7741.94**		(14500.46)
	Trade receivables	**(4547.06)**		(19250.41)
	Short-term loans and advances	**(360.67)**		(192.16)
	Long-term loans and advances	**(112.81)**		(447.96)
	Other current assets	**31.99**		8117.09
	Other non-current assets	**(204.57)**		(40.76)
	Adjustment of translation differences on working capital	**1568.64**		238.12
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	**(7437.77)**		26646.87
	Other current liabilities	**6583.13**		(1909.02)
	Other long-term liabilities	**27.17**		(49.52)
	Short-term provisions	**57.49**		163.11
	Long-term provisions	**(72.85)**		216.48
			3274.63	(1008.62)
	Cash generated from operations		**38403.50**	17143.27
	Net income tax paid		**(8857.85)**	(8702.99)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**29545.65**	8440.28
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Capital expenditure on fixed assets including capital advances and capital work-in-progress	**(2454.57)**		(4381.52)
	Proceeds from sale of fixed assets	**1423.43**		5119.80
	Inter-corporate deposits (net)	**Nil**		2000.00
	Bank balances not considered as Cash and cash equivalents (net)	**86.64**		892.93
	Current investments not considered as Cash and cash equivalents:			
	– Purchased	**(154612.75)**		(181009.46)
	– Proceeds from sale	**127171.73**		176757.37

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

		₹ in Lakhs	₹ in Lakhs	2012-13 ₹ in Lakhs
	Purchase of long-term investments:			
	– Associates	**Nil**		(0.34)
	– Others	**(5000.00)**		(5000.55)
	Refund of purchase consideration paid in earlier year	**1000.00**		Nil
	Proceeds from sale of long-term investments:			
	– Subsidiaries	**Nil**		2968.04
	– Associates	**Nil**		5800.00
	Loans / advances given:			
	– Joint ventures	**Nil**		(272.02)
	Interest received	**635.02**		1091.15
	Dividend received	**3279.20**		2557.37
	NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)		**(28471.30)**	6522.77
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of equity shares (Calls-in-Arrears)	**0.02**		0.02
	Securities Premium (Calls-in-Arrears)	**0.08**		0.10
	Net increase in working capital borrowings	**230.16**		3940.42
	Net (decrease) in long term borrowings	**(69.35)**		(210.77)
	Finance costs	**(2311.36)**		(3203.11)
	Repayment of deposits and interest thereon	**(0.02)**		(2.00)
	Dividends paid	**(5254.44)**		(5680.75)
	Dividend distribution tax	**(489.00)**		(858.84)
	NET CASH FLOW USED IN FINANCING ACTIVITIES (C)		**(7893.91)**	(6014.93)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(6819.56)**	8948.12
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**34072.34**	25211.53
	CASH AND CASH EQUIVALENT TRANSFERRED ON SALE OF SUBSIDIARY		**Nil**	(87.31)
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**27252.78**	34072.34
	Cash and cash equivalents consist of:			
	Cash and cash equivalents at the end of the year (Refer note :16 Cash and Bank Balances)		**27415.03**	34132.32
	Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		**(162.25)**	(59.98)
			27252.78	34072.34

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**

Mumbai, 29th May, 2014

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 29th May, 2014

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

I. NATURE OF BUSINESS :

Voltas Limited, a premier Air-Conditioning and Engineering company was established in the year 1954. It is a Tata Group company in the field of air conditioning, refrigeration, in the business of electro-mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore), and also in the business of engineering product services for mining, water management and treatment, construction equipments and textile industry.

II. 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) Investments in Associate Companies has been accounted under the equity method as per Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements.

(v) The Financial Statements of the subsidiaries, the jointly controlled entities and associates consolidated are drawn upto the same reporting date of the Company, i.e. 31st March, 2014 except Saudi Ensas Company for Engineering Services W.L.L., Weathermaker Limited, Universal Weathermaker Factory L.L.C., Lalbuksh Voltas Engineering Services and Trading L.L.C and Voltas Oman L.L.C., where the financial statements are drawn upto 31st December, 2013. Simto Investment Company Limited has ceased to be a subsidiary w.e.f. 31st August, 2012; the financial results upto 31st August, 2012 are incorporated in the consolidated financial statements in the previous year. Voltas Material Handling Private Limited ceased to be an associate w.e.f. 2nd November, 2012.

(vi) 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.

(vii) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(viii) The financial statements for three overseas joint venture companies (Universal Voltas L.L.C., Voltas Qatar W.L.L and Olayan Voltas Contracting Company Ltd.) were consolidated for incremental three months to coincide with the reporting period of the Company (instead of accounting with a gap of one previous quarter in the past). Consequently, the current year's total income from operations and net profit after tax is higher by ₹ 4957 Lakhs and ₹ 545 Lakhs, respectively.

(ix) 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.

(x) Minority interests' share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.

III. 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	
			2012-13
Indian Subsidiaries :			
– Simto Investment Company Ltd. (upto 31-8-2012)	India	**—**	—
– Auto Aircon (India) Ltd.	India	**100.00**	100.00
– Agro Foods Punjab Ltd. (under liquidation) [Refer footnote (c) below]	India	**100.00**	100.00
– Westerwork Engineers Ltd. (under liquidation) [Refer footnote (c) below]	India	**51.00**	51.00
– Universal Comfort Products Ltd.	India	**100.00**	100.00
– Rohini Industrial Electricals Ltd.	India	**100.00**	83.67
Foreign Subsidiaries :			
– Voltas Netherlands B.V.	The Netherlands	**100.00**	100.00
– Voice Antilles N.V. (liquidated in September 2012)	Netherlands Antilles	**—**	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 and Trading L.L.C., Muscat	Sultanate of Oman	**60.00**	60.00
– Voltas Oman L.L.C.	Sultanate of Oman	**65.00**	65.00
Indian Joint Venture :			
– Naba Diganta Water Management Ltd.	India	**26.00**	26.00
Foreign Joint Ventures :			
– Agrotech Industries Ltd. (under closure) [Refer footnote (b) below]	Isle of Man	**49.00**	49.00
– AVCO Marine S.a.S. (under liquidation) [Refer footnote (b) below]	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
– Olayan Voltas Contracting Company Ltd.	Saudi Arabia	**50.00**	50.00
– Voltas Qatar W.L.L. [(w.e.f. 2-4-2012) * Voting power 49%]	Qatar	**75.00 ***	75.00 *
Associates :			
– Brihat Trading Private Ltd. (Refer footnote (a) below)	India	**33.33**	33.33
– Voltas Material Handling Private Ltd. (upto 2-11-2012)	India	**—**	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

Footnotes :

(a) The financial statements 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 financial statements.

(b) The financial statements 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 financial statements 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.

1. SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") [which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs] and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The audited Financial Statements of certain foreign subsidiaries, joint ventures and associates used for the purpose of the Consolidated Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards (IFRS). The differences in accounting policies of the Company and its subsidiaries, joint ventures and associates are not material and there are no material transactions from 1st January, 2014 to 31st March, 2014 in respect of subsidiaries and joint ventures having financial year ended 31st December, 2013.

(ii) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Some of the estimations require higher degrees of judgement to be applied than others. These include the recognition of revenue and earnings from construction contracts under the percentage of completion method, and the valuation of long-term assets. Management continually evaluates all of its estimates and judgements based on available information and its experience and believes that the estimates used in the preparation of the financial statements 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.

(iii) REVENUE RECOGNITION

(a) Sales excludes sales tax, value added tax and works contract tax but include excise duty. Commission earned on consignment sales is accounted for as part of revenue from operations.

(b) Revenue from sale of goods is recognised, net of trade discounts and rebates, 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 project 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 based on current technical data. 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 "Other Current Liabilities" in the balance sheet.

(d) Long-term 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 maintenance contracts, 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 revenue is deferred and accounted for as "Unexpired Service Revenue" under "Other Current Liabilities" in the balance sheet.

(e) Other income :

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(iv) LEGAL RESERVE

In case of some foreign joint ventures and subsidiaries, 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.

(v) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation / impairment.

The cost of tangible fixed asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any discounts.

Own manufactured goods are capitalised at cost 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.

Capital work-in-progress :

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(vi) INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and net of any discounts. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(vii) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of asset. 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.

(viii) DEPRECIATION / AMORTISATION

(a) Depreciation on tangible assets of the 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 are 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.

(iv) Assets acquired specifically for a Project are charged off over the period of the Project.

(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.

(d) In some foreign subsidiaries and foreign joint ventures, the cost of assets including intangible assets has been depreciated / amortised using the Straight Line Basis over their estimated useful lives.

(e) In some subsidiaries and jointly controlled entities, depreciation on portable cabins is provided at 10% to 25% on the Straight Line Basis.

(f) In one subsidiary, depreciation on Computers has been charged at 20% and on furniture at the rate prescribed in Schedule XIV to the Companies Act, 1956 on the Straight Line Basis.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

(ix) PROVISION FOR TRADE GUARANTEES

The estimated liability for product warranties is recorded when products are sold / project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise - being typically upto five years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

(x) 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.

(xi) INVESTMENTS

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

(xii) INVENTORIES

(a) 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 their present location and condition, including octroi and other levies, transit insurance and receiving charges.

(b) In two subsidiaries, cost of inventories is determined on First-In-First-Out (FIFO) basis and comprises invoice value plus applicable landing charges.

