



**VOLTAS**

A **TATA** Enterprise

**Reports and Accounts  
of Subsidiary Companies  
2009-2010**

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# UNIVERSAL COMFORT PRODUCTS LIMITED

Directors:

**M. M. Miyajiwala** (Chairman)

**Pradeep Kumar Bakshi**

**Behram Sabawala**

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting their Ninth Annual Report and Audited Accounts for the year ended 31st March, 2010.

2. The business operations at Pantnagar Plant have stabilized and the Company has recorded higher turnover of Rs.332.15 crores for the year ended 31st March, 2010 as compared to Rs.152.75 crores in the previous year. The Company has reported profit after tax of Rs.14.06 crores for the year under review as compared to a loss of Rs.17.75 crores in the previous year which also included large amount of exceptional items/impairment of assets at Dadra Plant.
3. The Company has no employee of the category indicated under Section 217(2A) of the Companies Act, 1956, as amended to date.
4. 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 technology absorption is given by way of an Annexure to this Report. As regards 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, 2010.
5. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, 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) proper accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010.
  - (c) proper and sufficient care have been taken 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) the annual accounts have been prepared on a going concern basis.
6. The Company has obtained the approval of the Central Government for appointment of M/s. N.I. Mehta & Co., Cost Accountants as Cost Auditors in respect of Room Airconditioners for the year ending 31st March, 2011.
7. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Behram Sabawala retires by rotation and being eligible, offers himself for reappointment.
8. Mr. Pradeep Kumar Bakshi was appointed Additional Director of the Company effective 19th March, 2010 and being eligible is proposed to be appointed at the ensuing Annual General Meeting. Mr. Sanjay Johri ceased to be a Director of the Company upon his resignation effective 19th March, 2010. The Directors wish to place on record their sincere appreciation of the valuable advice and guidance given by Mr. Johri during his tenure on the Board, since November 2006.

9. Mr. R. B. Advani who was appointed as the 'Manager' as defined under the provisions of the Companies Act, 1956, resigned from the services of the Company with effect from 15th September, 2009 and in his place, Mr. Pradeep Johari was appointed as the 'Manager' effective that date. However, in view of his transfer to Voltas Limited, the holding company, with effect from 1st June, 2010, Mr. M. K. Sharma has been appointed as the 'Manager' of the Company effective that date. Mr. Sharma is currently working with Voltas Limited as Head-R&D and OEM Development.
10. Messrs Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

**M. M. Miyajiwala**

Chairman

Mumbai, 25th May, 2010

## 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**
  - Development of high energy efficient star rated air conditioners and scroll compressor in split air conditioners.
  - Development of air conditioners with multi channel parallel flow heat exchangers.
  - Conversion of all non-star rated and single star rated air conditioners into 2 star category.
2. **Product and processes developed through in-house technology**
  - 2 TR split air conditioner – 5 star rated with energy efficient scroll technology.
  - 3 star window air conditioners.
  - New range of 5 star rated air conditioners.
3. **Imported Technology**

No technology has been imported during the last five years.
4. **Expenditure on R&D**

The expenditure on R&D activities for the year 2009-10 was Rs.3.30 lakhs. The R&D expenditure was 0.01% of the gross turnover.
5. **Energy Conservation**

Some of the measures taken for energy conservation are:

  - Modification of Pantnagar unit assembly line conveyor bus bar with provision of UPS system to reduce power consumption during testing.
  - Natural roof lighting in factory building to reduce energy consumption and use of CFL lights.

## AUDITORS' REPORT

### TO THE MEMBERS OF UNIVERSAL COMFORT PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of **UNIVERSAL COMFORT PRODUCTS LIMITED** ('the Company') as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**

*Chartered Accountants  
(Registration No.117366W)*

Nalin M. Shah  
*Partner*

Mumbai, 25th May, 2010

Membership No. 15860

## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (vi), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, constitute a substantial part of the fixed assets of the Company; however, 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 listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is a generally 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. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of air conditioners and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty,

Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales Tax and Service Tax which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in 000's)
Sales tax laws	Sales Tax	High Court	2002-05	64258
Finance Act, 1994	Service Tax	Commissioner (Appeal) of Central and Customs	2002-03	1194

- (x) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth and the Company has not incurred cash losses in the current financial year but it had incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have been applied for long term investment during the year to the extent of Rs.12730 thousand in the aggregate.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Nalin M. Shah  
Partner  
Mumbai, 25th May, 2010

Nalin M. Shah  
Partner  
Membership No. 15860

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in '000s	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS FUNDS</b>				
1. SHARE CAPITAL	A		<b>276420</b>	276420
<b>LOAN FUNDS</b>				
2. SECURED LOANS	C		—	264251
3. UNSECURED LOANS	D		<b>300000</b>	—
4. DEFERRED TAX LIABILITY (NET) (Refer Note 15 of Schedule 'P')			<b>682</b>	—
	TOTAL		<u><b>577102</b></u>	<u>540671</u>
<b>APPLICATION OF FUNDS</b>				
5. FIXED ASSETS				
Gross Block	E	<b>505330</b>		703536
Less : Depreciation/Amortisation		<u><b>224914</b></u>		<u>308394</u>
Net Block		<b>280416</b>		395142
Capital Work in Progress (including capital advance Rs 12 Lakhs, Previous year: Rs 29.29 Lakhs)		<u><b>2839</b></u>	<b>283255</b>	<u>2929</u> 398071
6. CURRENT ASSETS, LOANS & ADVANCES				
(A) CURRENT ASSETS				
(a) Inventories	F	<b>423501</b>		335213
(b) Sundry Debtors	G	<b>83271</b>		13825
(c) Cash and Bank Balances	H	<b>4990</b>		4516
(B) LOANS AND ADVANCES	I	<u><b>139426</b></u>		<u>104231</u>
		<b>651188</b>		457785
7. LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	J	<b>356760</b>		460045
(b) Provisions	J	<u><b>7158</b></u>		<u>2362</u>
		<b>363918</b>		462407
8. NET CURRENT ASSETS/(LIABILITIES)			<b>287270</b>	(4622)
9. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT	B		<u><b>6577</b></u>	<u>147222</u>
	TOTAL		<u><b>577102</b></u>	<u>540671</u>

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

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

Nalin M. Shah  
Partner  
Mumbai, 25th May, 2010

For and on behalf of the Board

Chairman **M. M. Miyajiwala**  
Director **Behram Sabawala**  
Manager **Pradeep M. Johari**  
Mumbai, 25th May, 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
1. SALES AND SERVICES		<b>3321537</b>		1527473
Less: Excise Duty on Sales		<b>10772</b>		183648
			<b>3310765</b>	1343825
2. OTHER INCOME	K		<b>19760</b>	42618
			<b>3330525</b>	1386443
3. COST OF SALES	L		<b>3041156</b>	1257039
4. OPERATING AND ADMINISTRATIVE EXPENSES	M		<b>95026</b>	160684
			<b>3136182</b>	1417723
5. PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			<b>194343</b>	(31280)
6. INTEREST	N		<b>17808</b>	50905
7. DEPRECIATION/AMORTISATION			<b>20347</b>	26634
8. EXCEPTIONAL ITEMS	O		<b>22711</b>	98402
9. PROFIT/(LOSS) BEFORE TAXATION			<b>133477</b>	(207221)
10. PROVISION FOR TAXATION :				
– Current Taxes (Including Wealth Tax Rs. 0.35 Lakh) (Previous year : Rs. 0.20 Lakh)		<b>22135</b>		20
– Deferred Tax		<b>682</b>		(30000)
– Fringe Benefit Tax		—		241
– MAT Credit Entitlement		<b>(29985)</b>		—
– TAX (INCOME)/ EXPENSE			<b>(7168)</b>	(29739)
11. PROFIT/(LOSS) AFTER TAXATION			<b>140645</b>	(177482)
12. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR (Refer Schedule B)			<b>(147222)</b>	30260
13. BALANCE CARRIED FORWARD			<b>(6577)</b>	(147222)
14. Basic and diluted earnings per share (in Rs.) (Refer Note 16 of Schedule 'P')			<b>5.09</b>	(6.42)

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

For **Deloitte Haskins & Sells**  
Chartered Accountants

Nalin M. Shah  
Partner  
Mumbai, 25th May, 2010

For and on behalf of the Board

Chairman **M. M. Miyajiwala**  
Director **Behram Sabawala**  
Manager **Pradeep M. Johari**  
Mumbai, 25th May, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in '000s	2008-09 Rupees in '000s
<b>A. Cash Flow from Operating activities</b>		
Net Profit /(Loss) before tax	<b>133477</b>	(207221)
Adjustments :		
– Depreciation	<b>20347</b>	26634
– Impairment of Fixed Assets	<b>22711</b>	79576
– Provision for Employee Benefits	<b>(816)</b>	(2619)
– Loss on Sale of Fixed Assets	<b>31222</b>	—
– Interest expenses considered separately	<b>17808</b>	50905
– Interest on Income Tax Refund	<b>(617)</b>	—
Operating Profit before working capital changes	<b>224132</b>	(52725)
(Increase)/decrease in inventories	<b>(88288)</b>	26591
(Increase)/decrease in sundry debtors	<b>(69446)</b>	444318
(Increase)/decrease in loans and advances	<b>(6342)</b>	643
Increase/(decrease) in current liabilities	<b>(103285)</b>	(93319)
Cash generated from Operations	<b>(43229)</b>	325508
Direct Taxes paid (Net)	<b>(15391)</b>	(266)
<b>Net Cash from Operating activities (A)</b>	<b>(58620)</b>	325242
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and movement in CWIP	<b>(10469)</b>	(11810)
Interest received	<b>617</b>	—
Sale of Fixed Assets	<b>51005</b>	—
<b>Net Cash used In Investing activities (B)</b>	<b>41153</b>	(11810)
<b>C. Cash Flow from Financing activities</b>		
Repayment of long term borrowings	<b>(33400)</b>	(58300)
Change in cash credit account and other borrowings	<b>(230851)</b>	(118211)
Interest paid	<b>(17808)</b>	(52108)
Inter Corporate Deposit	<b>300000</b>	—
Share application money refunded	<b>—</b>	(86500)
<b>Net Cash used In Financing activities (C)</b>	<b>17941</b>	(315119)
<b>Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>474</b>	(1687)
<b>Opening cash and cash equivalents as per Schedule 'H'</b>	<b>4516</b>	6203
<b>Closing cash and cash equivalents as per Schedule 'H'</b>	<b>4990</b>	4516

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

Nalin M. Shah  
Partner  
Mumbai, 25th May, 2010

For and on behalf of the Board

Chairman **M. M. Miyajiwala**  
Director **Behram Sabawala**  
Manager **Pradeep M. Johari**  
Mumbai, 25th May, 2010



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

## SCHEDULE 'A': SHARE CAPITAL

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
(i) AUTHORISED 50000000 Equity Shares of Rs. 10 each	<b>500000</b>	500000
(ii) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 27642000 Equity Shares of Rs.10 each (Equity Shares are held by Voltas Limited, the holding company)	<b>276420</b>	276420

## SCHEDULE 'B': RESERVES AND SURPLUS

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Opening Profit and Loss Account balance	<b>(147222)</b>	30260
Add/Less : Profit/(Loss) for the year	<b>140645</b>	(177482)
	<b>(6577)</b>	(147222)

## SCHEDULE 'C': SECURED LOANS

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Loans from a Bank (Refer Note 2 of Schedule 'P')		
– Term Loan [Rs. Nil (Previous year : Rs. 334 Lakhs) due within a year.]	—	33400
– Cash credit	—	230851
	—	264251

## SCHEDULE 'D': UNSECURED LOANS

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Short Term Loans from Others		
– Inter Corporate Deposit from holding company	<b>300000</b>	—

## SCHEDULE 'E': FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / IMPAIRMENT / AMORTISATION					NET BLOCK	
	As at 1-4-2009	Additions	Deletion	As at 31-3-2010	As at 1-4-2009	For the year	Deletion	Impairment for the year	Upto 31-3-2010	As at 31-3-2010	As at 31-3-2009
	1. Freehold Land	16441	—	—	<b>16441</b>	—	—	—	—	—	<b>16441</b>
2. Leasehold Land	25626	—	—	<b>25626</b>	572	281	—	—	<b>853</b>	<b>24773</b>	25054
3. Buildings *	194472	5995	—	<b>200467</b>	34531	6545	—	435	<b>41511</b>	<b>158956</b>	159941
4. Plant & Machinery	449254	4154	208508	<b>244900</b>	262675	12035	126340	22276	<b>170646</b>	<b>74254</b>	186579
5. Furniture & Fittings	9832	410	257	<b>9985</b>	5134	306	198	—	<b>5242</b>	<b>4743</b>	4698
6. Vehicles	2008	—	—	<b>2008</b>	1908	—	—	—	<b>1908</b>	<b>100</b>	100
7. Intangible Assets (Software)	5903	—	—	<b>5903</b>	3574	1180	—	—	<b>4754</b>	<b>1149</b>	2329
Total	703536	10559	208765	<b>505330</b>	308394	20347	126538	22711	<b>224914</b>	<b>280416</b>	395142
Previous Year	694135	9401	—	703536	202184	26634	—	79576	308394	395142	491951

\* Includes Rs.2250 being cost of 45 shares of Rs. 50 each in Co-operative Housing Societies.

Fixed Assets include assets held for sale aggregating Rs. 1233.76 Lakhs (Previous year: Rs. 566.34 Lakhs), valued at the lower of the estimated net realisable value and net book value.

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

**SCHEDULE 'F': INVENTORIES**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1. Stores	<b>127</b>	126
2. Stock-in-Trade		
(a) Raw Materials and Components	<b>356219</b>	279550
(b) Work-in-Progress	<b>5992</b>	474
(c) Finished Goods	<b>61163</b>	55063
	<b><u>423501</u></b>	<u>335213</u>

**SCHEDULE 'G': SUNDRY DEBTORS**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
(Unsecured and considered good)		
(i) Over six months old	<b>3429</b>	—
(ii) Others	<b>79842</b>	13825
	<b><u>83271</u></b>	<u>13825</u>

**SCHEDULE 'H': CASH AND BANK BALANCES**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1. Cash in hand	<b>1</b>	6
2. Balances with Scheduled Bank		
– In Current Account	<b>4989</b>	4510
	<b><u>4990</u></b>	<u>4516</u>

**SCHEDULE 'I': LOANS AND ADVANCES**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
(Unsecured and considered good)		
1. Advances Recoverable in cash or in kind or for value to be received	<b>104830</b>	95159
2. Advance Payment of Income Tax (Net)	<b>3237</b>	4369
3. Mat Credit Entitlement	<b>29985</b>	—
4. Loans to Employees	<b>29</b>	97
5. Deposits with Customers/Others	<b>322</b>	785
6. Balance with Excise	<b>1023</b>	3821
	<b><u>139426</u></b>	<u>104231</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)****SCHEDULE 'J' : CURRENT LIABILITIES AND PROVISIONS**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
(A) CURRENT LIABILITIES		
1. Sundry Creditors (Refer Note 17 of Schedule 'P')		
(a) Due to Micro and Small Enterprises	—	—
(b) Others	<b>345309</b>	327260
2. Advance payments and deposits received from Customers/Others	<b>80</b>	122194
3. Other Liabilities	<b>11371</b>	10591
TOTAL (A)	<b>356760</b>	460045
(B) PROVISIONS		
4. Provision for Employee Benefits	<b>1526</b>	2342
5. Provision for Wealth Tax (Net)	<b>35</b>	20
6. Provision for Income Tax (Net)	<b>5597</b>	—
TOTAL (B)	<b>7158</b>	2362
TOTAL (A)+(B)	<b>363918</b>	462407

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010****SCHEDULE 'K' : OTHER INCOME**

	<b>Rupees in '000s</b>	2008-09 Rupees in '000s
1. Credit balances no longer payable written back	<b>3175</b>	29738
2. Foreign exchange fluctuation (Net)	<b>3543</b>	10390
3. Rent Income	<b>80</b>	205
4. Miscellaneous Income	<b>12345</b>	2285
5. Interest on Income Tax Refund	<b>617</b>	—
	<b>19760</b>	42618

**SCHEDULE 'L' : COST OF SALES**

	<b>Rupees in '000s</b>	2008-09 Rupees in '000s
1. Opening Stock [Including Work-in-Progress: Rs. 4.74 Lakhs (Previous year: Rs. 26.18 Lakhs)]	<b>335087</b>	361571
2. Purchases and cost of manufacture	<b>3129443</b>	1230555
	<b>3464530</b>	1592126
3. Stock-in-Trade as at 31-3-2010 [Including Work-in-Progress: Rs. 59.92 Lakhs (31-3-2009 : Rs. 4.74 Lakhs)]	<b>423374</b>	335088
4. Cost of Sales (1+2-3) (Refer Note 7 of Schedule 'P')	<b>3041156</b>	1257038

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

**SCHEDULE 'M': OPERATING AND ADMINISTRATIVE EXPENSES**

	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
1. Staff Expenses			
(a) Salaries, Wages and Bonus	5855		16899
(b) Company's contribution to Provident Funds and other Funds	400		1294
(c) Retiring Gratuity	(97)		1347
(d) Welfare Expenses	916		4885
		<u>7074</u>	<u>24425</u>
2. Forwarding Charges		1454	6501
3. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		12285	32464
4. Advertising		3656	25895
5. Labour Charges		14412	8482
6. Warranty Cost		526	3388
7. Rates and taxes		213	336
8. Insurance		459	352
9. Stores consumed		6207	6832
10. Power		3831	8563
11. Repairs to Buildings		840	2249
12. Repairs to Plant and Machinery		41	3195
13. Repairs and Maintenance - Others		58	203
14. Travelling and Conveyance		642	795
15. Loss on Sale of Fixed Assets		31222	—
16. Stationery, Postage and Telephone		113	908
17. Legal and professional charges		785	2261
18. Auditor's Remuneration (Refer Note 12 of Schedule 'P')		1761	1693
19. Bad Debts/Advances written off		—	14
20. Other expenses		9327	32033
21. Audit Fees to Cost Auditors		120	95
		<u>95026</u>	<u>160684</u>

**SCHEDULE 'N': INTEREST**

	Rupees in '000s	2008-09 Rupees in '000s
Interest paid		
(a) On Fixed Loan	3705	8016
(b) On other account	14103	42889
	<u>17808</u>	<u>50905</u>

**SCHEDULE 'O': EXCEPTIONAL ITEMS**

	Rupees in '000s	2008-09 Rupees in '000s
1. Impairment of Fixed Assets	22711	79576
2. Workmen Compensation	—	18826
	<u>22711</u>	<u>98402</u>

**SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

## 1. SIGNIFICANT ACCOUNTING POLICIES

- (i) The accounts are prepared on historical cost convention, on accrual basis of accounting and comply with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 of the Companies Act, 1956.  
The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) of the accounts and the reported income and expenses during the period. The Management believes that the estimates used in the preparation of the accounts are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.
- (ii) All revenues, costs, assets and liabilities are accounted for on accrual basis.
- (iii) SALES  
(a) Sales inclusive of excise duty, exclude sales tax or value added tax.  
(b) Sales are accounted on accrual basis, when sale of goods is completed.
- (iv) DEPRECIATION  
Depreciation on all assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except computers and vehicles, which are depreciated at the rate of 20% per annum, which is higher than the prescribed rate.  
Leasehold Land is amortised over the balance life of lease from the commencement of project.  
Intangible assets are amortised on straight line basis over their useful lives or five years whichever is earlier.
- (v) FIXED ASSETS  
Fixed assets are shown at cost less accumulated depreciation. Cost of assets includes freight, octroi, duties, taxes, cost of installation and all other incidental expenses incurred towards acquisition and installation of fixed assets.  
Own manufactured goods are capitalised at cost excluding interest but including excise duty net of Cenvat.  
Directly identifiable preoperative expenses of new projects of capital nature and interest on borrowed money allocated to and utilised for fixed assets, pertaining to the period up to the date of capitalisation is capitalised.
- (vi) INVENTORIES  
Inventories are accounted at cost or net realisable value whichever is lower, cost being worked out on weighted average basis. Cost includes all charges incurred for bringing the goods to the point of sale including all duties, taxes, levies, transit insurance and receiving charges, which are directly attributable to receiving such goods but excludes duties and taxes, which can be subsequently, recovered by the Company from the authorities.
- (vii) CONVERSION OF FOREIGN EXCHANGE TRANSACTIONS  
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 transactions are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.
- (viii) EMPLOYEE BENEFITS  
(a) Defined Contribution Plan  
The Company's contributions during the year to Provident and Superannuation Funds are recognised in the Profit and Loss Account.  
(b) Defined Benefit Plan  
The Company's liabilities towards gratuity is 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. Obligation is measured at the present value of estimated future cash flow using a discounted rate that is determined by reference to market yields at Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation. The liability is determined by an independent external actuarial valuation determined on the basis of the projected unit credit method carried out annually. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.  
(c) The Company has a scheme for compensated absences benefits for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.
- (ix) TAXES ON INCOME  
Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.  
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. Where there is unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred assets are recognised only to the extent there is reasonable certainty of realisation in future.

## SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

(x) INTANGIBLE ASSETS

Computer software having future expected benefit is capitalised as per Accounting Standard (AS) 26 – Intangible Assets as notified by the Companies (Accounting Standard) Rules, 2006.

(xi) IMPAIRMENT OF FIXED ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amount of those assets is estimated and impairment is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discounting factor.

(xii) BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(xiii) PROVISIONS AND CONTINGENCIES

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values 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 estimation. Contingent liabilities are disclosed in Notes to Accounts.

2. Secured Loans from a Bank

Loans are secured by a charge over the Company's land and buildings, plant and machinery and other movable assets including inventories, receivables etc. (present as well as future).

3. Contingent Liabilities

Claim not acknowledged as debt in respect of Sales Tax and Service Tax Rs. 613.10 Lakhs. (Previous year: Rs. 378.03 Lakhs).

Bank Guarantee of Rs. 16.71 Lakhs for import of capital goods and others (Previous year: Rs. 18.76 Lakhs).

4. Information in regard to Raw Materials and Components consumed: (excluding raw materials sold)

(a) Items	Unit of Measurement	Quantity	2008-09 Quantity	Rupees in '000s	2008-09 Rupees in '000s
Steel/Ferrous Metals	Kgs.	—	1186740	—	59404
Non-Ferrous Metals-Aluminium	Kgs.	—	147474	—	24313
Non-Ferrous Metals-Copper	Mtrs.	210	2372252	14	56322
Fan Motor	Nos.	2003	67116	918	36053
Compressors	Nos.	211070	83205	793212	297886
Valves	Nos.	—	141971	—	12508
Fan Coil Unit	Nos.	150069	69614	626665	256838
Kits	Nos.	222819	24860	1261386	163991
Others		(*)	(*)	78600	169431
				<b>2760795</b>	<b>1076745</b>

\* Comprise dissimilar items which cannot be practically aggregated and therefore quantitative information in respect thereof has not been furnished.

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

(b)	% to total Consumption	Value Rupees in '000s	2008-09 % to total Consumption	2008-09 Value Rupees in '000s
Imported	—	—	46.17	497150
Indigenous	<b>100.00</b>	<b>2760795</b>	53.83	579595
Total %	<b>100.00</b>	<b>2760795</b>	100.00	1076745

## 5. Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for as at the year-end aggregated Nil (Previous year: Rs. 31.14 Lakhs) net of advance Nil (Previous year: Rs. 29.29 Lakhs).

6. As per the requirement of Accounting Standard 28 as notified under the Companies (Accounting Standards) Rules 2006, the Company has estimated an impairment loss of Rs. 227.11 Lakhs (Previous year: Rs. 795.76 Lakhs) on Plant and Machinery, Building held for Sale as the estimated realisable value/value in use is lower than the net book value.
7. Cost of sales and service includes increase in stock of work-in-progress and finished goods of Rs. 116.18 Lakhs (Previous year: increase in stock of Rs. 11.84 Lakhs).
8. Quantitative information in regard to Licensed Capacity, Installed Capacity and Actual Production of the goods.

	Installed Capacity (Nos.)	Installed Capacity (Nos.)	Actual Production (Nos.)	Actual Production (Nos.)
Room Air conditioners	<b>250000</b>	405000	<b>226054</b>	91408

## Notes:

- (i) As per the Industrial Policy declared in July 1991 and as amended in April 1993, no licenses are required for the products manufactured by the Company.
- (ii) Installed capacity is as certified by the Management and relied upon by the Auditors as this is a technical matter.
9. Information in regard to Sales, Opening Stocks and Closing Stocks:

## (a) Sales :

Class of Goods	Unit of Measurement	Quantity	2008-09 Quantity	Rupees in '000s	2008-09 Rupees in '000s
<b>Air Conditioners</b>					
Room air conditioners (Including Split Units)	Numbers	<b>226159</b>	90534	<b>3097191</b>	1393681
Others (Raw materials)				<b>224346</b>	133792
				<b>3321537</b>	1527473

## (b) Opening and Closing Stocks :

Class of Goods	Unit of Measurement	Opening Stocks			Closing Stocks				
		Quantity	Quantity	Rupees in '000s	Quantity	Quantity	Rupees in '000s		
<b>Air Conditioners</b>									
Room Air conditioners	Numbers	<b>4411</b>	3537	<b>55063</b>	54103	<b>4306</b>	4411	<b>61163</b>	55063

**SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

10. Segment Reporting

The Company is engaged solely in the business of manufacture of air conditioners which constitute, its only business and primary segment. It has no geographical segment.

Hence the activities of the Company have been disclosed as a single segment as per Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

11. Value of imports on C.I.F. basis:

	Rupees in '000s	2008-09 Rupees in '000s
Raw Materials	—	457285
Stores & Spares	<b>867</b>	1790

12. Auditors Remuneration:

	Rupees in '000s	2008-09 Rupees in '000s
Audit Fees	<b>1000</b>	1000
Tax Audit Fees	<b>300</b>	300
Tax Matters	<b>150</b>	365
Other Services	<b>150</b>	—
Reimbursement of Expenses	<b>12</b>	28
Service Tax on Above	<b>149</b>	—
Total	<b>1761</b>	1693

(Net of service tax set off Rs. 0.15 Lakh (Previous year: Rs.2.09 Lakhs))

13. Related Party Disclosure :

Rs. In '000s

Relationship	Voltas Limited		Fedders International Air Conditioning Private Limited	
	Holding Company		Joint Venturer	
		2008-09		2008-09
Purchase of goods	<b>1501611</b>	146288	—	—
Purchase of Assets	<b>2027</b>	—	—	—
Sale of goods	<b>3058392</b>	1074280	—	—
Sale of Assets	<b>1053</b>	—	—	—
Rendering of services	—	1518	—	—
Freight paid	<b>1165</b>	6463	—	—
Reimbursement of Staff Cost	<b>629</b>	—	—	—
Commission paid	<b>12285</b>	32464	—	—
Advertisement paid	<b>3656</b>	25889	—	—
Warranty Expenses paid	<b>578</b>	3388	—	—
Interest Payment	<b>12000</b>	—	—	—
Share Application Money Repaid/ Adjusted	—	43250	—	43250
<b>Related Party Balances</b>				
Net Payable	<b>115849</b>	164258	—	—
Inter Corporate Deposit	<b>300000</b>	—	—	—



**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

## 14. Employee Benefits : Actuarial Gratuity

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

<b>Particulars</b>	<b>Rupees in '000s</b>	2008-09 Rupees in '000s
Provident Fund	<b>287</b>	1085
Superannuation Fund	<b>113</b>	209
	<b>400</b>	1294

- (b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2010. The details of the Company's Post- retirement benefit plans for the Gratuity for its employees are given below which is certified by the actuary and relied upon by the auditors.