(xiii) TAXES ON INCOME

Current Tax is 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 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) Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate on the date of the transaction.

(b) Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate on the date of the transaction.

(c) 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 Statement of Profit and Loss. 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 / (credited) to the Statement of Profit and Loss over the period of the contract.

(d) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

(e) Forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

(xv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

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

(xvi) LEASES

(a) Finance 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.

(b) Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Operating lease expenses / income are recognised in the Statement of Profit and Loss on Straight Line Basis, representative of the time pattern of the user's benefit.

(xvii) EMPLOYEE BENEFITS

(a) Defined Contribution Plans

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

The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid to the provident funds and pension fund set up as irrevocable trusts by the Company or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return is recognised as an expense in the year incurred.

(b) Defined Benefit Plans

The Group's liabilities towards gratuity, pension 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 Statement of Profit and Loss 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 of Government bonds at the Balance Sheet date where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs 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 within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(xviii) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "Unallocated revenue / expenses / assets / liabilities".

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

(xix) CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(xx) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xxi) OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

2. Share Capital

		As at 31-3-2013
Authorised:	**₹ in Lakhs**	₹ in Lakhs
– 60,00,00,000 (31-3-2013: 60,00,00,000) Equity Shares of ₹ 1/- each	**6000.00**	6000.00
– 40,00,000 (31-3-2013: 40,00,000) Preference Shares of ₹ 100/- each	**4000.00**	4000.00
	10000.00	10000.00
Issued, Subscribed and Paid up:		
– 33,08,84,740 (31-3-2013: 33,08,84,740) Equity Shares of ₹ 1/- each	**3308.85**	3308.85
Less : Calls-in-Arrears [1,36,970 shares (31-3-2013: 1,38,540 shares)] [Refer note 2(d)]	**1.37**	1.39
	3307.48	3307.46

2. (a) Equity Shares: The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference shares (if issued).

2. (b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**Equity Shares**		As at 31-3-2013 Equity Shares	
	Numbers	**₹ in Lakhs**	Numbers	₹in Lakhs
Shares outstanding at the beginning of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85
Shares outstanding at the end of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85

2. (c) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held in the Company:

Name of Shareholder	**Class of Shares**	**No. of Shares held**	**% of holding**	As at 31-3-2013 No. of Shares held	% of holding
Tata Sons Limited	Equity	**8,81,31,780**	**26.64**	8,81,31,780	26.64
Life Insurance Corporation of India	Equity	**2,54,11,176**	**7.68**	2,96,72,394	8.97
Government Pension Fund Global	Equity	**1,67,03,496**	**5.05**	1,53,12,143	4.63

2. (d) As per records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2014 (31-3-2013 : Nil).

3. Reserves and Surplus

		₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(1)	Capital Reserve		
	As per last Balance Sheet	**602.16**	465.84
	Additions during the year	**90.31**	150.28
	Deduction towards depreciation for the year	**18.79**	13.96
	Closing Balance	**673.68**	602.16
(2)	Capital Redemption Reserve		
	As per last Balance Sheet	**125.70**	125.70
(3)	Securities Premium Account		
	As per last Balance Sheet	**627.20**	627.10
	Premium on calls-in-arrears received during the year	**0.08**	0.10
	Closing Balance	**627.28**	627.20
(4)	Capital Reserve on Consolidation		
	As per last Balance Sheet	**1524.72**	1709.30
	Addition on foreign exchange fluctuations	**36.13**	6.95
	Less : On divestment of a subsidiary	**Nil**	191.53
	Closing Balance	**1560.85**	1524.72
(5)	General Reserve		
	As per last Balance Sheet	**119966.12**	117853.31
	Addition on foreign exchange fluctuations	**134.67**	27.74
	Transfer from Statement of Profit and Loss	**2995.46**	2270.81
	Less : On divestment of a subsidiary	**Nil**	185.74
	Closing Balance	**123096.25**	119966.12
(6)	Staff Welfare Reserve		
	As per last Balance Sheet	**1.00**	1.00
(7)	Foreign Exchange Translation Reserve		
	As per last Balance Sheet	**824.80**	417.30
	Add / (Less) : Net translation difference on non-integral operations	**408.75**	407.50
	Closing Balance	**1233.55**	824.80
(8)	Special Reserve		
	As per last Balance Sheet	**Nil**	529.93
	Less : On divestment of a subsidiary	**Nil**	529.93
	Closing Balance	**Nil**	Nil
(9)	Legal Reserve		
	As per last Balance Sheet	**272.85**	177.33
	Add / (Less) : Foreign exchange fluctuations	**30.18**	6.41
	Transfer from Statement of Profit and Loss	**149.02**	89.11
	Closing Balance	**452.05**	272.85

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

3. Reserves and Surplus (contd.)

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(10) Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	**35310.19**	22570.07
Additions:		
Profit for the current year	**24535.71**	20777.72
Reserve and Surplus transfered on divestment of subsidiary	**Nil**	792.05
Add / (Less) : Foreign Exchange Translation difference on opening balance	**903.81**	(275.83)
Credit on Dividend Distribution Tax	**410.74**	Nil
Deductions:		
Proposed Dividend	**6121.37**	5294.16
Dividend Distribution Tax	**1040.33**	899.74
Transfer to Legal Reserve	**149.02**	89.11
Transfer to General Reserve	**2995.46**	2270.81
Closing Balance	**50854.27**	35310.19
	178624.63	159254.74

4. Borrowings

	Long-term ₹ in Lakhs	Current maturities of Long-term ₹ in Lakhs	Short-term ₹ in Lakhs	Total ₹ in Lakhs	Long-term ₹ in Lakhs	Current maturities of Long-term ₹ in Lakhs	Short-term ₹ in Lakhs	As at 31-3-2013 Total ₹ in Lakhs
A. Secured Borrowings								
(a) Term Loans (Refer footnotes 1and 2) From Banks	**115.75**	**117.63**	**Nil**	**233.38**	228.84	122.18	Nil	351.02
(b) Repayable on Demand From Banks (Refer footnote 1)	**Nil**	**Nil**	**25624.17**	**25624.17**	Nil	Nil	24894.02	24894.02
	115.75	**117.63**	**25624.17**	**25857.55**	228.84	122.18	24894.02	25245.04
B. Unsecured Borrowings								
(a) Term Loans From others (Refer footnote 3)	**421.58**	**Nil**	**Nil**	**421.58**	373.29	Nil	Nil	373.29
(b) Other Loans	**Nil**	**Nil**	**127.58**	**127.58**	Nil	Nil	627.57	627.57
	421.58	**Nil**	**127.58**	**549.16**	373.29	Nil	627.57	1000.86
Total (A + B)	**537.33**	**117.63**	**25751.75**	**26406.71**	602.13	122.18	25521.59	26245.90

Footnotes:

1. Secured against assignment of Fixed assets, Book debts, contract dues and lien on Term Depsits.
2. The repayment schedule of Long-term borrowings are as follows:

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs	Repayment Schedule
- Long-term borrowings (including current maturity of long-term borrowings)	**193.75**	245.74	Quarterly installments for three years
- Long-term borrowings (including current maturity of long-term borrowings)	**39.63**	105.28	Half yearly installments for one year

3. No repayment schedule is determined for unsecured long-term borrowings.

5. Deferred Tax Asset / Liability

(a) Major components of Deferred Tax Liability (Net) :

		Deferred Tax Assets ₹ in Lakhs	**Deferred Tax Liabilities ₹ in Lakhs**	As at 31-3-2013 Deferred Tax Assets ₹ in Lakhs	As at 31-3-2013 Deferred Tax Liabilities ₹ in Lakhs
(1)	On difference between book balance and tax balance of fixed assets	**Nil**	**242.18**	Nil	230.65
(2)	Unpaid Statutory Liabilities	**40.82**	**Nil**	Nil	Nil
(3)	Provision for Employee Benefits	**3.22**	**Nil**	2.59	Nil
		44.04	**242.18**	2.59	230.65
	Net Timing Differences				
	Deferred Tax Liability (a)	**(198.14)**		(228.06)	
	Charge / (credit) for the year (A)	**(29.92)**		37.72	

(b) Major components of Deferred Tax Asset (Net) :

		Deferred Tax Assets ₹ in Lakhs	**Deferred Tax Liabilities ₹ in Lakhs**	As at 31-3-2013 Deferred Tax Assets ₹ in Lakhs	As at 31-3-2013 Deferred Tax Liabilities ₹ in Lakhs
(1)	On difference between book balance and tax balance of fixed assets	**Nil**	**3736.77**	Nil	3859.58
(2)	Voluntary Retirement Scheme	**249.22**	**Nil**	333.32	Nil
(3)	Unpaid Statutory Liabilities	**667.91**	**Nil**	624.47	Nil
(4)	Provision for Doubtful Debts and Advances	**2582.69**	**Nil**	1936.78	Nil
(5)	Provision for Contingencies	**382.39**	**Nil**	382.39	Nil
(6)	Provision for Employee Benefits	**2491.68**	**Nil**	2914.77	Nil
(7)	Others	**Nil**	**49.71**	113.62	Nil
		6373.89	**3786.48**	6305.35	3859.58
	Net Timing Differences				
	Deferred Tax Asset (b)	**2587.41**		2445.77	
	Charge / (credit) for the year (B)	**(141.64)**		168.86	
	Charge / (credit) for the year (A + B)	**(171.56)**		206.58	