<b>A. Assumptions</b>		2008-09
Discount Rate Previous	<b>8%</b>	8%
Rate of Return on Plan Assets Previous	—	—
Salary Escalation Previous	<b>5%</b>	5%
Discount Rate Current	<b>8%</b>	8%
Rate of Return on Plan Assets Current	—	—
Salary Escalation Current	<b>5%</b>	5%
Mortality Table	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
	<b>Rupees in '000s</b>	Rupees in '000s
<b>B. Table showing change in Benefit Obligation</b>		
Liability at the beginning of the year	<b>1533</b>	3856
Interest Cost	<b>121</b>	190
Current Service Cost	<b>86</b>	352
Past Service Cost (Non Vested Benefit)	—	—
Past Service Cost (Vested Benefit)	—	—
Benefit Paid	<b>(234)</b>	(3670)
Actuarial (Gain)/Loss on obligations	<b>(304)</b>	805
Liability at the end of the year	<b>1202</b>	1533
<b>C. Table of Fair value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Contributions	<b>234</b>	3670
Benefit Paid	<b>(234)</b>	(3670)
Actuarial Gain/(Loss) on Plan Assets	—	—
Fair Value of Plan Assets	—	—
Total Accrual Gain/(Loss) to be Recognised	<b>304</b>	(805)
<b>D. Amount Recognised in Balance sheet</b>		
Liability at the end of the year	<b>1202</b>	1533
Fair Value of Plan Assets at the end of the year	—	—
Difference	<b>1202</b>	1533
Unrecognised Past Service Cost	—	—
Amount Recognised in Balance Sheet	<b>1202</b>	1533
<b>E. Amount Recognised in Income Statement</b>		
Current Service Cost	<b>86</b>	352
Interest Cost	<b>120</b>	190
Expected Return on Plan Asset	—	—
Net Actuarial (Gain)/Loss to be Recognised	<b>(304)</b>	805
Past Service Cost (Non Vested Benefit) Recognised	—	—
Past Service Cost (Vested Benefit) Recognised	—	—
Expenses Recognised in Profit and Loss Account	<b>(97)</b>	1347

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	Rupees in '000s	2008-09 Rupees in '000s
<b>F. Balance Sheet Reconciliation</b>		
Opening Net Liability	<b>1533</b>	3856
Expenses as above	<b>(97)</b>	1347
Employers Contribution	<b>(234)</b>	(3670)
Amount Recognised in Balance Sheet	<b>1202</b>	1533

	2009-10	2008-09	2007-08	2006-07
<b>G. Experience Adjustment</b>				
On Plan Liability (Gain)/Loss	<b>(304)</b>	805	452	(32)
On Plan Assets (Gain)/Loss	—	—	—	—
Present Value of defined benefit obligation	<b>1202</b>	1533	3856	2997

**H.** Expected contribution to define benefit plan in next year Rs. 1.50 Lakhs (Previous year: 13.41 Lakhs).

The actuarial calculation used to estimate defined benefit commitment and expenses are based on the above assumptions which, if changed, would affect the defined benefit commitments and expenses.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

15. Deferred Taxes

As per Accounting Standard 22 on 'Accounting for taxes on income' as notified by the Companies (Accounting Standard) Rules, 2006, the Company has recognised deferred tax (debit)/credit of (Rs. 6.82 Lakhs) (Previous year: Rs. 300 Lakhs) for the year as indicated below.

The break-up of deferred tax liability and deferred tax asset as at 31st March 2010 are as under:

Particulars	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>Deferred Tax Liability</b>		
Depreciation (A)	<b>19197</b>	35400
<b>Deferred Tax Asset</b>		
Employee Benefits	<b>507</b>	—
Unabsorbed Depreciation	<b>16582</b>	35400
Others	<b>1426</b>	—
Total (B)	<b>18515</b>	35400
Net Deferred Tax (Liability)/Asset (A-B)	<b>(682)</b>	—

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

16. Earnings Per Share

Profit/(Loss) After Tax (Rupees in '000s)	<b>140645</b>	(177482)
Number of Equity Shares	<b>27642000</b>	27642000
Basic and Diluted Earnings per share of Rs. 10 each (Rs.)	<b>5.09</b>	(6.42)

17. On the basis of the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no suppliers registered under the said Act.

18. The Company has paid/reimbursed remuneration of Rs. 11.19 Lakhs (Previous year: Rs. 6.76 Lakhs) to Manager inclusive of contribution to provident fund and other fund of Rs. 1.04 Lakhs (Previous year: Rs. 0.85 Lakh), estimated money value of benefits of Rs Nil (Previous year: Nil). It does not include provision for gratuity/compensated absence.

19. The Balance Sheet and the Profit and Loss Account have not been authenticated by a Company Secretary as required under Section 215 of Companies Act, 1956, as the Company has not been able to appoint Company Secretary under Section 383A of the Companies Act, 1956.

20. Figures of the previous accounting year have been regrouped where necessary to confirm to the classification of the current year.

For and on behalf of the Board

Chairman **M. M. Miyajiwala**  
 Director **Behram Sabawala**  
 Manager **Pradeep M. Johari**

Mumbai, 25th May, 2010

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

**I. Registration Details :**

Registration No. : U 2 9 1 9 3 D N 2 0 0 1 P L C 0 0 0 1 5 9  
 State Code : 5 4  
 Balance Sheet Date : 3 1    0 3    2 0 1 0  
 Date            Month            Year

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

Public Issue :                    N I L                    Rights Issue :                    N I L  
 Bonus Issue :                    N I L                    Private Placement :                    N I L

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

Total Liabilities :                    5 7 7 1 0 2                    Total Assets :                    5 7 7 1 0 2

**Sources of Funds**

Paid-up Capital :                    2 7 6 4 2 0                    Reserves and Surplus :                    N I L  
 Secured Loans :                    N I L                    Unsecured Loans :                    3 0 0 0 0 0  
 Deffered Tax Liability                    6 8 2

**Application of Funds**

Net Fixed Assets :                    2 8 3 2 5 5                    Investments :                    N I L  
 Net Current Assets :                    2 8 7 2 7 0                    Misc. Expenditure :                    N I L  
 Accumulated Losses :                    6 5 7 7

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

Turnover / Total Income :                    3 3 1 0 7 6 5                    Total Expenditure :                    3 1 7 7 2 8 8  
 Profit Before Tax :                    1 3 3 4 7 7                    Loss After Tax :                    1 4 0 6 4 5  
 Earnings Per Share (in Rs.) :                    5 . 0 9                    Dividend Rate (%) :                    N I L

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

Item Code No.                    84151000  
 (ITC Code)  
 Product Description :                    Room Air Conditioner  
 Item Code No.                    84151000  
 (ITC Code)  
 Product Description :                    Split Air Conditioner

# ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

**P. N. Dhume** (Chairman)

**Prashant G. Kandoi** (Managing Director & CEO)

**Gopal M. Kandoi**

**A. K. Joshi**

**M. Gopikrishna**

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors present their Twenty-Seventh Annual Report and Audited Accounts for the year ended 31st March, 2010. The Company has recorded higher turnover of Rs.214 crores for the year ended 31st March, 2010 as compared to Rs.191 crores in the previous year. Due to economic downturn and credit squeeze prevailing for a large part of 2009-10, there was a slow down in the new project opportunities from the private sector. Nevertheless, the Company was able to change its focus and strategy and book certain large prestigious government projects against severe competition where the margins are lower than those the Company could garner, prior to the depressed economic conditions, apart from longer project timelines. Accordingly, the Profit after tax was lower at Rs.9.29 crores for the year under review as compared to Rs.11.76 crores in the previous year. With a view to conserve the cash resources, the Directors do not recommend any dividend for the year 2009-10.

2. During the year under review, Voltas Limited, the holding company increased its shareholding by acquiring 2,98,211 equity shares of Rs.10 each from the Promoters of the Company. The present shareholding of Voltas in the Company is 12,29,360 equity shares of Rs.10 each representing 67.33% of the share capital of the Company.
3. As required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, a statement of information relating to employees has been given by way of an Annexure to this Report.
4. The particulars with respect to conservation of energy, technology absorption being not relevant, have not been given. As regards 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, 2010.
5. 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 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.

6. Mr. Gopal M. Kandoi ceased to be an Executive Director of the Company upon expiry of his contract on 31st March, 2010. However, he continues to be a Director of the Company. Mr. Prasanna Pahade resigned as a Director of the Company effective 14th May, 2010. The Directors wish to place on record their sincere appreciation for the valuable advice given by Mr. Prasanna Pahade during his tenure on the Board. Mr. M. Gopikrishna was appointed as a Director with effect from 14th May, 2010 in the casual vacancy caused by the resignation of Mr. Prasanna Pahade. Mr. Gopikrishna is the Executive Vice President & Chief Operating Officer of Electro Mechanical & Refrigeration Business Group of Voltas Limited, the holding company and has vast knowledge and experience in projects business.
7. As required by Section 383A(1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001, a 'Compliance Certificate' issued by a Practicing Company Secretary and forming part of the Directors' Report, is annexed hereto.
8. M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditors being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

Mumbai, 14th May, 2010

**P. N. Dhume**  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217(2A)(b)(ii), read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

Name	Age	Designation /Nature of Duties	Remuneration		Qualifications	Date of commencement of employment	Experience	Last employment held, Designation - Period for which post held
			Gross (Rs.)	Net (Rs.)				
Gopal M. Kandoi	66 years	Executive Director	5371000	3038554	B.E.	27-8-1983	33 years	Indian Smelting & Refining Co. Ltd., Works Manager - 7 years
Prashant G. Kandoi	39 years	Managing Director & CEO	5704000	3198981	B.E.	1-4-1992	18 years	—

Notes:

- (1) The nature of employment is contractual. All other terms and conditions are as per Company's Rules.
- (2) Remuneration includes, salary, allowances, bonus, perquisites, incentive remuneration, contribution to provident fund, leave travel allowance, etc.
- (3) Net remuneration is shown after deduction of contribution to provident fund and income tax from gross remuneration.
- (4) The aforesaid employees are Directors of the Company and related to each other.

On behalf of the Board of Directors

**P. N. Dhume**  
Chairman

Mumbai, 14th May, 2010

**SECRETARIAL COMPLIANCE CERTIFICATE****TO THE MEMBERS OF  
ROHINI INDUSTRIAL ELECTRICALS LIMITED**

I have examined the registers, records and papers of **ROHINI INDUSTRIAL ELECTRICALS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company has the minimum prescribed paid-up capital as applicable to public limited company and the comments relating to restrictive conditions specified under Section 3(1)(iii) of the Act are not required.
4. The Board of Directors duly met four times respectively on 4th May, 2009, 3rd July, 2009, 16th October, 2009 and 14th January, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose including the Circular Resolutions passed on 9th April, 2009, 23rd July, 2009 and 9th November, 2009.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 28th July, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has maintained the Register under Section 301 of the Companies Act, 1956 and necessary entries are entered therein.

11. As there were no instances falling within the purview of Section 314 of the Act, during the financial year under scrutiny, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
  - (i) has not made allotment/transfer/transmission of securities during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) does not have any unpaid/unclaimed dividend outstanding for seven years and hence, the requirement of transfer to the Investor Education and Protection Fund does not arise.
  - (v) has complied with the provisions of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Directors during the financial year.
15. The Company has not appointed any Wholetime Director/ Manager during the financial year.
16. The Company has not appointed any Sole Selling Agents during the financial year.
17. The Company has made an application to the Central Government for payment of remuneration to Mr. Prashant G. Kandoi and Mr. Gopal M. Kandoi, managerial personnel, in excess of the limits prescribed under the provisions of the Companies Act, 1956 and the Government approval is awaited. The Company was not required to obtain any other approval of the Company Law Board, Regional Director prescribed under the various provisions of the Act, during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There are no Preference Shares issued by the Company due for redemption.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, Rights shares and Bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans within the purview of Section 58A of the Act during the financial year.
24. The borrowings made by the Company during the financial year ended 31st March, 2010 are within the borrowing limits earlier approved by the shareholders of the Company.
25. The Company had not given any loans nor given any guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the Objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the Company and no fine or penalty or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As explained to us, the Company has generally been regular in depositing the contribution towards Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**R. C. THAWANI**  
*Company Secretary*  
 C.P.: 4197

*Mumbai, 10th May, 2010*

**ANNEXURE 'A'****REGISTERS AS MAINTAINED  
BY THE COMPANY****SECTION OF THE  
COMPANIES ACT, 1956****REGISTERS AS MAINTAINED  
BY THE COMPANY****SECTION OF THE  
COMPANIES ACT, 1956**

1. Register of Share Application & Allotment	u/s 75	6. Register of Charges	u/s 143
2. Register of Members	u/s 150	7. Register of Contracts	u/s 301
3. Register of Transfers	u/s 108	8. Disclosures of Interest	u/s 301(3)
4. Register of Directors	u/s 303	9. Register of Investments	u/s 372A
5. Register of Directors' Shareholding	u/s 307		

**ANNEXURE 'B'****FORMS AND RETURNS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER  
AUTHORITIES DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2010.**

Sr. No.	Forms>Returns	Section	Purpose	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid
1.	Form No.8	125	Modification of charge ID # 90238090	15-7-2009	Yes	—
2.	Form No.8	125	Modification of charge ID # 90240526	15-7-2009	Yes	—
3.	Form No.8	125	Modification of charge ID # 90240731	17-7-2009	Yes	—
4.	Form No.23	192	Special Resolutions	21-8-2009	Yes	—
5.	Form Nos.23AC and 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31-3-2009	27-8-2009	Yes	—
6.	Form No.20B	159	Annual Return for the year ended 31-3-2009	14-9-2009	Yes	—
7.	Form No.66	383A	Compliance certificate for the year ended 31-3-2009	21-8-2009	Yes	—
8.	Form No.32	303(2)	Appointment of Directors after ceasing to be Additional Director at 26th AGM	21-8-2009	Yes	—
9.	Form No.25A	198, 269, 309 and 310	Application for payment of remuneration to Mr. Prashant G. Kandoi for the year 2008-09	21-10-2009	Yes	—
10.	Form No.25A	198, 269, 309 and 310	Application for payment of remuneration to Mr. Gopal M. Kandoi for the year 2008-09	21-10-2009	Yes	—
11.	Form No.8	125	Modification of charge ID # 90240526	20-2-2010	Yes	—
12.	Form No.8	125	Modification of charge ID # 90240731	20-2-2010	Yes	—

**R. C. THAWANI**  
Company Secretary  
C.P.: 4197

Mumbai, 10th May, 2010

## AUDITORS' REPORT

### TO THE MEMBERS OF ROHINI INDUSTRIAL ELECTRICALS LIMITED

1. We have audited the attached Balance Sheet of **ROHINI INDUSTRIAL ELECTRICALS LIMITED** ('the Company') as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 11 of Schedule 'P' regarding the remuneration payable to the Managing and Executive Directors in respect of the previous year for which the approval of the Central Government is pending.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**

*Chartered Accountants*  
*(Registration No.117366W)*

Nalin M. Shah  
*Partner*

Mumbai, 14th May, 2010

*Membership No.15860*

## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result/transactions, etc., clauses (viii), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.



(iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has not taken any loan from companies, firms or other parties covered under Section 301 of the Companies Act, 1956 during the year. At the year-end, the outstanding balance of loans taken from such parties aggregated Rs.141.86 lakhs from 1 party and the maximum amount involved during the year was Rs.756.28 lakhs (7 parties).

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

(c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.

(vi) In our opinion and according to the information and explanations given to us, 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.

(vii) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any such party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(viii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(ix) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, except in case of Service Tax where there were delays in remittance.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from

the date they became payable, except Rs.6.65 lakhs relating to Service Tax which has been subsequently paid.

(c) Details of dues of Income-tax and Sales Tax which have not been deposited as on 31st March, 2010 on account of disputes are given below:

No.	Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
1.	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2003-04	1.14
			Deputy Commissioner of Income Tax (Appeals)	2004-05	4.15
			Assistant Commissioner of Income Tax	2005-06	1.28
2.	Income Tax Act, 1961	Fringe Benefit Tax	Deputy Commissioner of Income Tax (Appeals)	2006-07	1.49
3.	Sales Tax laws	Value Added Tax	Assistant Commissioner (Appeals)	2004-05	6.74
			Deputy Commissioner (Appeals)	2004-05, 2006-07	20.37
			Joint Commissioner (Appeals)	2006-07, 2007-08	44.58

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

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

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

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

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

Nalin M. Shah  
Partner

Mumbai, 14th May, 2010

Membership No.15860

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in '000s	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
1. SHARE CAPITAL	A	<b>18258</b>		18258
2. RESERVES AND SURPLUS	B	<b>387384</b>		294477
3. TOTAL			<b>405642</b>	312735
<b>LOAN FUNDS</b>				
4. SECURED LOANS	C	<b>43454</b>		91758
5. UNSECURED LOANS	D	<b>114186</b>	<b>157640</b>	75628
	TOTAL		<b>563282</b>	480121
<b>APPLICATION OF FUNDS</b>				
6. FIXED ASSETS				
GROSS BLOCK	E	<b>37947</b>		28975
LESS : DEPRECIATION AND AMORTISATION		<b>20180</b>		14162
NET BLOCK			<b>17767</b>	14813
7. DEFERRED TAX ASSET (See Note 4, Schedule 'P')			<b>12709</b>	8130
8. CURRENT ASSETS, LOANS & ADVANCES				
1. Inventories	F	<b>313401</b>		120719
2. Sundry Debtors	G	<b>1040007</b>		660952
3. Cash and Bank Balances	H	<b>112732</b>		98152
4. Loans and Advances	I	<b>29434</b>		20313
			<b>1495574</b>	900136
9. LESS : CURRENT LIABILITIES AND PROVISIONS				
(A) Current Liabilities	J	<b>930548</b>		399900
(B) Provisions	J	<b>32220</b>		43058
			<b>962768</b>	442958
10. NET CURRENT ASSETS			<b>532806</b>	457178
	TOTAL		<b>563282</b>	480121

(For notes forming part of the Accounts see Schedule 'P'.

The Schedules referred to above form an integral part of the Accounts)

In terms of our report attached.

For **Deloitte Haskins & Sells**

*Chartered Accountants*

Nalin M. Shah

*Partner*

*Mumbai, 14th May, 2010*

For and on behalf of the Board

*Chairman*

*Managing Director & CEO*

*Mumbai, 14th May, 2010*

**P. N. Dhume**

**Prashant G. Kandoi**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
1. SALES AND SERVICES (See Note 10, Schedule 'P')			<b>2138979</b>	1909961
2. OTHER INCOME	K		<b>9782</b>	8100
3. COST OF SALES - TRADED GOODS	L		<b>438553</b>	662781
4. COST OF SALES, SERVICES AND EXPENSES	M		<b>1534850</b>	1053359
5. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS			<b>175358</b>	201921
6. INTEREST	N		<b>24341</b>	21145
7. DEPRECIATION AND AMORTISATION			<b>7252</b>	6399
8. PROFIT BEFORE EXCEPTIONAL ITEMS			<b>143765</b>	174377
9. EXCEPTIONAL ITEMS	O		—	7356
10. PROFIT BEFORE TAXATION			<b>143765</b>	181733
11. PROVISION FOR TAXATION				
– Provision for Current Tax [including Rs. 10.87 lakhs of earlier year. (Previous year: Nil)]		<b>55387</b>		69500
– Provision for Deferred Tax		<b>(4579)</b>		(6620)
– Provision for Wealth Tax		<b>50</b>		60
– Provision for Fringe Benefit Tax		—		1240
			<b>50858</b>	64180
12. PROFIT AFTER TAXATION			<b>92907</b>	117553
13. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			<b>39858</b>	38
14. PROFIT AVAILABLE FOR APPROPRIATIONS			<b>132765</b>	117591
15. APPROPRIATIONS :				
(a) GENERAL RESERVE			—	52550
(b) INTERIM DIVIDEND			—	21525
(c) TAX ON DIVIDEND			—	3658
			—	77733
16. BALANCE CARRIED FORWARD			<b>132765</b>	39858
Basic and diluted earnings per share of Rs. 10 each (Including Exceptional items) (in Rs.) (See Note 7, Schedule 'P')			<b>50.89</b>	65.55

(For notes forming part of the Accounts see Schedule 'P'.

The Schedules referred to above form an integral part of the Accounts)

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

Nalin M. Shah  
Partner  
Mumbai, 14th May, 2010

For and on behalf of the Board

Chairman  
Managing Director & CEO

Mumbai, 14th May, 2010

**P. N. Dhume**  
**Prashant G. Kandoi**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2010

	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
<b>A. Cash flow from Operating Activities</b>			
<b>Net Profit before taxation</b>		<b>143765</b>	181733
Add/(Less) Adjustments for :			
Depreciation and Amortisation	7252		6399
Interest Expenses	24341		21145
Interest Income	(4444)		(3228)
Loss on Sale of Asset (Net)	125		1321
Profit on Sale of Buildings	—		(7356)
Provision for Employee Benefits	9305		12723
		<u>36579</u>	<u>31004</u>
<b>Operating Profit before Working Capital change</b>		<b>180344</b>	212737
Less : Adjustments for :			
(Increase)/Decrease in Inventories	(192682)		(97864)
(Increase)/Decrease in Sundry Debtors	(379055)		(225666)
(Increase)/Decrease in Loans and Advances	(9121)		9153
Increase/(Decrease) in Current Liabilities	530648		162125
		<u>(50210)</u>	<u>(152252)</u>
<b>Cash generated from Operations</b>		<b>130134</b>	60485
Less : Direct Taxes paid		(75580)	(58556)
		<u>54554</u>	<u>1929</u>
<b>B. Cash flow from Investing Activities</b>			
Purchase of Fixed Assets	(10486)		(9113)
Sale of Fixed Assets	155		28961
Investments in Fixed Deposits	(13549)		(16713)
Interest Income	1062		930
<b>Net Cash from/(used in) Investing Activities</b>	<b>(22818)</b>		<b>4065</b>
<b>C. Cash flow from Financing Activities</b>			
Proceeds from issue of Share Capital	—		50001
Increase/(Decrease) in Short Term Borrowings	(48304)		44933
Repayment of Long Term Borrowings	—		(356)
Increase/(Decrease) in other borrowings (Net)	38558		1822
Interest Expenses	(24341)		(21145)
Dividend paid	—		(28525)
Tax on Dividend	—		(4848)
<b>Net Cash from/(used in) Financing Activities</b>		<b>(34087)</b>	<b>41882</b>
<b>Net increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(2351)</b>	<b>47876</b>
<b>Cash and cash equivalents (Opening Balance)</b>		<b>57305</b>	<b>9429</b>
<b>Cash and cash equivalents (Closing Balance)</b>		<b>54954</b>	<b>57305</b>

Notes:

	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
1. Cash and cash equivalents			
Cash and Bank Balances as per Schedule 'H'	112732		98152
Less: Fixed Deposits (including accrued interest)	57778		40847
		<u>54954</u>	<u>57305</u>
2. Previous year's figures have been regrouped wherever necessary.			

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

Nalin M. Shah  
Partner  
Mumbai, 14th May, 2010

For and on behalf of the Board

Chairman  
Managing Director & CEO

Mumbai, 14th May, 2010

**P. N. Dhume**  
**Prashant G. Kandoi**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>SCHEDULE 'A' : SHARE CAPITAL</b>		<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1.	AUTHORISED		
	50,00,000 Equity Shares of Rs. 10 each	<u><b>50000</b></u>	<u>50000</u>
2.	ISSUED, SUBSCRIBED AND PAID-UP		
	18,25,782 Equity Shares of Re.10 each	<u><b>18258</b></u>	<u>18258</u>
	Out of the above 12,29,360 (31st March,2009: 9,31,149) Equity Shares are held by Voltas Limited, the holding company.		

<b>SCHEDULE 'B' : RESERVES AND SURPLUS</b>		<b>Rupees in '000s</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1.	SECURITIES PREMIUM			
	As per last Balance Sheet	<b>49243</b>		—
	Add : Addition during the year	<u>—</u>		<u>49243</u>
			<b>49243</b>	49243
2.	GENERAL RESERVE			
	As per last Balance Sheet	<b>205376</b>		152826
	Add : Transferred from Profit and Loss Account	<u>—</u>		<u>52550</u>
			<b>205376</b>	205376
3.	SURPLUS IN PROFIT AND LOSS ACCOUNT			
			<b>132765</b>	<u>39858</u>
			<b>387384</b>	<u>294477</u>

<b>SCHEDULE 'C' : SECURED LOANS</b>		<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>LOANS FROM BANK</b>			
	Working Capital facility from a bank	<u><b>43454</b></u>	<u>91758</u>
	(Secured by first charge on Stock received under Inland LC advance payment guarantees and book debts and subordination of unsecured loans of promoters amounting to Nil (31st March, 2009 : Rs. 500 lakhs)		

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

<b>SCHEDULE 'D' : UNSECURED LOANS (Short term loan from others)</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
		(a) From Directors (See Note 6(C)(14), Schedule 'P')
(b) Inter Corporate Deposit from holding company	<b>100000</b>	—
(c) From Shareholders	<u>—</u>	<u>3673</u>
	<b><u>114186</u></b>	<b><u>75628</u></b>

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

Rupees in '000s										
Particulars	GROSS BLOCK AT COST OR BOOK VALUE				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 March, 2009	Additions	Deductions	As at 31 March, 2010	Up to 31 March, 2009	For the Year	On Deductions	Up to 31 March, 2010	As at 31 March, 2010	As at 31 March, 2009
	(1+2-3)				(5+6-7)				(4-8)	(1-5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>A. Tangible Assets:</b>										
1. Plant & Machinery	5408	3537	—	<b>8945</b>	2133	2723	—	<b>4856</b>	<b>4089</b>	3275
2. Furniture & Fittings	3079	227	—	<b>3306</b>	1471	488	—	<b>1959</b>	<b>1347</b>	1608
3. Vehicles	12903	3177	1514	<b>14566</b>	6621	2224	1234	<b>7611</b>	<b>6955</b>	6282
4. Computers & Accessories	5516	2196	—	<b>7712</b>	3305	1372	—	<b>4677</b>	<b>3035</b>	2211
5. Office Equipments	1652	1132	—	<b>2784</b>	544	307	—	<b>851</b>	<b>1933</b>	1108
<b>B. Intangible Assets:</b>										
Software	417	217	—	<b>634</b>	88	138	—	<b>226</b>	<b>408</b>	329
	28975	10486	1514	<b>37947</b>	14162	7252	1234	<b>20180</b>	<b>17767</b>	14813
Previous Year	(53214)	(9113)	(33352)	<b>(28975)</b>	(18189)	(6399)	(10426)	<b>(14162)</b>	<b>(14813)</b>	

<b>SCHEDULE 'F' : INVENTORIES</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
		<b>STOCK-IN-TRADE :</b>
(a) Work-in-Progress, (See Note 8, Schedule 'P')	<b>1900710</b>	1093447
Less: Amounts Invoiced	<b><u>1604739</u></b>	<u>989961</u>
		<b>295971</b>
(b) Finished Goods		<u>17233</u>
		<b><u>313401</u></b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

<b>SCHEDULE 'G' : SUNDRY DEBTORS</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1. Over six months old	<b>262451</b>	165277
2. Others	<b>779662</b>	495675
	<b>1042113*</b>	660952*
3. Less : Provision for Doubtful debts	<b>2106</b>	—
	<b>1040007</b>	660952
* Of the above debts		
(a) Fully secured, considered good	<b>14186</b>	14186
(b) Unsecured, considered good	<b>1025821</b>	646766
(c) Considered doubtful	<b>2106</b>	—
	<b>1042113</b>	660952
Due by firms or Private companies respectively in which any Director of this Company is a Partner, a Director or a Member.	—	16456

<b>SCHEDULE 'H' : CASH AND BANK BALANCES</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1. CASH IN HAND	<b>6567</b>	5464
2. CHEQUES ON HAND	<b>3866</b>	24030
3. BANK BALANCES WITH SCHEDULED BANKS		
(a) In Current Account	<b>44521</b>	27811
(b) In Deposit Account	<b>57778</b>	40847
[including interest accrued on Fixed Deposit Rs. 66.69 lakhs (31st March, 2009 : Rs. 32.87 lakhs)]		
	<b>112732</b>	98152

<b>SCHEDULE 'I' : LOANS AND ADVANCES</b>	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	<b>13967</b>	6957
2. LOANS TO EMPLOYEES	<b>70</b>	112
3. DEPOSITS WITH CUSTOMERS/OTHERS	<b>15939</b>	13131
4. ADVANCE PAYMENT OF TAXES (NET)	<b>113</b>	113
	<b>30089*</b>	20313*
5. Less: Provision for Doubtful Advances	<b>655</b>	—
	<b>29434</b>	20313
* Of the above advances		
(a) Fully secured, considered good	—	—
(b) Unsecured, considered good	<b>29434</b>	20313
(c) Considered doubtful	<b>655</b>	—
	<b>30089</b>	20313