6. Other Long-term liabilities

		₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
A.	**Trade Payables**	**2912.01**	2747.86
	(Due on account of goods purchased and services rendered)		
B.	**Others**		
	Other Payables		
	(1) Unexpired Service Contracts	**38.56**	35.86
	(2) Others	**36.72**	12.25
		2987.29	2795.97

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

7. Provisions

					As at 31-3-2013		
	Long-term	**Short-term**	**Total**	Long-term	Short-term	Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits						
(i) Provision for gratuity	**3865.51**	**195.24**	**4060.75**	3931.29	281.93	4213.22
(ii) Pension obligations	**1403.00**	**144.11**	**1547.11**	1402.26	121.53	1523.79
(iii) Provision for compensated absences	**Nil**	**3554.14**	**3554.14**	Nil	3421.25	3421.25
(iv) Post retirement medical benefits	**793.54**	**37.77**	**831.31**	799.52	38.03	837.55
(v) Provision for employee separation compensation	**115.27**	**30.28**	**145.55**	117.10	41.32	158.42
(b) Others						
(i) Provision for Trade Guarantees [Refer footnote 7 (a)]	**2845.36**	**4615.36**	**7460.72**	2732.75	5030.55	7763.30
(ii) Provision for other Contingencies [Refer footnote 7 (b)]						
- Contingency for Tax matters	**Nil**	**1125.00**	**1125.00**	Nil	1125.00	1125.00
(iii) Provision for taxation (net of advance tax)	**Nil**	**2010.86**	**2010.86**	Nil	1860.54	1860.54
(iv) Provision for Proposed Equity dividend	**Nil**	**6121.37**	**6121.37**	Nil	5294.16	5294.16
(v) Provision for Dividend Distribution Tax on proposed dividend	**Nil**	**1040.33**	**1040.33**	Nil	899.74	899.74
	9022.68	**18874.46**	**27897.14**	8982.92	18114.05	27096.97

Footnotes :

					₹ in Lakhs
	Opening Balance	**Additions**	**Utilisation**	**Reversed**	**Closing Balance**
7.(a) Provisions for Trade Guarantees	**7763.30**	**6677.20**	**6195.98**	**783.80**	**7460.72**
	8119.06	*7416.33*	*6221.09*	*1551.00*	*7763.30*
7.(b) Provision for Contingencies					
- Contingency for Tax matters	**1125.00**	**Nil**	**Nil**	**Nil**	**1125.00**
	1125.00	*Nil*	*Nil*	*Nil*	*1125.00*

The provision for trade guarantees is expected to be utilised for warranty expenses within the period of 1 to 5 years depending on the contractual obligations.

Figures in italics are for the Previous year.

8. Current Liabilities

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(A) Trade Payables		
Due on account of goods purchased and services rendered		
(includes acceptances of ₹ 13583.82 Lakhs (31-3-2013 : ₹ 11300.64 Lakhs)	**162674.30**	171909.53

8. Current Liabilities (contd.)

		₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(B)	**Other Current Liabilities**		
(a)	Current maturities of long-term debt (Refer note 4)	**117.63**	122.18
(b)	Interest accrued but not due on borrowings	**26.97**	83.76
(c)	Payable for capital goods	**179.06**	218.92
(d)	Unpaid dividends	**356.16**	316.44
(e)	Unpaid matured deposits (unsecured) and interest accrued thereon	**Nil**	0.02
(f)	Advances received from customers / others	**46153.30**	42863.03
(g)	Unexpired service contracts	**1968.99**	2269.87
(h)	Billing in excess of contract revenue	**15366.50**	12149.04
(i)	Statutory obligations	**6266.74**	5705.84
(j)	Other liabilities	**761.96**	1036.89
		71197.31	64765.99

9. Tangible assets

₹ in Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Office and EDP Equipments	Furniture and fixtures	Vehicles	Transferred to Investment property	Transferred to 'Assets held for sale'	Total Tangible Assets
Gross Block at Cost										
Cost at the beginning of the year	**2242.05**	**568.98**	**15197.18**	**16605.03**	**6497.55**	**2525.76**	**1927.41**	**(2940.23)**	**(1997.73)**	**40626.00**
	793.54	*568.98*	*13536.62*	*15679.79*	*6324.54*	*2292.57*	*2028.83*	*(1415.66)*	*(2011.93)*	*37797.28*
Additions	**Nil**	**Nil**	**322.25**	**346.00**	**571.28**	**235.57**	**183.69**	**Nil**	**Nil**	**1658.79**
	1448.51	*Nil*	*1827.47*	*1183.56*	*485.49*	*344.09*	*95.98*	*(186.29)*	*Nil*	*5198.81*
Disposals	**164.41**	**Nil**	**1363.58**	**1023.54**	**325.40**	**67.18**	**155.13**	**Nil**	**(1334.94)**	**1764.30**
	Nil	*Nil*	*183.60*	*337.30*	*314.02*	*114.62*	*228.71*	*Nil*	*(14.20)*	*1164.05*
Transfers in / (out)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**(77.55)**	**Nil**	**(77.55)**
	Nil	*Nil*	*Nil*	*6.20*	*(6.20)*	*Nil*	*Nil*	*(1338.28)*	*Nil*	*(1338.28)*
Exchange differences on consolidation [Refer footnote (a)]	**Nil**	**Nil**	**81.74**	**331.46**	**40.34**	**18.05**	**128.35**	**Nil**	**Nil**	**599.94**
	Nil	*Nil*	*16.69*	*72.78*	*7.74*	*3.72*	*31.31*	*Nil*	*Nil*	*132.24*
Cost at the end of the year	**2077.64**	**568.98**	**14237.59**	**16258.95**	**6783.77**	**2712.20**	**2084.32**	**(3017.78)**	**(662.79)**	**41042.88**
	2242.05	*568.98*	*15197.18*	*16605.03*	*6497.55*	*2525.76*	*1927.41*	*(2940.23)*	*(1997.73)*	*40626.00*
Depreciation										
Depreciation at the beginning of the year	**Nil**	**39.53**	**3752.52**	**10314.39**	**4222.14**	**1828.33**	**1389.13**	**(515.16)**	**(652.00)**	**20378.88**
	Nil	*33.30*	*3496.30*	*9497.81*	*3828.82*	*1729.54*	*1382.91*	*(476.97)*	*(658.83)*	*18832.88*
Charge for the year	**Nil**	**6.23**	**433.08**	**797.84**	**495.57**	**174.84**	**188.47**	**(55.24)**	**Nil**	**2040.79**
	Nil	*6.23*	*354.36*	*990.05*	*643.30*	*178.97*	*165.31*	*(24.82)*	*Nil*	*2313.40*
Disposals	**Nil**	**Nil**	**681.46**	**991.91**	**281.05**	**59.14**	**150.64**	**Nil**	**(371.27)**	**1792.93**
	Nil	*Nil*	*107.18*	*238.71*	*254.66*	*83.19*	*186.62*	*Nil*	*(6.83)*	*863.53*
Transfers in / (out)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**(15.35)**	**Nil**	**(15.35)**
	Nil	*Nil*	*Nil*	*1.74*	*(1.74)*	*Nil*	*Nil*	*(13.37)*	*Nil*	*(13.37)*
Exchange differences on consolidation [Refer footnote (a)]	**Nil**	**Nil**	**48.00**	**296.85**	**33.65**	**16.02**	**119.15**	**Nil**	**Nil**	**513.67**
	Nil	*Nil*	*9.04*	*63.50*	*6.42*	*3.01*	*27.53*	*Nil*	*Nil*	*109.50*
Depreciation at the end of the year	**Nil**	**45.76**	**3552.14**	**10417.17**	**4470.31**	**1960.05**	**1546.11**	**(585.75)**	**(280.73)**	**21125.06**
	Nil	*39.53*	*3752.52*	*10314.39*	*4222.14*	*1828.33*	*1389.13*	*(515.16)*	*(652.00)*	*20378.88*
Net book value at the beginning of the year	**2242.05**	**529.45**	**11444.66**	**6290.64**	**2275.41**	**697.43**	**538.28**	**(2425.07)**	**(1345.73)**	**20247.12**
	793.54	*535.68*	*10040.32*	*6181.98*	*2495.72*	*563.03*	*645.92*	*(938.69)*	*(1353.10)*	*18964.40*
Net book value at the end of the year	**2077.64**	**523.22**	**10685.45**	**5841.78**	**2313.46**	**752.15**	**538.21**	**(2432.03)**	**(382.06)**	**19917.82**
	2242.05	*529.45*	*11444.66*	*6290.64*	*2275.41*	*697.43*	*538.28*	*(2425.07)*	*(1345.73)*	*20247.12*

Figures in italics are for the Previous year.

Footnotes :

(a) Buildings includes ₹ 0.40 Lakh (31-3-2013: ₹ 0.40 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

(b) 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.

(c) Investment properties comprise book value of land of ₹14.19 Lakhs (31-3-2013: ₹14.19 Lakhs) and Building ₹ 2417.84 Lakhs (31-3-2013: ₹ 2410.88 Lakhs).