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

<b>SCHEDULE 'J' : CURRENT LIABILITIES AND PROVISIONS</b>		Rupees in '000s	As at 31-3-2009 Rupees in '000s
(A)	CURRENT LIABILITIES		
1.	SUNDRY CREDITORS		
	(a) Due to Micro and Small Enterprises (See Note 9, Schedule 'P')	<b>30876</b>	18678
	(b) Others	<b>663423</b>	<u>315828</u>
		<b>694299</b>	334506
2.	ADVANCE PAYMENTS AND DEPOSITS RECEIVED FROM CUSTOMERS / OTHERS	<b>190820</b>	43222
3.	OTHER LIABILITIES	<b>45429</b>	<u>22172</u>
	TOTAL (A)	<b>930548</b>	<u>399900</u>
(B)	PROVISIONS		
4.	PROVISION FOR TAXATION (NET)	<b>2212</b>	22353
5.	PROVISION FOR EMPLOYEE BENEFITS	<b>29950</b>	20645
6.	PROVISION FOR WEALTH TAX	<b>58</b>	<u>60</u>
	TOTAL (B)	<b>32220</b>	<u>43058</u>
	TOTAL (A) + (B)	<b>962768</b>	<u>442958</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

<b>SCHEDULE 'K' : OTHER INCOME</b>		Rupees in '000s	2008-09 Rupees in '000s
1.	Miscellaneous Income	<b>5338</b>	4836
2.	Rent Received	—	16
3.	Gain on Foreign Exchange Translation	—	20
4.	Interest earned on Fixed Deposits with banks [tax deducted at source on above Rs. 4.72 lakhs, (Previous year: Rs. 6.61 lakhs)]	<b>4444</b>	3228
		<b>9782</b>	<u>8100</u>

<b>SCHEDULE 'L' : COST OF SALES - TRADED GOODS</b>		Rupees in '000s	2008-09 Rupees in '000s
1.	Finished Goods per 1-4-2009	<b>17233</b>	3989
2.	Purchases	<b>438750</b>	676025
3.	Finished Goods per 31-3-2010	<b>17430</b>	<u>17233</u>
4.	Cost of Sales - Traded Goods (1 + 2 - 3)	<b>438553</b>	<u>662781</u>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

<b>SCHEDULE 'M' : COST OF SALES, SERVICES AND EXPENSES</b>	<b>Rupees in '000s</b>	<b>Rupees in '000s</b>	<b>2008-09 Rupees in '000s</b>
1. Opening Work-in-Progress (including Stores & excluding Construction WIP)		<b>6340</b>	18866
2. Purchases and cost of jobs		<b>1222796</b>	795610
		<b>1229136</b>	814476
3. Closing Work-in-Progress (Including Stores & excluding Construction WIP)		<b>8564</b>	6340
4. Cost of Jobs (1 + 2 - 3)		<b>1220572</b>	808136
5. Staff Expenses			
(a) Salaries, Wages and Bonus	<b>151023</b>		128471
(b) Company's contribution to Provident Fund and other Funds	<b>8086</b>		5665
(c) Provision for Gratuity	<b>4402</b>		9090
(d) Welfare Expenses	<b>4024</b>		2762
		<b>167535</b>	145988
6. Forwarding Charges		<b>21923</b>	18149
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act,1956		<b>17684</b>	—
8. Advertising		<b>322</b>	472
9. Rent		<b>21231</b>	14112
10. Insurance		<b>4159</b>	2494
11. Fuel and Power		<b>2827</b>	1913
12. Repairs to Buildings		<b>834</b>	1884
13. Repairs to Plant & Machinery		<b>1682</b>	1287
14. Travelling & Conveyance		<b>28112</b>	17445
15. Stationery, Postage, Telex and Telephone		<b>9899</b>	8239
16. Auditors' Remuneration (See Note 12, Schedule 'P')		<b>1307</b>	1315
17. Legal & Professional charges		<b>8248</b>	10469
18. Bad and Doubtful Debts / Advances		<b>3204</b>	3817
19. Donation		—	100
20. Net Loss on Sale of Fixed Assets		<b>125</b>	1321
21. Loss on Foreign Exchange Translation		<b>8</b>	—
22. Other expenses		<b>25178</b>	16218
		<b>1534850</b>	1053359

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

<b>SCHEDULE 'N' : INTEREST</b>	<b>Rupees in '000s</b>	As at 2008-09 Rupees in '000s
Interest Paid		
– On other accounts	<u>24341</u>	<u>21145</u>
[Includes interest paid to Managing Director Rs. 0.83 lakh (previous year : Rs. 17.38 lakhs)]		

<b>SCHEDULE 'O': EXCEPTIONAL ITEMS</b>	<b>Rupees in '000s</b>	As at 2008-09 Rupees in '000s
Profit on Sale of Buildings (Net)	<u>—</u>	<u>7356</u>

## SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

#### (b) FIXED ASSETS

Fixed Assets are stated at the cost of acquisition, less accumulated depreciation and impairment losses, if any. Cost of fixed assets comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Interest on borrowed money, allotted to and utilized for qualifying fixed assets, pertaining to the period up to the date of capitalization is added to the cost of the assets. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress.

#### (c) INTANGIBLE ASSETS

Intangible assets are valued at cost of acquisition less accumulated amortisation.

#### (d) VALUATION OF INVENTORIES

Inventories are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. With regard to construction contracts, work-in-progress includes profits / losses to the extent recognised. Material returned from site has been valued at estimated realisable value which in the opinion of the Management is lower than the current purchase cost..

#### (e) PROVISIONS

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 its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

#### (f) REVENUE RECOGNITION

##### (i) Sales

Revenue from Sales of products is recognised when significant risks and rewards of ownership of products are passed on to the customers. Sales excludes sales tax, service tax, value added tax and trade discounts.

##### (ii) Job Contracts

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

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)****(g) EMPLOYEE BENEFITS****(i) Defined Contribution Plan**

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

**(ii) Defined Benefit Plan**

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

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

**(h) METHOD OF DEPRECIATION**

Depreciation on all fixed assets has been provided on the written-down value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 except depreciation on tools which has been provided on the straight-line method based on useful life (2-3 years). Intangible assets are amortised on the straight-line basis over 36 months or their useful lives whichever is lower.

Depreciation on assets purchased/acquired during the year is provided on pro-rata basis according to the period for which such asset was put to use during the year. Similarly, depreciation on assets sold or discarded is provided on a pro-rata basis.

Assets costing less than Rs.5,000 are charged to depreciation @100% in the year of purchase.

**(i) FOREIGN CURRENCY TRANSACTIONS/TRANSLATIONS**

Foreign currency transactions are recorded by applying the respective average rates. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date. The resultant exchange differences are recognised in the Profit and Loss Account.

**(j) TAXES ON INCOME**

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

**(k) OPERATING LEASES**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as Operating Leases. Operating Lease payments/receipts are recognised as an expense/income in the Profit and Loss Account on a straight-line basis over the lease term.

**(l) 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 recognized, 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.

**(m) SEGMENT REPORTING**

The Company's business activity is confined to India and the same primarily falls within a single business segment i.e. Electrical Installation Work and Electrical Engineering Services, including supply of materials. Hence disclosure of segment wise information is not required under Accounting Standard 17- "Segment Reporting". There is no geographical segment to be reported since all the operations are undertaken in India.

**2. CONTINGENT LIABILITIES NOT PROVIDED FOR****(a) Guarantees given by the Company**

In respect of guarantees given by Company's bankers Rs. 5937.95 lakhs (31st March, 2009: Rs. 3744.25 lakhs), secured by first charge on stock received under ILCs Advance Payment guarantees and book debts are further guaranteed by Managing Director and Executive Director. These amounts are net of advances which are already shown as liability in the books.

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

- (b) Income Tax Demands  
In respect of matters in which Company is in further appeal Rs. 4.67 lakhs (31st March, 2009: Rs. 9.36 lakhs)
- (c) Sales Tax Demands Pending  
In respect of matters in which Company is in further appeal Rs.73.81 lakhs (31st March, 2009: Rs. 1.10 lakhs)

**3. C.I.F. VALUE OF IMPORTS/EXPENDITURE AND EARNING IN FOREIGN CURRENCY**

	Rupees in '000s	2008-09 Rupees in '000s
(a) C.I.F. Value of Import of Finished Goods	1944	1404
(b) Earning in Foreign Currency	7055	19296

Note: The earning in foreign currency is from a customer situated in a Special Economic Zone and has agreed to pay in foreign currency as per contract term.

**4. DEFERRED TAX ASSET**

Major components of Deferred Tax Assets and Liabilities arising are:

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>Deferred Tax Assets</b>		
(i) Depreciation	1843	1113
(ii) Employee Benefits	9949	7017
(iii) Provision for Doubtful debts	917	—
<b>Total</b>	<u>12709</u>	<u>8130</u>

**5. EMPLOYEE BENEFITS**

- (a) The Company has recognised the amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund: Rs. 65.22 lakhs (31st March, 2009: Rs. 48.67 lakhs)
- (b) Defined Benefit Plan for gratuity as per actuarial valuation on 31st March, 2010. The details of the Company's Post- retirement benefit plans for the Gratuity for its employees are given above which is certified by the actuary and relied upon by the auditors.

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>I. Expense recognised in the Profit and Loss Account for the year ended 31st March, 2010</b>		
1. Current Service Cost	1705	1128
2. Interest Cost	1096	603
3. Expected return on plan assets	(188)	(196)
4. Actuarial Losses	3221	6117
5. <b>Total expense</b>	<b>5834</b>	<b>7652</b>
<b>II. Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2010</b>		
1. Present value of Defined Benefit Obligation as at 31st March, 2010	21476	15260
2. Fair value of plan assets as at 31st March, 2010	(4964)	(3151)
3. Funded status [Surplus / (Deficit)]	(16512)	12109
4. <b>Net (assets) / liability as at 31st March, 2010</b>	<b>16512</b>	<b>12109</b>
<b>III. Change in Obligation during the year ended 31st March, 2010</b>		
1. Present value of Defined Benefit Obligation at the beginning of the year	15260	7591
2. Current Service Cost	1705	1128
3. Interest Cost	1096	603
4. Actuarial (Gains) / Losses	3434	6190
5. Benefit Payments	(19)	(252)
6. <b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>21476</b>	<b>15260</b>

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>IV. Change in Assets during the year ended 31st March, 2010</b>		
1. Plan assets at the beginning of the year	<b>3151</b>	2451
2. Expected return on plan assets	<b>188</b>	196
3. Contributions by employers	<b>1431</b>	683
4. Actual benefits paid	<b>(19)</b>	(252)
5. Actuarial Gains / (Losses)	<b>213</b>	73
6. Plan assets at the end of the year	<b>4964</b>	3151
7. <b>Actual return on plan assets (2+5)</b>	<b>401</b>	269
<b>V. Amount Recognised in the Balance Sheet</b>		
1. Opening Liability	<b>12109</b>	5140
2. Expenses as above (I)	<b>5834</b>	7652
3. Employers Contribution	<b>1431</b>	683
4. <b>Closing Net Liability</b>	<b>16512</b>	12109
<b>VI. Actuarial Assumptions</b>		31-3-2009
1. Mortality Table (LIC)	<b>1994-96</b>	1994-96
2. Discount Rate	<b>8.25%</b>	7.60%
3. Increase in Salary	<b>9%</b>	7%
4. <b>Rate of Return on Plan Assets</b>	<b>7.50%</b>	7.50%
(a) The Actuarial calculations used to estimate defined benefits 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) Experience Adjustments: On Plan Liabilities- Rs.6.76 lakhs (31st March, 2009: Rs. 56.60 lakhs, 31st March, 2008: Rs.13.60 lakhs.) On Plan Assets- Rs. 2.13 lakhs (31st March, 2009: Rs. 0.73 lakh, 31st March, 2008: Rs. 0.14 lakh.)		
(d) Expected Contribution in next financial year for defined benefits : Rs. 50 lakhs (31st March, 2009: Rs. 38 lakhs)		
(e) Percentage of Total Plan Assets (Holding Pattern):		
<b>Particulars</b>	<b>2009-10</b>	2008-09
Central and State Government Securities	—	56%
Bonds / Debentures	—	36%
Equity Shares	—	6%
Money Market Instrument / FD	—	2%
<b>Total</b>	<b>*100%</b>	100%
* The percentage break-up of the holding pattern for 31st March, 2010 is not available presently with the fund manager (LIC)		

**(6) RELATED PARTY DISCLOSURES**

(A) List of Related Parties and Relationships

**(I) Holding company**

Voltas Limited

**(II) Other related parties where control/significant influence exists**

Industrial Filtration Services

Kandoi Exports

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

**(III) Key Managerial Personnel**

Mr. Gopal M. Kandoi  
Mr. Prashant G. Kandoi  
Mr. Pramod Kumar Mishra (till 31st August, 2008)

**(IV) Relatives of individuals having controlling interest/significant influence and enterprises over which Key Managerial Personnel are able to exercise significant influence**

Mrs. Usha G. Kandoi  
Mrs. Shikha P. Kandoi  
Gopal M. Kandoi (HUF)  
Prashant G. Kandoi (HUF)

(B) Details of transactions with Related Parties referred to in (A) above in ordinary course of business :

Nature of Transaction	Rupees in '000s			
	Related parties as referred to in (A) above			
	A(I)	A(II)	A(III)	A(IV)
<b>(i) Purchases and Cost of Job</b>	—	—	—	—
	(—)	(651)	(—)	(—)
<b>(ii) Sales and Services</b>	<b>20905</b>	—	—	—
	(—)	(29315)	(—)	(—)
<b>(iii) Expenditure</b>				
Interest Paid	<b>4384</b>	—	<b>2692</b>	<b>37</b>
	(—)	(—)	(5303)	(2801)
Salary, Wages	—	—	<b>11125</b>	—
	(—)	(—)	(7315)	(248)
Contribution to Provident Fund	—	—	<b>900</b>	—
	(—)	(—)	(609)	(17)
Incentive Remuneration	—	—	<b>3950</b>	—
	(—)	(—)	(12000)	(—)
Rent Paid	—	—	<b>8160</b>	<b>1920</b>
	(—)	(—)	(4785)	(1320)
Legal and Professional Charges	<b>300</b>	—	—	—
	(175)	(—)	(—)	(—)
<b>(iv) Finance and Investments</b>				
Loan Receipt	<b>100000</b>	—	—	—
	(—)	(—)	(84824)	(18240)
Loan Payment	—	—	<b>57769</b>	<b>3673</b>
	(—)	(—)	(37250)	(49841)
<b>(v) Sale of Fixed Assets</b>	—	—	—	—
	(—)	(—)	(17589)	(7611)
<b>(vi) Issue of Share Capital and Securities Premium</b>	—	—	—	—
	(50001)	(—)	(—)	(—)
<b>(vii) Outstanding balances at the close of the year</b>				
Debtors Balance	<b>15598</b>	—	—	—
	(—)	(16456)	(—)	(—)
Creditors Balance	—	—	<b>16018</b>	—
	(—)	(—)	(12000)	(—)
Unsecured Loans	<b>100000</b>	—	<b>14186</b>	—
	(—)	(—)	(71955)	(3673)
<b>(viii) Warranty/Disclosure Amount received</b>	—	—	<b>3741</b>	—
	(—)	(—)	(—)	(—)

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

(C) Related Party Transaction Details	Rupees in '000s Transaction Value	Rupees in '000s Transaction Value 2008-09
<b>Name of Party</b>		
<b>1. Purchases and Cost of Job</b>		
Industrial Filtration Services	—	651
<b>2. Sales and Services</b>		
Industrial Filtration Services	—	29315
Voltas Limited	<b>20905</b>	—
	<b>20905</b>	29315
<b>3. Interest Paid</b>		
Mr. Gopal M. Kandoi	<b>2610</b>	4394
Mr. Prashant G. Kandoi	<b>82</b>	909
Mrs. Usha G. Kandoi	<b>2</b>	1115
Mrs. Shikha P. Kandoi	<b>24</b>	845
Voltas Limited	<b>4384</b>	—
	<b>7102</b>	7263
<b>4. Salary, Wages</b>		
Mr. Gopal M. Kandoi	<b>5400</b>	3540
Mr. Prashant G. Kandoi	<b>5725</b>	3507
	<b>11125</b>	7047
<b>5. Incentive Remuneration Payable</b>		
Mr. Gopal M. Kandoi	<b>1975</b>	6000
Mr. Prashant G. Kandoi	<b>1975</b>	6000
	<b>3950</b>	12000
<b>6. Contribution to Provident Fund</b>		
Mr. Gopal M. Kandoi	<b>432</b>	299
Mr. Prashant G. Kandoi	<b>468</b>	295
	<b>900</b>	594
<b>7. Rent Paid</b>		
Mr. Prashant G. Kandoi	<b>8160</b>	4785
Mrs. Usha G. Kandoi	<b>960</b>	635
Mrs. Shikha P. Kandoi	<b>960</b>	635
	<b>10080</b>	6055
<b>8. Legal and Professional Charges</b>		
Voltas Limited	<b>300</b>	175
<b>9. Loan Receipt</b>		
Mr. Gopal M. Kandoi	—	52604
Mr. Prashant G. Kandoi	—	32220
Voltas Limited	<b>100000</b>	—
	<b>100000</b>	84824

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

(C) Related Party Transaction Details (contd.)	Rupees in '000s Transaction Value	Rupees in '000s Transaction Value 2008-09
<b>10. Loan Payment</b>		
Mr. Gopal M. Kandoi	53442	11237
Mr. Prashant G. Kandoi	4327	26013
Mrs. Usha G. Kandoi	212	18619
Mrs. Shikha P. Kandoi	2400	13091
	<u>60381</u>	<u>68960</u>
<b>11. Sale of Fixed Assets</b>		
Mr. Prashant G. Kandoi	—	17589
Mrs. Usha G. Kandoi	—	5700
	<u>—</u>	<u>23289</u>
<b>12. Debit Balance</b>		
Industrial Filtration Services	—	16456
Voltas Limited	15598	—
	<u>15598</u>	<u>16456</u>
<b>13. Credit Balance</b>		
Mr. Gopal M. Kandoi	8009	6000
Mr. Prashant G. Kandoi	8009	6000
	<u>16018</u>	<u>12000</u>
<b>14. Unsecured Loans</b>		
Mr. Gopal M. Kandoi	—	53442
Mr. Prashant G. Kandoi	14186	18513
Voltas Limited	100000	—
	<u>114186</u>	<u>71955</u>
<b>15. Issue of Share Capital and Securities Premium</b>		
Voltas Limited	—	50001
<b>16. Warranty/Disclosure Amount received</b>		
Mr. Gopal M. Kandoi	1871	—
Mr. Prashant G. Kandoi	1870	—
	<u>3741</u>	<u>—</u>
<b>7. EARNINGS PER SHARE (EPS)</b>		
		2008-09
Profit after Tax (Rs. in '000s)	92907	117553
Weighted average number of Equity Shares Outstanding	1825782	1793393
Earnings Per Share (Rs.) – Basic (Face value of Rs.10 per share)	50.89	65.55
<b>8. INVENTORIES - WORK-IN-PROGRESS</b>		
In respect of long term Construction Contracts which are in progress as at the year end :		As at 31-3-2009
	Rupees in '000s	Rupees in '000s
Aggregate amount of costs incurred and recognised profits (Less recognised losses) up to 31st March, 2010 for all the contracts in progress	1892146	1087107
Advances received for such contracts in progress	163304	28751
The amount of retentions due for such contracts	84112	66638
The gross amount due from customers for such contracts	287407	97146
The gross amount due to customers for such contracts	21045	27674



**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

**9. CURRENT LIABILITIES AND PROVISIONS**

According to the information available with the Management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2010 as follows :

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
1. (a) Principal amount remaining unpaid to any supplier as on 31-3-2010	<b>30876</b>	18678
(b) Interest on 1(a) above	<b>245</b>	206
2. (a) The amount of principal paid beyond the appointed date during 2009-10	<b>65572</b>	49840
(b) The amount of Interest paid beyond the appointed date during 2009-10	—	—
3. Amount of interest due and payable on delayed payments	<b>1329</b>	569
4. Amount of interest accrued and due as at 31-3-2010 (1(b)+3)	<b>1574</b>	775
5. Amount of further interest remaining due and payable even in succeeding years (in case of entities registered prior to 31-3-2009)	<b>775</b>	—
6. Total outstanding dues of Micro and Small Enterprises		
– Principal	<b>30876</b>	18678
– Interest	<b>2349</b>	775

**10. SALES AND SERVICES**

With regard to long-term construction contracts undertaken, the amount of net revenue recognised is Rs. 16139.21 lakhs. (31st March, 2009: Rs. 10565.78 lakhs).

**11. MANAGERIAL REMUNERATION**

	Rupees in '000s	2008-09 Rupees in '000s
As Salary, Wages and Bonus	<b>11125</b>	10336
As Provident Fund	<b>900</b>	609
As Incentive Remuneration	<b>3950</b>	12000
	<b>15975</b>	22945

Notes :

1. Managerial remuneration does not include provision for compensated absences and gratuity as separate actuarial valuation for Directors is not available.
2. Managerial remuneration of Rs. 30.08 lakhs of the previous year in excess of the limit prescribed under the Companies Act, 1956 is subject to the approval of the Central Government.

**12. AUDITORS' REMUNERATION**

	Rupees in '000s	2008-09 Rupees in '000s
Audit Fees	<b>800</b>	800
Tax Audit Fees	<b>240</b>	240
Other Services	<b>220</b>	275
Out of Pocket Expenses	<b>8</b>	—
Service Tax not claimed as set off [Excluding Service Tax set off of Rs. 0.92 lakh (2008-09: Rs. 1.35 lakhs)]	<b>39</b>	—
	<b>1307</b>	1315

**SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

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

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

Class of Goods	Unit of Measurement	Purchases				Sales			
		Quantity	Quantity 2008-09	Rupees in '000s	Rupees in '000s 2008-09	Quantity	Quantity 2008-09	Rupees in '000s	Rupees in '000s 2008-09
Panel	Number	<b>141</b>	579	<b>31875</b>	120547	<b>140</b>	579	<b>37878</b>	158720
Transformer	Number	<b>5</b>	84	<b>5698</b>	41876	<b>5</b>	84	<b>6258</b>	72458
Cable	Meter	—	—	<b>137210</b>	192792	—	—	<b>160745</b>	217104
Cable Tray	Meter	—	—	<b>55888</b>	69820	—	—	<b>64971</b>	83264
Others	Lumpsum	—	—	<b>208079</b>	250990	—	—	<b>255206</b>	354048
		<b>146</b>	663	<b>438750</b>	676025	<b>145</b>	663	<b>525058</b>	885594

(B) Opening and Closing Stocks:

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Quantity	Quantity 2008-09	Rupees in '000s	Rupees in '000s 2008-09	Quantity	Quantity 2008-09	Rupees in '000s	Rupees in '000s 2008-09
Panel	Number	—	—	—	—	<b>1</b>	—	<b>493</b>	—
Cable	Meter	—	—	<b>5152</b>	837	—	—	<b>4653</b>	5152
Cable tray	Meter	—	—	<b>430</b>	347	—	—	<b>887</b>	430
Others	Lumpsum	—	—	<b>11651</b>	2805	—	—	<b>11397</b>	11651
		—	—	<b>17233</b>	3989	<b>1</b>	—	<b>17430</b>	17233

14. Previous year figures have been re-grouped/re-arranged wherever necessary.

For and on behalf of the Board

*Chairman*  
*Managing Director & CEO*

**P. N. Dhume**  
**Prashant G. Kandoi**

*Mumbai, 14th May, 2010*

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

**I. Registration Details :**

Registration No. : U 7 4 2 1 0 M H 1 9 8 3 P L C 0 3 0 7 0 5  
 State Code : 1 1  
 Balance Sheet Date : 3 1 0 3 2 0 1 0  
Date Month Year

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

Public Issue : Nil Rights Issue : Nil  
 Bonus Issue : Nil Private Placement : Nil

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

Total Liabilities : 5 6 3 2 8 2 Total Assets : 5 6 3 2 8 2

**Sources of Funds**

Paid-up Capital : 1 8 2 5 8 Reserves and Surplus : 3 8 7 3 8 4  
 Secured Loans : 4 3 4 5 4 Unsecured Loans : 1 1 4 1 8 6

**Application of Funds**

Net Fixed Assets : 1 7 7 6 7 Investments : Nil  
 Net Current Assets : 5 3 2 8 0 6 Misc. Expenditure : Nil  
 Accumulated Losses : Nil Deferred Tax Asset : 1 2 7 0 9

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

Turnover : 2 1 3 8 9 7 9 Total Expenditure : 1 9 9 5 2 1 4  
 Profit Before Tax : 1 4 3 7 6 5 Profit After Tax : 9 2 9 0 7  
 Earnings Per Share (in Rs.) : 5 0 . 8 9 Dividend Rate (%) : Nil

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

Item Code No. N.A.  
 (ITC Code)  
 Product Description : Electrical Goods and Services

# WEATHERMAKER LIMITED

Directors :

**P. N. Dhume**  
**Shaukat Ali Mir**

## **DIRECTORS' REPORT TO THE MEMBERS**

The Directors have pleasure in presenting their Seventeenth Annual Report and the Accounts for the year ended 31st December, 2009.

2. The slowdown in Dubai market, resulted in many construction projects getting cancelled or being kept on hold. As a result, the Company has recorded lower turnover of AED 33.423 million for the year ended 31st December, 2009, as compared to AED 40.105 million in the previous year. The profit for the year under review was AED 5.053 million. Despite the credit squeeze prevailing in the United Arab Emirates, the Company managed its working capital well, resulting into minimal interest cost.
3. In view of certain capital expenditure proposals under consideration and with a view to conserve the cash resources, the Directors do not recommend any dividend for the year ended 31st December, 2009 (previous year : 133%).
4. M/s. PKF, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

Dubai, 28th January, 2010

Directors **P. N. Dhume**  
**Shaukat Ali Mir**

## **AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF WEATHERMAKER LIMITED**

#### **Report on the financial statements**

We have audited the accompanying financial statements of **WEATHERMAKER LIMITED**, which comprise the statement of financial position as at 31st December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 19.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, the financial statements give a true and fair view of the financial position of WEATHERMAKER LIMITED as of 31st December, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Report on other legal and regulatory requirements**

We further confirm that the financial statements comply with the Isle of Man Companies Acts, 1931 to 2005.

#### **PKF**

Dubai, United Arab Emirates  
28th January, 2010

## STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2009

	Notes	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	<u>1884076</u>	2136516	<u>23947</u>	28245
<b>CURRENT ASSETS</b>					
Inventories	7	<b>3437342</b>	9099000	<b>43689</b>	120289
Trade and other receivables	8	<b>13554852</b>	17065729	<b>172282</b>	225609
Amount due from a related party	9	—	5384883	—	71188
Cash and cash equivalents	10	<b>6939057</b>	2736464	<b>88195</b>	36176
Other current financial assets	11	<b>414323</b>	407853	<b>5266</b>	5392
		<u>24345574</u>	34693929	<u>309432</u>	458654
<b>CURRENT LIABILITIES</b>					
Acceptances		<b>1589951</b>	8677771	<b>20208</b>	114720
Trade and other payables	12	<b>3637199</b>	10247923	<b>46229</b>	135478
Dividends payable	13	—	2000000	—	26440
		<u>5227150</u>	20925694	<u>66437</u>	276638
<b>NET CURRENT ASSETS</b>		<b>19118424</b>	13768235	<b>242995</b>	182016
<b>NON-CURRENT LIABILITIES</b>					
Provision for staff end-of-service gratuity	14	<u>(779194)</u>	(734129)	<u>(9904)</u>	(9705)
		<u>20223306</u>	15170622	<u>257038</u>	200556
<b>SHAREHOLDERS' EQUITY FUNDS</b>					
Share Capital	15	<b>1500000</b>	1500000	<b>19065</b>	19830
Retained Earnings		<u>18723306</u>	13670622	<u>237973</u>	180726
		<u>20223306</u>	15170622	<u>257038</u>	200556

The accompanying notes form an integral part of these financial statements.

**Note :** The Balance Sheet has been converted into Indian Rupees @ 1 AED = Rs. 12.71 being the exchange rate prevailing on 31st December, 2009. Previous year figures have been converted @ 1 AED = Rs.13.22 being the exchange rate prevailing on 31st December, 2008.

Dubai, 28th January, 2010

Directors

**P. N. Dhume**  
**Shaukat Ali Mir**

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>Revenue</b>		<b>33422529</b>	40104819	<b>433156</b>	480456
Cost of sales	17	<u>(25307693)</u>	(32952491)	<u>(327988)</u>	(394771)
<b>Gross Profit</b>		<b>8114836</b>	7152328	<b>105168</b>	85685
Other operating income	18	<b>361683</b>	181850	<b>4687</b>	2179
Distribution costs	19	<u>(646016)</u>	(896892)	<u>(8372)</u>	(10745)
Administrative expenses	20	<u>(2877603)</u>	(2083662)	<u>(37294)</u>	(24962)
<b>Profit from Operating Activities</b>		<b>4952900</b>	4353624	<b>64189</b>	52157
Interest expense on bank overdraft		<u>(877)</u>	(34405)	<u>(11)</u>	(412)
Interest income on bank deposits		<u>100661</u>	12918	<u>1305</u>	155
<b>Profit for the year</b>		<u>5052684</u>	4332137	<u>65483</u>	51900

The accompanying notes form an integral part of these financial statements.