(d) The Company had accounted the profit on transfer of development rights in respect of following properties for which agreement was executed and consideration received but for which conveyance is pending completion :-

Location	Year	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
1. Lalbaug Property	1999-2000	**734.12**	734.12
2. Non-Sanad land behind HRD Centre, Thane	2003-04	**1735.95**	1735.95
3. Pune Property	2003-04	**2145.53**	2145.53
4. Non-Sanad land on south side of Voltas Switchgear Limited, Thane	2004-05	**199.75**	199.75
5. Sanad land behind HRD Centre, Thane	2004-05	**305.78**	305.78
6. Upvan Land, Thane	2006-07	**2070.00**	2070.00
7. Henkel Switchgear Limited approach land at Thane	2006-07	**223.40**	223.40
8. Land adjoining Simtools at Thane	2007-08	**919.96**	919.96
9. Nala Land at Thane	2009-10	**238.18**	238.18

(e) Exchange differences on consolidation above relate to the opening balances.

(f) Includes factory building of ₹ 154.49 Lakhs (31-3-2013: ₹ 136.79 Lakhs) (original cost) and ₹ 2.03 Lakhs (31-3-2013: ₹ 2.04 Lakhs) (net book value) constructed on leasehold land, the lease period being fifteen years with a renewal option.

10. Intangible Assets

₹ in Lakhs

	Manufacturing Rights & Technical Know-how	Software Costs	Total Intangible Assets
Gross Block at Cost			
Cost at the beginning of the year	**1030.90**	**3393.80**	**4424.70**
	1030.90	*3160.38*	*4191.28*
Additions	**Nil**	**492.85**	**492.85**
	Nil	*233.22*	*233.22*
Disposals	**Nil**	**39.60**	**39.60**
	Nil	*Nil*	*Nil*
Exchange differences on consolidation	**Nil**	**1.05**	**1.05**
	Nil	*0.20*	*0.20*
Cost at the end of the year	**1030.90**	**3848.10**	**4879.00**
	1030.90	*3393.80*	*4424.70*
Amortisation			
Depreciation at the beginning of the year	**1015.54**	**2556.62**	**3572.16**
	1011.11	*2101.22*	*3112.33*
Charge for the year	**4.43**	**402.66**	**407.09**
	4.43	*455.34*	*459.77*
Disposals	**Nil**	**39.60**	**39.60**
	Nil	*Nil*	*Nil*
Exchange differences on consolidation	**Nil**	**0.81**	**0.81**
	Nil	*0.06*	*0.06*
Depreciation at the end of the year	**1019.97**	**2920.49**	**3940.46**
	1015.54	*2556.62*	*3572.16*
Net book value at the beginning of the year	**15.36**	**837.18**	**852.54**
	19.79	*1059.16*	*1078.95*
Net book value at the end of the year	**10.93**	**927.61**	**938.54**
	15.36	*837.18*	*852.54*

Figures in italics are for the Previous year.

11. Non-current Investments

		₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(i)	Investment Property [Refer footnote (c)] (net of accumulated depreciation)	**2432.03**	2425.07
(ii)	Equity Instruments		
	- Subsidiary Companies [Refer footnote (a)]	**109.29**	109.29
	- Quoted [Refer footnote (b)]	**808.97**	808.97
	- Unquoted	**3065.60**	3065.60
(iii)	Government or Trust Securities	**0.05**	0.05
(iv)	Debentures and Bonds - Quoted	**2972.56**	2972.56
(v)	Mutual Funds - Quoted	**5000.00**	5000.54
(vi)	Others	**0.49**	0.49
		14388.99	14382.57
	Less: Provision for diminution in value	**456.53**	451.27
		13932.46	13931.30
	Aggregate amount of quoted investments : Cost	**8781.53**	8782.07
	Aggregate market value of quoted investments	**27000.53**	19898.66
	Aggregate amount of Unquoted investments : Cost	**3175.43**	3175.43

Footnotes :

(a) Includes shares with ₹ Nil value (31-3-2013 : ₹ Nil) in a subsidiary where there is an undertaking given not to dispose off the investments, but the beneficial rights have been transferred in the year 1998-99.

(b) Includes shares costing ₹ 4.55 Lakhs (31-3-2013 : ₹ 4.55 Lakhs) under dispute, pursuant to an injunction order passed by the Court in Kanpur, the Company has not recognised dividend on this investment.

(c) Investment Property

₹ in Lakhs

	Freehold Land	Freehold Buildings	Total Investment Property
Cost at the beginning of the year	**14.19**	**2926.04**	**2940. 23**
	14.19	*1401.47*	*1415.66*
Additions	**Nil**	**Nil**	**Nil**
	Nil	*186.29*	*186.29*
Transfers in / (out)	**Nil**	**77.55**	**77.55**
	Nil	*1338.28*	*1338.28*
Cost at the end of the year	**14.19**	**3003.59**	**3017.78**
	14.19	*2926.04*	*2940.23*
Depreciation			
Depreciation at the beginning of the year	**Nil**	**515.16**	**515.16**
	Nil	*476.97*	*476.97*
Charge for the year	**Nil**	**55.24**	**55.24**
	Nil	*24.82*	*24.82*
Transfers in / (out)	**Nil**	**15.35**	**15.35**
	Nil	*13.37*	*13.37*
Depreciation at the end of the year	**Nil**	**585.75**	**585.75**
	Nil	*515.16*	*515.16*
Net book value at the beginning of the year	**14.19**	**2410.88**	**2425.07**
	14.19	*924.50*	*938.69*
Net book value at the end of the year	**14.19**	**2417.84**	**2432.03**
	14.19	*2410.88*	*2425.07*

Figures in italics are for the Previous year.

11.(A) Current Investments (Cost or fair value whichever less)

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Mutual Funds		
Quoted	**17500.07**	Nil
Unquoted	**41771.32**	26803.89
	59271.39	26803.89
Aggregate amount of quoted investments : Cost	**17500.07**	Nil
Aggregate market value of quoted investments	**17500.07**	Nil
Aggregate amount of Unquoted investments : Cost	**41771.32**	26803.89

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

12. Loans and Advances

	Long-term ₹ in Lakhs	Short-term ₹ in Lakhs	Total ₹ in Lakhs	Long-term ₹ in Lakhs	Short-term ₹ in Lakhs	As at 31-3-2013 Total ₹ in Lakhs
(a) Capital advances	**61.95**	**Nil**	**61.95**	90.85	Nil	90.85
(b) Security deposits	**688.44**	**1255.07**	**1943.51**	524.22	1278.09	1802.31
(c) Advance with public bodies (Customs, Port Trust, etc.)	**65.23**	**776.11**	**841.34**	31.07	1312.30	1343.37
(d) Loans and advances to related parties	**Nil**	**382.32**	**382.32**	Nil	438.23	438.23
(e) Other loans and advances						
(1) Advance payment of Taxes (Net)	**5421.74**	**Nil**	**5421.74**	5831.21	Nil	5831.21
(2) MAT Credit Entitlement	**1271.81**	**Nil**	**1271.81**	1439.07	Nil	1439.07
(3) Loans to Employees	**127.05**	**402.24**	**529.29**	138.18	249.68	387.86
(4) Deposits with Customers / Others	**457.12**	**104.81**	**561.93**	536.82	108.84	645.66
(5) Indirect Taxes recoverable	**4170.91**	**3562.88**	**7733.79**	4252.22	4117.53	8369.75
(6) Advance to Suppliers	**164.95**	**6820.10**	**6985.05**	69.72	7218.98	7288.70
(7) Others	**427.32**	**5567.30**	**5994.62**	435.98	3786.51	4222.49
Sub-Total	**12040.90**	**16457.33**	**28498.23**	12703.20	15481.54	28184.74
Gross Loans and advances	**12856.52**	**18870.83**	**31727.35**	13349.34	18510.16	31859.50
Less : Provision for bad and doubtful loans and advances	**530.32**	**113.26**	**643.58**	374.94	61.10	436.04
Total Loans and advances	**12326.20**	**18757.57**	**31083.77**	12974.40	18449.06	31423.46
Gross Loans and advances						
Secured, considered good	**127.05**	**269.49**	**396.54**	138.18	249.18	387.36
Unsecured, considered good	**12199.15**	**18488.08**	**30687.23**	12836.22	18199.88	31036.10
Doubtful	**530.32**	**113.26**	**643.58**	374.94	61.10	436.04
	12856.52	**18870.83**	**31727.35**	13349.34	18510.16	31859.50