**Note :** The Profit and Loss Account has been converted into Indian Rupees @ 1 AED = Rs. 12.96 being the average of the exchange rates prevailing on 31st December, 2008 (1 AED = Rs. 13.22) and as on 31st December, 2009 (1 AED = Rs. 12.71). Previous year figures have been converted @ 1 AED = Rs. 11.98 being the average of the exchange rates prevailing on 31st December, 2007 (1 AED = Rs. 10.74) and as on 31st December, 2008 (1 AED = Rs. 13.22).

Dubai, 28th January, 2010

Directors

**P. N. Dhume**  
**Shaukat Ali Mir**

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Share Capital		Retained Earnings		Total	
	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s
As at 31-12-2007	1500000	16110	11338485	121775	12838485	137885
Total Comprehensive income for the year	—	—	4332137	51900	4332137	51900
Interim dividend for the year	—	—	(2000000)	(26440)	(2000000)	(26440)
As at 31-12-2008	1500000	19830	13670622	180726	15170622	200556
Total Comprehensive income for the year	—	—	5052684	65483	5052684	65483
<b>As at 31-12-2009</b>	<b>1500000</b>	<b>19065</b>	<b>18723306</b>	<b>237973</b>	<b>20223306</b>	<b>257038</b>

The accompanying notes form an integral part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>Cash generated from operating activities</b>					
Cash generated from operations	22	<b>6376716</b>	2182299	<b>82642</b>	26144
Interest paid		<b>(877)</b>	(34405)	<b>(11)</b>	(412)
<b>Net cash from operating activities (A)</b>		<b>6375839</b>	2147894	<b>82631</b>	25732
<b>Cash flow from investing activities</b>					
Proceeds on disposal of property, plant and equipment		—	169367	—	2029
Purchase of property, plant and equipment		<b>(273907)</b>	(207387)	<b>(3481)</b>	(2742)
Interest received		<b>100661</b>	12918	<b>1305</b>	155
<b>Net cash used in investing activities (B)</b>		<b>(173246)</b>	(25102)	<b>(2176)</b>	(558)
<b>Cash flow from financing activities</b>					
Dividends paid		<b>(2000000)</b>	—	<b>(25420)</b>	—
<b>Net cash used in financing activities (C)</b>		<b>(2000000)</b>	—	<b>25420</b>	—
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>4202593</b>	2122792	<b>52019</b>	29585
<b>Cash and cash equivalents at beginning of year</b>		<b>2736464</b>	613672	<b>36176</b>	6591
<b>Cash and cash equivalents at end of year</b>	10	<b>6939057</b>	2736464	<b>88195</b>	36176

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009

### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- (a) WEATHERMAKER LIMITED is a limited liability company incorporated in the Isle of Man, on 12th October, 1992. The principal place of business is P.O. Box 17127, Dubai, UAE.
- (b) The Company is engaged in manufacturing and trading of ducts and duct accessories. The activities are carried out in Jebel Ali, Dubai, UAE under a special licence issued by the Jebel Ali Free Zone Authority. The administrative office is located at LOB – 19, JAFZA 19.
- (c) The parent company and the ultimate parent company is Voltas Limited, India.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

(a) **Basis of preparation**

The financial statements are presented in UAE Dirhams and prepared using historical cost and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1st January, 2009, and the requirements of Isle of Man Companies Acts, 1931 to 2005.

(b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Factory buildings	10 years
Plant, machinery and equipment	6 – 10 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	3 years

An assessment of residual values is undertaken at each statement of financial position date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

(c) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the First-In First-Out (FIFO) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

(d) **Staff end-of-service gratuity**

Provision is made for end-of-service gratuity payable to the staff at the statement of financial position date in accordance with the local labour laws.

(e) **Revenue**

Revenue represents the amount invoiced, net of discounts and returns, for goods delivered during the year.

(f) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the income statement on a straight-line basis over the period of the lease.

(g) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the statement of financial position date.

Gains or losses resulting from foreign currency transactions are taken to the profit or loss account.

(h) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

(i) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables, are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the income statement.

Current financial liabilities, which comprise bank acceptances and trade and other payables are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

### 3. Significant Judgments Employed In Applying Accounting Policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### *Impairment*

At each statement of financial position date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the income statement or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

### 4. Key Sources of Estimation Uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### *Carrying values of property, plant and equipment*

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### *Inventory provisions*

Management regularly undertakes a review of the Company's inventory, stated at AED 3273396 (Rs. 41604863) [previous year: AED 7132239 (Rs. 94288200)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### *Doubtful debt provisions*

Management regularly undertakes a review of the amounts of loans and receivables owed to the Company either from third parties (see Note 8) or from related parties (see Note 9) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

#### *Impairment*

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

#### *Staff end-of-service gratuity*

The Company computes the provision for the liability to staff end-of-service stated at AED 779194 (Rs. 9903556) [previous year: AED 734129 (Rs. 9705185)] assuming that all employees were to leave as of the statement of financial position date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

### 5. Adoption of new International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Company are as follows. Their adoption has resulted in presentation and disclosure changes only:

Amendment to IAS 1: Presentation of Financial Statements

Amendment to IAS 16: Property, Plant and Equipment

Amendment to IAS 23: Borrowing Costs

Amendment to IAS 32: Financial Instruments: Presentation

Amendment to IAS 36: Impairment of Assets

Amendment to IAS 39: Financial Instruments: Recognition and Measurement

Reclassification of Financial Assets – Amendments to IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosures

Improving Disclosures about Financial Instruments - Amendments to IFRS 7

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentation and disclosures within the financial statements:

Improvements to IFRS

IAS 1: Presentation of Financial Statements (1st January, 2010)

IAS 7: Statement of Cash Flows (1st January, 2010)

IAS 17: Leases (1st January, 2010)

IAS 18: Revenue (1st January, 2010)

IAS 36: Impairment of Assets (1st January, 2010)

IAS 39: Financial Instruments: Recognition and Measurement (1st January, 2010)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

## 6. PROPERTY, PLANT AND EQUIPMENT

	Factory buildings		Plant, machinery and equipment		Furniture, fixtures and office equipment		Motor vehicles		Total	
	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s
<b>Cost</b>										
As at 1-1-2008	901083	9678	4387151	47118	340330	3655	483462	5192	6112026	65642
Additions	—	—	59050	781	148337	1961	—	—	207387	2742
Disposals	—	—	(254262)	(3361)	(33158)	(438)	—	—	(287420)	(3799)
As at 31-12-2008	901083	11912	4191939	55418	455509	6022	483462	6391	6031993	79743
Additions	—	—	88316	1122	7591	96	178000	2262	273907	3480
Disposals	—	—	(26287)	(334)	(8926)	(113)	—	—	(35213)	(447)
<b>As at 31-12-2009</b>	<b>901083</b>	<b>11453</b>	<b>4253968</b>	<b>54068</b>	<b>454174</b>	<b>5773</b>	<b>661462</b>	<b>8407</b>	<b>6270687</b>	<b>79701</b>
<b>Accumulated depreciation and impairment losses</b>										
As at 1-1-2008	811990	8721	2035725	21864	197331	2119	405563	4356	3450609	37060
Depreciation	22273	267	415659	4979	72678	871	65799	788	576409	6905
Adjustment on disposal	—	—	(99771)	(1319)	(31770)	(420)	—	—	(131541)	(1739)
As at 31-12-2008	834263	11029	2351613	31088	238239	3150	471362	6231	3895477	51498
Depreciation	22273	289	395549	5126	89695	1162	17045	221	524562	6798
Adjustment on disposal	—	—	(26287)	(334)	(7141)	(91)	—	—	(33428)	(425)
<b>As at 31-12-2009</b>	<b>856536</b>	<b>10887</b>	<b>2720875</b>	<b>34582</b>	<b>320793</b>	<b>4077</b>	<b>488407</b>	<b>6208</b>	<b>4386611</b>	<b>55754</b>
<b>Net book values</b>										
As at 1-1-2008	89093	957	2351426	25254	142999	1536	77899	837	2661417	28584
As at 31-12-2008	66820	883	1840326	24329	217270	2873	12100	160	2136516	28245
<b>As at 31-12-2009</b>	<b>44547</b>	<b>566</b>	<b>1533093</b>	<b>19486</b>	<b>133381</b>	<b>1696</b>	<b>173055</b>	<b>2199</b>	<b>1884076</b>	<b>23947</b>

**Note :** Factory building is constructed on a leasehold land, the lease period being fifteen years with a renewal option.

	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>7. INVENTORIES</b>				
Raw materials	2203820	5870982	28011	77614
Less: Provision for slow moving inventory	(41316)	(48454)	(525)	(640)
	2162504	5822528	27486	76974
Consumables	1069576	1261257	13594	16674
Goods in transit	205262	2015215	2609	26641
	3437342	9099000	43689	120289

Raw materials and goods in transit includes AED Nil (Rs Nil) [previous year: AED 2302700 (Rs. 30441694)] and AED Nil (Rs. Nil) [previous year: AED 453034 (Rs. 5989109)] carried at net realisable value, respectively.

Inventories were written down to net realisable value by an amount of AED Nil (Rs. Nil) [previous year: AED 1700205 (Rs. 20368456)].

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)**

	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>8. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	<b>13616444</b>	16735909	<b>173065</b>	221249
Less: Provision for doubtful accounts	<b>(533780)</b>	(18853)	<b>(6784)</b>	(249)
	<b>13082664</b>	16717056	<b>166281</b>	221000
Advances	<b>82334</b>	—	<b>1046</b>	—
Prepayments	<b>241762</b>	243291	<b>3073</b>	3216
Other receivables	<b>22515</b>	—	<b>286</b>	—
Deposits	<b>125577</b>	105382	<b>1596</b>	1393
	<b>13554852</b>	17065729	<b>172282</b>	225609
A reconciliation of the movements in the doubtful debt provision account is as follows:				
Opening balance	<b>18853</b>	—	<b>249</b>	—
Provisions made during the year	<b>514927</b>	18853	<b>6545</b>	249
Closing balance	<b>533780</b>	18853	<b>6784</b>	249
An age analysis of trade receivables that are past due but not impaired is as follows:				
6 months to 1 year	<b>3831769</b>	984140	<b>48702</b>	13010
Over 1 year	<b>306658</b>	2152369	<b>3898</b>	28454
An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:				
Gross value	<b>533780</b>	18853	<b>6784</b>	249
Provision	<b>533780</b>	18853	<b>6784</b>	249
Carrying value	—	—	—	—
Trade receivables not past due and not impaired	<b>8944237</b>	13580547	<b>113681</b>	179535

**9. RELATED PARTIES**

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management. Related parties comprise the parent company, fellow subsidiaries and companies under common ownership and/or common management control.

At the balance sheet date, balances with related parties were as follows:

	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
Included in trade and other receivables	<b>3431419</b>	5670040	<b>43613</b>	74958
Included in trade and other payables	<b>271127</b>	7165921	<b>3446</b>	94733
Disclosed as amounts due from related parties	—	5384833	—	71188

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 23.

Significant transactions with related parties during the year were as follows:

	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
Sales	<b>9560505</b>	11434428	<b>123904</b>	136984
Purchases	<b>3767718</b>	7933014	<b>48829</b>	95038
Transfer of inventory at cost to related parties	—	5384883	—	71188
Sale of property, plant and equipment	—	169367	—	2239
Purchase of property, plant and equipment	<b>22750</b>	—	<b>289</b>	—

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>10. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	12000	12000	152	159
Bank balances in Current Account	383857	1717523	4879	22705
Bank balances in Fixed Deposits	6543200	1006941	83164	13312
	<u>6939057</u>	<u>2736464</u>	<u>88195</u>	<u>36176</u>
	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>11. OTHER CURRENT FINANCIAL ASSETS</b>				
Fixed deposits	<u>414323</u>	<u>407853</u>	<u>5266</u>	<u>5392</u>
	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>12. TRADE AND OTHER PAYABLES</b>				
Trade payables	2703773	7486656	34365	98974
Advance from customers	20080	1569873	255	20754
Accruals	913346	1191394	11609	15750
	<u>3637199</u>	<u>10247923</u>	<u>46229</u>	<u>135478</u>
<b>13. DIVIDENDS</b>				
Dividends declared and approved by the shareholders during the year Nil [previous year: AED 2000000 (Rs.26440000)] represent a dividend per share Nil [previous year: AED 4.89 (Rs. 64.65)].				
	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>14. PROVISION FOR STAFF END-OF-SERVICE GRATUITY</b>				
Opening balance	734129	553688	9705	5947
Provision for the year	126082	209708	1603	2772
Paid during the year	(81017)	(29267)	(1030)	(387)
Closing balance	<u>779194</u>	<u>734129</u>	<u>9904</u>	<u>9705</u>
	AED	As at 31-12-2008 AED	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>15. SHARE CAPITAL</b>				
<b>Authorised</b>				
500000 shares of USD 1 each converted at USD 1 = AED 3.6725	<u>1836250</u>	<u>1836250</u>	<u>23339</u>	<u>24275</u>
<b>Issued and paid up</b>				
408441 shares of USD 1 each converted at USD 1 = AED 3.6725	<u>1500000</u>	<u>1500000</u>	<u>19065</u>	<u>19830</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

### 16. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds and amounts due from related party as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Funds generated from internal accruals together with funds provided to related parties are retained in the business, net of dividend declared, according to the business requirements and maintain capital at desired levels.

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>17. COST OF SALES</b>				
Materials consumed and sub-contract costs*	20486390	27974726	265504	335137
Wages and benefits	2996588	3159706	38836	37853
Staff end-of-service gratuity	75249	144729	975	1734
Depreciation (Note 21)	422767	437932	5479	5247
Rent	61900	61998	802	743
Other direct costs	1264799	1173400	16392	14057
	<u>25307693</u>	<u>32952491</u>	<u>327988</u>	<u>394771</u>

\*Includes Inventories written down to net realisable value by an amount Nil [previous year: AED 1700205 (Rs. 20368456)].