13. Other Assets

	Non-current ₹ in Lakhs	Current ₹ in Lakhs	Total ₹ in Lakhs	Non-current ₹ in Lakhs	Current ₹ in Lakhs	As at 31-3-2013 Total ₹ in Lakhs
(a) Non-current Trade Receivables (including trade receivables on deferred credit terms)	**13970.64**	**Nil**	**13970.64**	9385.27	Nil	9385.27
Classification of Non-current Trade Receivables						
(1) Unsecured, considered good	**13866.80**	**Nil**	**13866.80**	9281.43	Nil	9281.43
(2) Unsecured, considered doubtful	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
Gross Non-current Trade receivables	**13970.64**	**Nil**	**13970.64**	9385.27	Nil	9385.27
Less: Provision for bad and doubtful debts	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
Net Non-current Trade receivables	**13866.80**	**Nil**	**13866.80**	9281.43	Nil	9281.43
(b) Other Assets						
Unsecured, considered good						
(1) Interest accrued on investments / deposits	**Nil**	**203.84**	**203.84**	Nil	202.35	202.35
(2) Contract Revenue in excess of Billing [Refer footnote 13(a)]	**Nil**	**66962.31**	**66962.31**	Nil	70552.54	70552.54
(3) Assets held for sale (valued at the lower of the estimated net realisable value and net book value)	**Nil**	**382.06**	**382.06**	Nil	1345.73	1345.73
(4) Others (Including restricted fixed deposits with maturity more than 12 months)	**1368.34**	**4085.05**	**5453.39**	1163.77	526.81	1690.58
Total Other Assets	**1368.34**	**71633.26**	**73001.60**	1163.77	72627.43	73791.20
Total (a + b)	**15235.14**	**71633.26**	**86868.40**	10445.20	72627.43	83072.63

			As at 31-3-2013
Footnote : 13(a)		**₹ in Lakhs**	₹ in Lakhs
Disclosure under Accounting Standard - 7 on Construction Contracts			
Details of contract revenue and costs :			
(i)	Contract revenue recognised during the year	**216217.04**	270148.05
(ii)	Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**713500.13**	746408.70
(iii)	Advances received for contracts in progress	**39955.96**	40316.88
(iv)	Retention money for contracts in progress	**20253.55**	18396.59
(v)	The gross amount due from customers for contract work	**66962.31**	70552.54
(vi)	The gross amount due to customers for contract work	**15366.50**	12149.04

14. Inventories

(Valued at lower of Cost and net realisable value)			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(a)	Raw materials and Components	**20083.86**	15840.00
(b)	Work-in-progress (includes project material at site)	**16072.04**	25635.24
(c)	Finished goods	**19189.19**	21690.07
(d)	Stock-in-trade of goods acquired for trading	**34692.42**	34422.96
(e)	Stores and spares	**60.89**	252.07
		90098.40	97840.34
The above includes goods-in-transit:			
(i)	Raw materials and Components	**471.77**	466.47
(ii)	Finished goods	**1253.55**	3544.36
(iii)	Stock-in-trade of goods acquired for trading	**10539.84**	7789.47
		12265.16	11800.30

15. Trade Receivables

						As at 31-3-2013
	Others	**Outstanding for a period exceeding six months from the date they were due for payment**	**Total**	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Classification of Current Trade Receivables						
(1) Secured, considered good	**149.85**	**127.57**	**277.42**	168.16	127.57	295.73
(2) Unsecured, considered good	**109127.47**	**24112.40**	**133239.87**	97501.43	38381.06	135882.49
(3) Unsecured, considered doubtful	**Nil**	**9609.54**	**9609.54**	Nil	6921.32	6921.32
Gross Current Trade Receivables	**109277.32**	**33849.51**	**143126.83**	97669.59	45429.95	143099.54
Less: Provision for bad and doubtful debts	**Nil**	**9609.54**	**9609.54**	Nil	6921.32	6921.32
Net Current Trade Receivables	**109277.32**	**24239.97**	**133517.29**	97669.59	38508.63	136178.22

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

16. Cash and Bank balances

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(A) Cash and cash equivalents		
(a) Cash in hand	**194.59**	129.29
(b) Cheques on hand	**3848.35**	4965.55
(c) Balances with banks		
(1) Current accounts	**14668.87**	22095.77
(2) Fixed deposits with maturity less than 3 months	**8703.22**	6941.71
Total Cash and cash equivalents	**27415.03**	34132.32
(B) Other Bank balances		
(a) Fixed deposits with maturity more than 3 months but less than 12 months	**160.62**	233.82
(b) Fixed deposits with maturity greater than 12 months	**52.45**	27.05
(c) Balances with banks		
(1) Earmarked Balances	**353.88**	317.84
(2) To the extent held as margin money	**197.56**	272.44
Total Other Bank balances	**764.51**	851.15
Total Cash and Bank balances	**28179.54**	34983.47

17. Revenue from Operations

	₹ in Lakhs	Year ended 31-3-2013 ₹ in Lakhs
(a) Sale of products	**245462.43**	223658.01
(b) Sale of services	**66367.87**	62857.56
(c) Contract revenue	**216217.04**	270148.05
(d) Other operating income		
(1) Unclaimed credit balances written back	**952.38**	728.56
(2) Sale of scrap	**1036.53**	772.19
(3) Profit on sale of fixed assets (Net)	**Nil**	64.87
(4) Others	**249.23**	123.98
	530285.48	558353.22

18. Other Income

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
(a) Dividend Income		
(1) From non-current investments	**258.54**	573.98
(2) From current investments	**3020.66**	1983.39
(b) Interest Income		
(1) On sundry advances, deposits, customers' balances, etc	**13.13**	53.37
(2) On bank deposits / bonds	**462.90**	471.85
(3) On Income-tax refunds	**125.18**	218.47
(4) Others	**35.30**	51.34
(c) Net Gain on sale of investments	**26.41**	474.89
(d) Net foreign exchange gain	**1721.76**	1071.41
(e) Rent income	**3441.51**	3543.33
(f) Cash discount from suppliers	**301.77**	247.34
(g) Other non-operating income (net of expenses directly attributable to such income)	**610.65**	323.25
	10017.81	9012.62

19. Consumption of Raw Materials, Cost of Jobs and Services

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
Opening stock	**15840.00**	14634.00
Add : Purchases and cost of jobs, manufacture and services	**320553.42**	372880.38
	336393.42	387514.38
Less: Closing stock	**20083.86**	15840.00
	316309.56	371674.38

20. Purchase of Traded Goods

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
Purchase of Traded Goods	**57321.63**	58649.89

21. (Increase) / Decrease in Finished Goods, Work-in-Progress and Stock-in-Trade

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
Inventories at the end of the year:		
(1) Finished Goods including stock-in-trade	**53881.61**	56113.03
(2) Work-in-progress	**16072.04**	25635.24
	69953.65	81748.27
Inventories at the beginning of the year:		
(1) Finished Goods including stock-in-trade	**56113.03**	43281.49
(2) Work-in-progress	**25635.24**	24844.97
	81748.27	68126.46
Net (increase) / decrease	**11794.62**	(13621.81)

22. Employee Benefits Expenses

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
(a) Salaries and Wages, including Bonus	**54153.72**	56248.97
(b) Contribution to Provident and other Funds	**1142.10**	1792.48
(c) Gratuity expenses (Unfunded)	**1047.52**	1066.45
(d) Staff Welfare expenses	**3125.38**	4145.26
	59468.72	63253.16

23. Finance Costs

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
Interest expense on :		
(1) Borrowings	**2107.51**	2891.16
(2) Interest on delayed / deferred payment of income tax	**147.06**	363.57
	2254.57	3254.73

24. Depreciation and Amortisation Expenses

	₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
(a) Depreciation on Tangible assets	**2040.79**	2313.40
(b) Amortisation on Intangible assets	**407.09**	459.77
(c) Depreciation on Investment Property	**55.24**	24.82
	2503.12	2797.99
(d) Less: Transfer through Capital Reserves	**18.79**	13.96
	2484.33	2784.03

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

25. Other Expenses

		₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
(a)	Consumption of Stores and Spare parts	**473.19**	387.53
(b)	Power and Fuel	**665.55**	530.45
(c)	Rent	**5784.30**	5473.46
(d)	Repairs to Buildings	**127.51**	136.51
(e)	Repairs to Plant and Machinery	**687.86**	719.09
(f)	Insurance charges	**646.47**	566.53
(g)	Rates and Taxes	**234.91**	202.46
(h)	Travelling and Conveyance	**5641.43**	5962.65
(i)	Payment to Auditors (Refer note 25(a))	**457.41**	426.44
(j)	Legal and Professional charges	**3100.74**	2920.08
(k)	Bad and Doubtful Debts / Advances	**2794.64**	1463.27
(l)	Loss on Sale of Fixed Assets (Net)	**22.98**	Nil
(m)	Other expenses		
	(1) Forwarding charges (Net)	**3804.46**	3275.57
	(2) Commission other than to Sole Selling Agents, Rebates and Allowances	**3899.58**	2464.85
	(3) Advertising	**3150.43**	3370.65
	(4) Stationery, Postage, Fax and Telephone expenses	**2027.42**	2064.68
	(5) Donations	**39.75**	23.05
	(6) Provision for Diminution in value of Investments	**5.72**	5.26
	(7) Other General expenses	**21584.45**	19346.77
		55148.80	49339.30

25. (a) Auditors' Remuneration

		₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
(a)	To Statutory Auditor for		
(1)	Audit Fees (including Tax Audit fees)	**258.02**	226.95
(2)	Taxation Matters	**11.59**	12.81
(3)	Company Law Matters	**Nil**	0.30
(4)	Other Services	**154.45**	152.52
(5)	Reimbursement of Expenses	**27.28**	24.88
		451.34	417.46
(b)	To Cost Auditor for Cost Audit	**6.07**	8.98
		457.41	426.44

Service Tax which is being claimed for set off as input credit, has not been included in the expenditure above.

26. Exceptional Items

		₹ in Lakhs	Year Ended 31-3-2013 ₹ in Lakhs
A.	**Exceptional Income**		
(1)	Assignment of Long-term Maintenance Contracts	**1679.36**	Nil
(2)	Profit on Sale of Property / Surrender of Tenancy Rights	**482.74**	4747.04
(3)	Profit on disposal of a Subsidiary company	**Nil**	1435.28
(4)	Profit on divestment of an Associate company	**Nil**	5800.00
	Sub-total : Exceptional Income	**2162.10**	11982.32
	Less :		
B.	**Exceptional Expenses**		
(1)	Cost of Voluntary Retirement Scheme / Early Separation Scheme	**8.00**	1219.01
(2)	Onerous Contract [Refer footnote 26(a)]	**Nil**	9555.08
	Sub-total : Exceptional Expenses	**8.00**	10774.09
	Exceptional Items (Net)	**2154.10**	1208.23

Footnote:

26(a) In the previous years, due to significant upward revision in estimated cost of a major project in Qatar, Sidra Medical & Research Centre, the Company accounted for the estimated costs on the project in accordance with the requirement of Accounting Standard (AS) 7 and in line with the revised completion schedule, including the integrated testing and commissioning. The cost to come for the extended duration of the project along with the possible enhancement of revenue from variations have been estimated based on current technical data. Uncertainties in the process of approval of variations and complexities in nature of the project continue, the final completion schedule and other terms are yet to be finalised between the main contractor and the end customer which may modify the Company's current estimates and entitlements. Nevertheless, the Company is pursuing its entitlements vigorously.

27. Contingent Liablities not provided for

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

In respect of various matters aggregating ₹ 27736.19 Lakhs (31-3-2013: ₹ 28061.67 Lakhs), against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2013: ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 1889.93 Lakhs (31-3-2013: ₹ 1841.62 Lakhs), the Company has a right to recover from third party.

(b) Contractual matters under arbitration : Amount indeterminate.

(c) (i) Income tax demands decided in Group's favour by Appellate Authorities where the Department is in further appeal - ₹ 1568.42 Lakhs (31-3-2013: ₹ 1136.19 Lakhs).

(ii) Income tax demands decided against the Group and where Group has appealed amounted to ₹ 1564.04 Lakhs (31-3-2013: ₹ 2017.91 Lakhs).

(d) Staff demands under adjudication : Amount indeterminate.

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

28. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 9974.99 Lakhs (31-3-2013: ₹ 6972.86 Lakhs). [Tangible assets : ₹ 9817.89 Lakhs (31-3-2013: ₹ 6946.13 Lakhs) and Intangible assets of ₹ 157.10 Lakhs (31-3-2013: ₹ 26.73 Lakhs)]

Advance paid against such contracts: ₹ 61.95 Lakhs (31-3-2013: ₹ 90.85 Lakhs).

(b) On account of Other Commitments :
(i) Foreign currency exposures (Refer note 30)
(ii) Minimum future lease rental payable [Refer note 31 (a)]

29. In respect of guarantees aggregating ₹ 160235.87 Lakhs (31-3-2013: ₹ 153563.39 Lakhs) issued by Banks at the request of the Group 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.

30. Derivative Instruments

The Company has entered into the following derivative instruments :

Forward Exchange Contracts (being derivative instruments), 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	₹ in Lakhs	Sell / Buy	Cross Currency
US Dollar	**80.00**	**Buy**	**Rupees**
	Nil	*Nil*	*Nil*

The difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to the Statement of Profit and Loss is ₹ Nil (2012-13: ₹ Nil).

Note : Figures in italics are for the Previous year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

31. Leases

		2012-13
	₹ in Lakhs	₹ in Lakhs
Assets under Operating Leases :		
(a) The Group has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 4866.14 Lakhs (2012-13 : ₹ 4771.90 Lakhs).		
(i) The minimum future lease rentals payable in respect of non-cancellable leases are as under :		
Not later than one year	**661.80**	564.78
Later than one year but not later than five years	**306.94**	502.91
Later than five years	**237.56**	117.54
(b) The Group has given on operating lease certain assets. The total lease rent received on the same amounts to ₹ 3197.19 Lakhs (2012-13 : ₹ 3332.49 Lakhs) and is included under Other Income.		
(i) The minimum future lease rentals receivable in respect of non-cancellable leases are as under :		

		2012-13
	₹ in Lakhs	₹ in Lakhs
Not later than one year	**2598.23**	2629.15
Later than one year but not later than five years	**4600.94**	6664.11
Later than five years	**Nil**	Nil

(ii) The Original Cost, Depreciation for the year and Written Down Value are ₹ 3017.78 Lakhs, ₹ 55.24 Lakhs and ₹ 2432.03 Lakhs (2012-13: ₹ 2940.23 Lakhs, ₹ 24.82 Lakhs and ₹ 2425.07 Lakhs), respectively.

32. Earnings per share

		2012-13
Earnings per Share has been computed as under :		
(1) Net Profit after tax and minority interest for the year (₹ In Lakhs)	**24535.71**	20777.72
(2) Weighted average number of Equity Shares Outstanding	**33,08,84,740**	33,08,84,740
(3) Earnings Per Share (₹) - Basic and Diluted (Face value ₹ 1/- per share)	**7.42**	6.28

33. Employee benefits expenses

(a) The Company makes contribution towards provident funds, defined benefit retirement plans, and towards superannuation fund. 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, 2014. 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 position of and the amounts recognised in the Company's financial statements as at 31st March, 2014 for Defined Benefit / Contribution Plans :

Defined Benefit Plans - As per Actuarial Valuation

		Gratuity Unfunded (Refer note below) ₹ in Lakhs	Gratuity Funded ₹ in Lakhs	Post Employment Medical Benefits ₹ in Lakhs	Pension Plan ₹ in Lakhs
I.	**Expense recognised in the Statement of Profit and Loss**				
1.	Current Service Cost	**1064.46**	**303.21**	**39.70**	**—**
		782.53	*407.95*	*38.34*	*—*
2.	Interest Cost	**169.05**	**383.17**	**69.07**	**125.71**
		161.83	*371.66*	*66.40*	*114.75*
3.	Expected return on plan assets	**—**	**(391.91)**	**—**	**—**
		—	*(385.59)*	*—*	*—*
4.	Actuarial (Gains) / Losses	**(498.96)**	**(349.95)**	**(88.00)**	**34.56**
		(113.35)	*227.30*	*(5.45)*	*179.14*
5.	**Total expense**	**734.55**	**(55.48)**	**20.77**	**160.27**
		831.01	*621.32*	*99.29*	*293.89*
II.	**Net Liability recognised in the Balance Sheet**				
1.	Present value of Defined Benefit Obligation	**2734.24**	**4430.38**	**831.31**	**1547.11**
		2981.04	*4641.55*	*837.16*	*1523.79*
2.	Fair value of plan assets	**—**	**(4597.23)**	**—**	**—**
		—	*(4747.60)*	*—*	*—*
3.	**Net (asset) / liability**	**2734.24**	**(166.85)**	**831.31**	**1547.11**
		2981.04	*(106.05)*	*837.16*	*1523.79*
III.	**Change in Obligation during the year**				
1.	Present value of Defined Benefit Obligation at the beginning of the year	**2981.04**	**4641.55**	**837.16**	**1523.79**
		3013.74	*4363.96*	*781.22*	*1350.05*
2.	Current Service Cost	**1064.46**	**303.21**	**39.70**	**—**
		782.53	*407.95*	*38.34*	*—*
3.	Interest Cost	**169.05**	**383.17**	**69.07**	**125.71**
		161.83	*371.66*	*66.40*	*114.75*
4.	Actuarial (Gains) / Losses	**(498.96)**	**(419.05)**	**(88.00)**	**34.56**
		(113.35)	*231.91*	*(5.45)*	*179.14*
5.	Benefits Payments	**(1310.64)**	**(478.50)**	**(26.62)**	**(136.95)**
		(1054.98)	*(733.93)*	*(43.35)*	*(120.15)*
6.	Difference in exchange	**329.29**	**—**	**—**	**—**
		191.27	*—*	*—*	*—*
7.	**Present value of Defined Benefit Obligation at the end of the year**	**2734.24**	**4430.38**	**831.31**	**1547.11**
		2981.04	*4641.55*	*837.16*	*1523.79*
IV.	**Change in Assets during the year**				
1.	Plan assets at the beginning of the year	**—**	**4747.60**	**—**	**—**
		—	*4536.02*	*—*	*—*
2.	Expected return on plan assets	**—**	**391.91**	**—**	**—**
		—	*385.59*	*—*	*—*
3.	Contributions by employers	**—**	**5.32**	**26.62**	**136.95**
		—	*555.32*	*43.35*	*120.15*

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

		Gratuity Unfunded (Refer note below) ₹ in Lakhs	Gratuity Funded ₹ in Lakhs	Post Employment Medical Benefits ₹ in Lakhs	Pension Plan ₹ in Lakhs
4.	Actual benefits paid	**—**	**(478.50)**	**(26.62)**	**(136.95)**
		—	*(733.93)*	*(43.35)*	*(120.15)*
5.	Actuarial Gains / (Losses)	**(1.19)**	**(69.10)**	**—**	**—**
		—	*4.61*	*—*	*—*
6.	Plan assets at the end of the year	**(1.19)**	**4597.23**	**—**	**—**
		—	*4747.60*	*—*	*—*
7.	**Actual return on plan assets (2+5)**	**(1.19)**	**322.81**	**—**	**—**
		—	*390.20*	*—*	*—*
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**2981.04**	**(106.05)**	**837.16**	**1523.79**
		3013.74	*(172.05)*	*781.22*	*1350.05*
2.	Expenses as above (I)	**734.55**	**(55.48)**	**20.77**	**160.27**
		831.01	*621.32*	*99.29*	*293.89*
3.	Employers Contribution	**(1310.64)**	**(5.32)**	**(26.62)**	**(136.95)**
		(1054.98)	*(555.32)*	*(43.35)*	*(120.15)*
4.	Cost of Plan Amendment	**—**	**—**	**—**	**—**
		—	*—*	*—*	*—*
5.	Difference in exchange	**329.29**	**—**	**—**	**—**
		191.27	*—*	*—*	*—*
6.	**Closing Net Liability**	**2734.24**	**(166.85)**	**831.31**	**1547.11**
		2981.04	*(106.05)*	*837.16*	*1523.79*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (Indian Assured Lives Mortality)	**2006-08**	**2006-08**	**2006-08**	**2006-08**
		2006-08	*2006-08*	*2006-08*	*2006-08*
2.	Discount Rate	**5.25%**	**9.25%**	**9.25%**	**9.25%**
		5.25%	*8.25%*	*8.25%*	*8.25%*
3.	Increase in Salary/Health Care Cost/Pension	**5.00%**	**8.00%**	**5.00%**	**8.00%**
		5.00%	*8.00%*	*5.00%*	*8.00%*
4.	Rate of Return on Plan Assets	**—**	**9.25%**	**—**	**—**
		—	*8.25%*	**—**	**—**

Figures in italics under I to VI are for the Previous year.

		Gratuity	Gratuity 31-3-2013
VII.	**Categories of plan assets as a percentage of the fair value of total plan assets**	**%**	%
1.	Government of India Securities	**22.00**	22.00
2.	Corporate Bonds	**70.00**	66.00
3.	Special Deposit Scheme	**3.00**	2.50
4.	Others	**5.00**	9.50
		100.00	100.00

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

			2012-13	
	₹ 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	**117.66**	**112.54**	111.18	106.36
2. Effect on defined benefit obligation	**850.46**	**812.15**	856.46	817.87

(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 obligation, fair value of assets, surplus/(deficit) of assets and experience adjustments of current year and preceding four years are as under:

		2012-13	2011-12	2010-11	2009-10
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1. Present value of defined benefit obligation	**9543.03**	9983.54	9508.97	9152.26	8153.41
2. Fair value of Plan Assets	**4597.23**	4747.60	4536.01	4648.11	4069.15
3. (Surplus) or Deficit of the Plan	**4927.30**	5235.94	4972.96	4504.15	4084.26
4. Experience Adjustments					
- On Plan Assets	**(69.10)**	4.61	15.54	65.08	72.09
- On Plan Liabilities	**(566.18)**	(304.07)	(296.46)	(16.99)	(11.32)
	(635.28)	(299.46)	(280.92)	48.09	60.77

(d) 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.

(e) Expected contribution to Defined Benefits Schemes for the next year is ₹ 610.00 Lakhs (2012-13 : ₹ 628.00 Lakhs) .

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

		2012-13
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**821.58**	843.73
Superannuation Fund	**169.71**	170.21
	991.29	1013.94

(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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

34. Related Party Disclosures

(a) List of Related Parties and Relationships

	Party	Relation
A.	Brihat Trading Private Ltd. Voltas Material Handling Private Ltd. (w.e.f. 1-5-2011 and upto 2-11-2012)	Associate
B.	Universal Voltas LLC Naba Diganta Water Management Ltd. Olayan Voltas Contracting Company Ltd. (w.e.f. 8-2-2012) Universal Weathermaker Factory L.L.C. Voltas Qatar W.L.L. (w.e.f. 2-4-2012) AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
C.	Tata Sons Ltd.	Promoter holding together with its subsidiary more than 20%
D.	Mr. Sanjay Johri - Managing Director	Key Management Personnel

34. (b) Related Party Transactions

₹ In Lakhs

Transactions	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 34 (c) (1)]	**349.06**	**—**	**—**	**349.06**
	1005.23	—	—	*1005.23*
Sale of Products [Refer 34 (c) (2)]	**51.77**	**—**	**10.39**	**62.16**
	336.23	*0.81*	*8.89*	*345.93*
Service Income [Refer 34 (c) (3)]	**890.70**	**0.05**	**57.73**	**948.48**
	1349.33	—	*4.13*	*1353.46*
Sale of Fixed Assets [Refer 34 (c) (4)]	**—**	**—**	**—**	**—**
	5.43	—	—	*5.43*
Interest Income [Refer 34 (c) (5)]	**—**	**—**	**—**	**—**
	—	—	*43.81*	*43.81*
Rental Income [Refer 34 (c) (6)]	**—**	**—**	**1.57**	**1.57**
	199.43	—	—	*199.43*
Net profit on divestment of Associate [Refer 34 (c) (7)]	**—**	**—**	**—**	**—**
	5.00	—	—	*5.00*
Deputation Charges received [Refer 34 (c) (8)]	**—**	**—**	**—**	**—**
	15.76	—	—	*15.76*
Consulting Charges paid [Refer 34 (c) (9)]	**—**	**—**	**5.29**	**5.29**
	—	—	*6.96*	*6.96*
Remuneration Paid / Payable [Refer 34 (c) (10)]	**—**	**233.42**	**—**	**233.42**
	—	*183.21*	—	*183.21*
Dividend Paid [Refer 34 (c) (11)]	**—**	**—**	**1410.11**	**1410.11**
	—	—	*1410.11*	*1410.11*
Tata Brand Equity [Refer 34 (c) (12)]	**—**	**—**	**758.26**	**758.26**
	—	—	*821.04*	*821.04*
Other Expenses - Received /Receivable [Refer 34 (c) (13)]	**2061.61**	**—**	**—**	**2061.61**
	1660.87	—	—	*1660.87*
Other Expenses -Paid/Payable [Refer 34 (c) (14)]	**137.98**	**—**	**51.66**	**189.64**
	21.63	—	*57.23*	*78.86*

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

₹ In Lakhs

Transactions	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Fixed Assets [Refer 34 (c) (15)]	**—**	**—**	**—**	**—**
	34.80	*—*	*0.23*	*35.03*
Refund of Intercorporate Deposits Placed [Refer 34 (c) (16)]	**—**	**—**	**—**	**—**
	—	*—*	*2000.00*	*2000.00*
Advance Outstanding at year end [Refer 34 (c) (17)]	**382.32**	**—**	**—**	**382.32**
	—	*—*	*—*	*—*
Debit Balance Outstanding at year end [Refer 34 (c) (18)]	**1027.87**	**—**	**—**	**1027.87**
	685.38	*—*	*0.35*	*685.73*
Credit Balance Oustanding at year end [Refer 34 (c) (19)]	**—**	**—**	**763.33**	**763.33**
	298.35	*—*	*830.15*	*1128.50*

Figures in Italics are for the Previous year.

34. (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 2012-13
1. Purchase of Goods		
Universal Weathermaker Factory L.L.C.	**348.32**	502.48
Voltas Material Handling Private Ltd.	**—**	502.60
2. Sale of Products		
Olayan Voltas Contracting Company Ltd. (w.e.f. 8-2-2012)	**12.33**	180.81
Voltas Qatar W.L.L. (w.e.f. 2-4-2012)	**38.52**	114.60
Tata Sons Ltd.	**9.53**	—
3. Service Income		
Universal Voltas L.L.C.	**737.73**	654.02
Voltas Material Handling Private Ltd.	**—**	585.70
Voltas Qatar W.L.L.	**100.10**	—
4. Sale of Fixed Assets		
Voltas Material Handling Private Ltd.	**—**	5.43
5. Interest Income		
Tata Sons Ltd.	**—**	43.81
6. Rental Income		
Voltas Material Handling Private Ltd.	**—**	199.43
Tata Sons Ltd.	**1.57**	—
7. Net profit on divestment of Associate		
Voltas Material Handling Private Ltd.	**—**	5.00
8. Deputation Charges received		
Voltas Material Handling Private Ltd.	**—**	15.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

34. (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 2012-13
9.	**Consulting Charges paid**		
	Tata Sons Ltd.	**5.29**	6.96
10 .	**Remuneration Paid / Payable**		
	Mr. Sanjay Johri	**233.42**	183.21
11.	**Dividend Paid**		
	Tata Sons Ltd.	**1410.11**	1410.11
12.	**Tata Brand Equity**		
	Tata Sons Ltd.	**758.26**	821.04
13.	**Other Expenses - Received / Receivable**		
	Voltas Qatar W.L.L.	**1920.75**	1634.76
14.	**Other Expenses - Paid / Payable**		
	Tata Sons Ltd.	**51.66**	57.23
	Voltas Qatar W.L.L.	**122.88**	14.03
15.	**Purchase of Fixed Assets**		
	Voltas Material Handling Private Ltd.	—	34.80
16.	**Refund of Intercorporate Deposits Placed**		
	Tata Sons Ltd.	—	2000.00
17.	**Advance Outstanding at year end**		
	Voltas Qatar W.L.L.	**319.00**	—
	Universal Voltas L.L.C.	**55.37**	—
18.	**Debit Balance Outstanding at year end**		
	Olayan Voltas Contracting L.L.C.	—	226.71
	Voltas Qatar W.L.L.	—	422.80
	Universal Voltas L.L.C.	**730.31**	—
	Naba Diganta Water Management Ltd.	**195.88**	—
19.	**Credit Balance Oustanding at year end**		
	Tata Sons Ltd.	**763.32**	830.15
	Universal Weathermaker Factory L.L.C.	—	298.35

35. (A) Information about Consolidated Segments

			2012-13
1.	**SEGMENT REVENUE**	**₹ In Lakhs**	₹ In Lakhs
(a)	Segment - A (Electro - mechanical Projects and Services)	**269242.07**	319950.49
(b)	Segment - B (Engineering Products and Services)	**44821.79**	43104.72
(c)	Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**205242.38**	183563.51
(d)	Others	**5204.43**	5015.20
	Less : Inter segment revenue	**144.32**	227.51
	Net Sales / Income from Operations	**524366.35**	551406.41
	Add : Other operating income	**2238.14**	1689.60
	Net Revenue from Operations (as per Statement of Profit and Loss)	**526604.49**	**553096.01**

35. (A) Information about Consolidated Segments (contd.)

		2012-13
	₹ In Lakhs	₹ In Lakhs
2. SEGMENT RESULTS		
(a) Segment - A (Electro - mechanical Projects and Services)	**(3955.56)**	(4908.69)
(b) Segment - B (Engineering Products and Services)	**14144.02**	8209.66
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**25672.82**	16553.35
(d) Others	**56.52**	28.26
Segment Total	**35917.80**	19882.58
Less : (i) Interest Paid	**2254.57**	3254.73
(ii) Other unallocable expenditure net of unallocable income	**(330.94)**	(11355.33)
Profit before Tax	**33994.17**	27983.18

3. SEGMENT ASSETS AND LIABILITIES

	Segment Assets		Segment Liabilities	
		As at 31-3-2013		As at 31-3-2013
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	**222715.70**	243173.24	**160341.50**	172364.47
(b) Segment - B (Engineering Products and Services)	**18952.88**	20441.81	**8227.00**	9544.88
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**100891.17**	87002.98	**73420.78**	63297.77
(d) Others	**5522.85**	5200.87	**3028.57**	2560.67
Segment Total	**348082.60**	355818.90	**245017.85**	247767.79
Unallocated	**126474.55**	100844.40	**46225.41**	45152.45
	474557.15	456663.30	**291243.26**	292920.24

4. OTHER INFORMATION FOR SEGMENTS

	Capital Expenditure		Depreciation and Amortisation		Non-Cash Expenses Other than Depreciation and Amortisation	
		2012-13		2012-13		2012-13
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	**666.53**	2280.28	**1065.52**	1464.94	**3112.31**	1902.07
(b) Segment - B (Engineering Products and Services)	**21.30**	611.19	**159.77**	161.73	**68.45**	187.50
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**589.60**	549.81	**383.84**	342.38	**377.27**	1029.47
(d) Others	**167.78**	104.76	**179.49**	146.25	**124.89**	28.32
Segment Total	**1445.21**	3546.04	**1788.62**	2115.30	**3682.92**	3147.36
Unallocated	**706.43**	2072.28	**695.71**	668.73	**Nil**	Nil
	2151.64	5618.32	**2484.33**	2784.03	**3682.92**	3147.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (contd.)

35. (B) Information about Consolidated Secondary Business Segments

	₹ In Lakhs	2012-13 ₹ In Lakhs
Revenue by Geographical Market		
India	**365642.83**	347950.33
Middle East	**146816.60**	186993.83
Others	**11906.92**	16462.26
Total	**524366.35**	551406.42
Capital Expenditure		
India	**995.91**	3032.05
Middle East	**449.30**	502.27
Others	**Nil**	11.72
Total	**1445.21**	3546.04
Carrying Amount of Segment Assets		
India	**232071.60**	222680.78
Middle East	**112855.78**	130384.41
Others	**3155.22**	2753.71
Total	**348082.60**	355818.90

36. The Group has consolidated the accounts of the following Joint Ventures as on 31st March, 2014 and its percentage holding is given below :

Name of the Joint Venture	Country of Incorporation	% 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
Olayan Voltas Contracting Company Ltd.	Saudi Arabia	50.00
Voltas Qatar W.L.L.	Qatar	75.00

* Jointly controlled operations

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 :

	₹ in Lakhs	2012-13 ₹ in Lakhs
ASSETS		
Net Block (including Capital WIP)	**1614.80**	1770.02
Current Assets	**58248.28**	46948.85
Non-Current Assets	**2913.29**	912.62
LIABILITIES		
Reserves and Surplus	**7258.08**	(4761.84)
Current Liabilities	**57509.09**	49065.27
Non-Current Liabilities	**1936.76**	1308.30
INCOME		
Revenue from Operations	**55260.42**	68795.43
Other Income	**(858.88)**	(864.36)
EXPENSES		
Cost of Sales, Services and Expenses	**50249.78**	84071.09
Depreciation	**212.84**	516.75
Interest	**381.62**	998.58
TAXES	**163.56**	85.48
CONTINGENT LIABILITIES	**13157.31**	10413.60
CAPITAL COMMITMENTS	**7842.73**	4717.30

37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
	Thomas Mathew T.
President - Corporate Affairs & CFO	**Anil George**
Vice President- Taxation, Legal & Company Secretary	**V. P. Malhotra**

Mumbai, 29th May, 2014

DETAILS OF SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2014

The Company has opted for exemption granted vide Circular No. 2/2011 related to not attaching the Balance Sheet of Subsidiaries under Section 212(8) of the Companies Act, 1956. The relevant details of Subsidiaries as at 31st March, 2014, as required vide Circular No. 2/2011 are as follows :

	Weathermaker Limited (WML) # @		Saudi Ensas Company for Engineering Services W.L.L. (Saudi Ensas) # @		Lalbuksh Voltas Engineering Services & Trading L.L.C. (LALVOL) # @		Voltas Oman L.L.C. (VOLLC) # @		Voltas Netherlands B.V. (VNBV) # @		Universal Comfort Products Limited (UCPL)	Rohini Industrial Electricals Limited (RIEL)	Auto Aircon (India) Limited (AAIL)
	AED	₹ in Lakhs	SR	₹ in Lakhs	OMR	₹ in Lakhs	OMR	₹ in Lakhs	EURO	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1. Capital	1500000	252.75	2600000	429.00	250000	401.55	500000	803.10	618729	509.83	2764.20	6382.58	1130.00
2. Reserves & Surplus	11909528	2006.76	(2223680)	(366.91)	1754795	2818.56	(333259)	(535.28)	7682721	6330.56	11812.05	(4398.42)	(1210.41)
3. Total Assets	16259611	2739.75	8568101	1413.74	4164298	6688.70	3060971	4916.54	8323873	6858.87	27444.55	17454.00	35.79
4. Total Liabilities	2850083	480.24	8191781	1351.64	2159503	3468.59	2894230	4648.72	22423	18.48	12868.30	15469.84	116.20
5. Investments (excluding investment in subsidiary)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3864316	3184.20	Nil	Nil	Nil
6. Turnover / Income	16575660	2793.00	10756946	1774.90	3437306	5521.00	3519404	5652.87	1461720	1204.46	92882.19	10110.30	Nil
7. Profit / (Loss) before Tax	(3547639)	(597.78)	253805	41.88	32130	51.61	52921	85.00	1341317	1105.25	7455.94	(690.38)	(0.09)
8. Provision for Taxation (net)	Nil	Nil	41000	6.77	3942	6.33	Nil	Nil	Nil	Nil	1702.96	Nil	Nil
9. Profit / (Loss) after Tax	(3547639)	(597.78)	212805	35.11	28188	45.28	52921	85.00	1341317	1105.25	5752.98	(690.38)	(0.09)
10. Proposed Dividend	3750000	631.88	Nil	Nil	Nil	Nil	Nil	Nil	1500000	1236.00	2764.20	Nil	Nil

Notes :

\# The foreign currency figures of WML, Saudi Ensas, LALVOL, VOLLC and VNBV have been converted into Indian Rupees on the basis of appropriate exchange rates.

@ Financials of WML, Saudi Ensas, LALVOL and VOLLC are for the year ended 31st December, 2013: 1 AED = ₹ 16.85, 1 SR = ₹ 16.50, 1 OMR = ₹ 160.62.
Financials of VNBV are for the year ended 31st March, 2014: 1 EURO = ₹ 82.40.

Notes

Notes

New orders and opportunities

Delhi Metro Rail: a Rs 250 crores order, the project is for Environment Control Systems and Tunnel Ventilation Systems for eight underground stations and connected tunnels totalling approx. 11.5 kms in length.

Integrated Health Center and Workers Hospital, Qatar: a 120-bed healthcare facility.

Kempinski Wave, Muscat: Oman's first waterfront development, and the first 5-star hotel to be built in Oman in 20 years.

Sports Hall & Administration Office, Qatar: a 5350-seat indoor stadium being built for the World Cup Handball Competition, scheduled for January 2015.

VOLTAS LIMITED

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