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>18. OTHER OPERATING INCOME</b>				
Profit on sale of property, plant and equipment	—	15276	—	183
Scrap sales	281145	140588	3644	1684
Miscellaneous income	160	77	2	1
Write back of inventory provisions	7138	—	92	—
Exgratia provision written back	72750	14000	943	168
Exchange gain	490	11909	6	143
	<u>361683</u>	<u>181850</u>	<u>4687</u>	<u>2179</u>

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>19. DISTRIBUTION COSTS</b>				
Staff salaries and benefits	173769	168848	2252	2023
Staff end-of-service gratuity	5800	10242	75	123
Depreciation (Note 21)	—	25333	—	303
Other distribution costs	466447	692469	6045	8296
	<u>646016</u>	<u>896892</u>	<u>8372</u>	<u>10745</u>

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>20. ADMINISTRATIVE EXPENSES</b>				
Write off of property, plant and equipment	1785	1788	23	21
Staff salaries, benefits and rent	1439932	1148461	18662	13759
Staff end-of-service gratuity	45033	54737	584	656
Rent	172347	119935	2234	1437
Depreciation (Note 21)	101795	113144	1319	1355
Provision for inventories	—	24248	—	290
Provision for doubtful accounts	514927	18853	6673	226
Other administrative expenses	601784	602496	7799	7218
	<u>2877603</u>	<u>2083662</u>	<u>37294</u>	<u>24962</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>21. DEPRECIATION</b>				
Disclosed under cost of sales (Note 17)	422767	437932	5479	5247
Disclosed under distribution cost (Note 19)	—	25333	—	303
Disclosed under administrative cost (Note 20)	101795	113144	1319	1355
	<u>524562</u>	<u>576409</u>	<u>6798</u>	<u>6905</u>

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
<b>22. CASH GENERATED FROM OPERATIONS</b>				
Profit for the year	5052684	4332137	65483	51900
Adjustments for:				
Depreciation of property, plant and equipment	524562	576409	6798	6905
Interest paid	877	34405	11	412
Interest income	(100661)	(12918)	(1305)	(155)
Profit on sale of property, plant and equipment	—	(15276)	—	(183)
Loss on disposal of property, plant and equipment	1785	1788	23	21
<b>Operating profit before changes in operating assets and liabilities</b>	<u>5479247</u>	<u>4916545</u>	<u>71011</u>	<u>58900</u>
Decrease/(increase) in inventories	5661658	(1849541)	76600	(42430)
Decrease/(increase) in trade and other receivables	3510877	(5724118)	53327	(103800)
Decrease/(increase) in amounts due from related parties	5384883	(5384883)	71188	(71188)
(Decrease)/increase in trade and other payables	(6610724)	5333615	(89249)	82698
Increase in staff gratuity provision	45065	180441	199	3758
(Decrease)/increase in acceptances	(7087820)	4795240	(94512)	73022
Increase in other financial assets	(6470)	(85000)	(126)	(1925)
	<u>6376716</u>	<u>2182299</u>	<u>82642</u>	<u>26144</u>

**23. FINANCIAL INSTRUMENTS**

The net carrying amounts as at the statement of financial position date of financial assets and financial liabilities are as follows:

	Loans and receivables				Other financial liabilities			
	AED	2008 AED	Rupees In '000s	2008 Rupees In '000s	AED	2008 AED	Rupees In '000s	2008 Rupees In '000s
Trade and other receivables	13257090	16822438	168498	222393	—	—	—	—
Amount due from related party	—	5384883	—	71188	—	—	—	—
Cash and cash equivalents	6939057	2736464	88195	36176	—	—	—	—
Other current financial assets	414323	407853	5266	5392	—	—	—	—
Acceptances	—	—	—	—	1589951	8677771	20208	114720
Trade and other payables	—	—	—	—	3369839	8478545	42831	112086
Dividends payable	—	—	—	—	—	2000000	—	26440
	<u>20610470</u>	<u>25351638</u>	<u>261959</u>	<u>335149</u>	<u>4959790</u>	<u>19156316</u>	<u>63039</u>	<u>253246</u>

**Management of risk**

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit, currency, liquidity and cash flow interest rate risks.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by high credit quality financial institutions.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollar to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on borrowings.

Exposures to the aforementioned risks are detailed below:

### Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The Company's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. The Company's customers principally comprise construction companies in the UAE. As at the statement of financial position date, there was a significant concentration of credit risk from four customers amounting to AED 7279471 (Rs. 92522076) [previous year: due from two customers amounting to AED 4494986 (Rs. 59423715)].

### Interest rate risk

Fixed deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and hence exposed to fair value interest rate risk.

### Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollar to which the Dirham is fixed.

### Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of the financial assets and financial liabilities which are required to be stated at cost or at amortising cost approximate to their carrying values.

## 24. OPERATING LEASE COMMITMENTS

The Company has entered into non-cancellable operating leases for factory land. The total of the future lease payments is as follows:

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
Not later than one year	<b>61900</b>	61900	<b>802</b>	742
Between one and five years	<b>247600</b>	247600	<b>3209</b>	2966
Later than five years	<b>490042</b>	551942	<b>6351</b>	6612

## 25. CONTINGENT LIABILITIES

	AED	2008 AED	Rupees in '000s	2008 Rupees in '000s
Bankers' letters of guarantee	<b>836602</b>	400000	<b>10842</b>	5288
Unutilized balances of commercial letters of credit	<b>1619977</b>	9825919	<b>20995</b>	129899

## 26. TAXATION

As a non-resident Company, there is no charge to Isle of Man Income Tax.

# SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.

Director :

**Mohammed Hanif Patvi**

Supervisory Board:

**P. N. Dhume**

**M. M. Miyajiwala**

**Shaukat Ali Mir**

**B. G. Prabhujgaonkar**

## **DIRECTORS' REPORT**

### **TO THE MEMBERS**

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2009.

2. The financial re-structuring and rehabilitation of the Company, based on assistance provided by Voltas Limited, the holding company was vigorously pursued and is now almost complete. The Company has cleared most of its past liabilities and based on availability of limited working capital, continued its business activities, but at a lower scale.
3. The Company recorded turnover of SR 10.248 million for the year ended 31st December, 2009 as compared to SR 11.516 million in the previous year and reported net profit of SR 0.109 million as compared to loss of SR 11.209 million in the previous year. The Net Profit was on account of certain Other income. The cumulative losses continue to remain in excess of 50% of the share capital and the Net Worth is eroded.
4. In view of good business potential in the electro-mechanical projects, the Management is pursuing various opportunities in the Kingdom of Saudi Arabia and is expecting healthy order book during the financial year 2010.
5. M/s. Deloitte & Touche Bakr Abulkhair & Co., Public Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

Jeddah, 10th February, 2010

**Mohammed Hanif Patvi**

Director

## **AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF**

### **SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.**

#### **Scope of Audit**

We have audited the balance sheet of **SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.** (a Saudi limited liability company) as of 31st December, 2009 and the related statements of operations, shareholders' equity and cash flows for the year then ended, and Notes 1 to 23 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulation for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### **Basis of Qualification**

The losses of the Company exceeded one-half of the share capital. As explained in Note 1, the Regulations for Companies detail certain legal requirements to be fulfilled in such case. The shareholders in their meeting held on 9th February, 2010, resolved to continue the operations and provide the Company with suitable funding with which to continue. However, the resolution of the shareholders has not yet been published in a manner prescribed in Article 164 of the Regulations for Companies.

#### **Qualified Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31st December, 2009 and the result of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards appropriate to the nature of the Company, and except as mentioned above, comply with the relevant provisions of the Regulations for Companies and the Articles of the Company as these relates to the preparation and presentation of these financial statements.

#### **Other Matters**

Without qualifying our opinion, we draw attention to the fact that the Company has incurred recurring operating losses, its total liabilities have exceeded its total assets by SR 1139943 and it had a negative cash flow from operating activities for the year ended 31st December, 2009. These cast substantial doubt upon the Company's ability to continue as a going concern based on the fact that the shareholders of the Company have resolved to continuously support the Company's operations.

**Deloitte & Touche Bakr Abulkhair & Co.**

Al-Mutahhar Y. Hamiduddin

Licence No. 296

Jeddah, 15th February, 2010

## BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Notes	SR	As at 31-12-2008 SR	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3	<b>605510</b>	490821	<b>7539</b>	6346
Accounts receivable	4	<b>1962287</b>	1849865	<b>24430</b>	23919
Contract retentions	4	<b>1898341</b>	1616647	<b>23634</b>	20903
Advances, prepayments and deposits	4	<b>277450</b>	297313	<b>3454</b>	3845
Unbilled revenue	4	<b>525981</b>	306059	<b>6549</b>	3957
<b>Total current assets</b>		<b>5269569</b>	4560705	<b>65606</b>	58970
<b>NON-CURRENT ASSETS</b>					
Property and equipment	5	<b>116000</b>	101801	<b>1444</b>	1316
<b>TOTAL ASSETS</b>		<b>5385569</b>	4662506	<b>67050</b>	60286
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>					
<b>CURRENT LIABILITIES</b>					
Short-term debts	8	—	1748607	—	22609
Current portion of long-term debts	6	—	3758334	—	48595
Accounts payable, accrued and other liabilities	7	<b>4215306</b>	8985269	<b>52480</b>	116180
Contract advances		<b>550342</b>	497982	<b>6852</b>	6439
Retentions payable		<b>268486</b>	248193	<b>3343</b>	3209
<b>Total current liabilities</b>		<b>5034134</b>	15238385	<b>62675</b>	197032
<b>NON-CURRENT LIABILITIES</b>					
End-of-service indemnities	9	<b>1491378</b>	1678462	<b>18568</b>	21703
<b>Total non-current liabilities</b>		<b>1491378</b>	1678462	<b>18568</b>	21703
<b>SHAREHOLDERS' DEFICIT</b>					
Share Capital	1	<b>2600000</b>	2600000	<b>32370</b>	33618
Statutory Reserve	10	<b>959649</b>	959649	<b>11947</b>	12408
Accumulated Losses		<b>(28250459)</b>	(28313990)	<b>(351718)</b>	(366100)
Subordinated loan for losses	17	<b>23550867</b>	12500000	<b>293208</b>	161625
<b>Total shareholders' deficit</b>		<b>(1139943)</b>	(12254341)	<b>(14193)</b>	(158449)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		<b>5385569</b>	4662506	<b>67050</b>	60286

The accompanying notes form an integral part of these financial statements.

**Note:** The Balance Sheet has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = Rs. 12.45 being the exchange rate prevailing as on 31st December, 2009. Previous year figures have been converted @ 1 SR = Rs. 12.93 being the exchange rate prevailing as on 31st December, 2008.



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009**

	Notes	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
<b>Contract Revenues</b>	16	<b>10247946</b>	11516119	<b>130046</b>	135084
Contract costs	13	<b>(8674863)</b>	(10949907)	<b>(110084)</b>	(128443)
<b>Gross Profit</b>		<b>1573083</b>	566212	<b>19962</b>	6641
General and administrative expenses	14	<b>(2451135)</b>	(11411024)	<b>(31105)</b>	(133851)
<b>Operating Loss</b>		<b>(878052)</b>	(10844812)	<b>(11143)</b>	(127210)
Finance charges		<b>(148724)</b>	(455480)	<b>(1887)</b>	(5343)
Other income	15	<b>1136024</b>	10171	<b>14416</b>	120
<b>NET INCOME/(LOSS)</b>		<b>109248</b>	(11290121)	<b>1386</b>	(132433)

The accompanying notes from an integral part of these financial statements.

**Note:** The Profit and Loss Account have been converted into Indian Rupees @ 1 Saudi Riyal (SR) = Rs. 12.69 being the average of the exchange rates prevailing as on 31st December, 2008 (1 SR = Rs. 12.93) and as on 31st December, 2009 (1 SR = Rs. 12.45). Previous year figures have been converted into Indian Rupees @ 1 SR = Rs. 11.73 being the average of the exchange rates prevailing as on 31st December, 2007 (1 SR = Rs. 10.52) and as on 31st December, 2008 (1 SR = Rs. 12.93).

Jeddah, 10th February, 2010

Director

**Mohammad Hanif Patvi**

**STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2009**

	Notes	Share Capital		Statutory Reserve		Accumulated losses		Subordinated loan for losses		Total	
		SR	Rupees in '000s	SR	Rupees in '000s	SR	Rupees in '000s	SR	Rupees in '000s	SR	Rupees in '000s
1st January, 2008		2600000	27352	959649	10095	(16561317)	(174225)	3500000	36820	(9501668)	(99958)
Additions during the year		—	—	—	—	—	—	9000000	116370	9000000	116370
Net loss for 2008		—	—	—	—	(11290121)	(132433)	—	—	(11290121)	(132433)
Zakat and income tax	10	—	—	—	—	(462552)	(5981)	—	—	(462552)	(5981)
31st December, 2008		2600000	33618	959649	12408	(28313990)	(366100)	12500000	161625	(12254341)	(158449)
Additions during the year	15	—	—	—	—	—	—	11050867	137583	11050867	137583
Net loss for 2009		—	—	—	—	109248	1386	—	—	109248	1386
Zakat and income tax	10	—	—	—	—	(45717)	(569)	—	—	(45717)	(569)
31st December, 2009		<b>2600000</b>	<b>32370</b>	<b>959649</b>	<b>11947</b>	<b>(28250459)</b>	<b>(351718)</b>	<b>23550867</b>	<b>293208</b>	<b>(1139943)</b>	<b>(14193)</b>

The accompanying notes form an integral part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
<b>OPERATING ACTIVITIES</b>				
Net Income/(Loss)	109248	(11290121)	1386	(132433)
Adjustments for:				
Depreciation	56982	106111	723	1245
Gain on sale of property and equipment	(31350)	—	(398)	—
(Reversal of)/Allowance for doubtful debts and write-off	(214957)	9013650	(2728)	105730
Long outstanding liabilities written off	(335519)	—	(4258)	—
Discount from suppliers on final settlement	(605473)	—	(7683)	—
Provision for warranty written off	(123710)	—	(1570)	—
End-of-service indemnities	150057	146443	1904	1718
Finance charges	148724	455480	1887	5343
Changes in operating assets and liabilities:				
Accounts receivable	102535	(485614)	511	(6279)
Contract retentions	(281694)	292977	(2731)	3788
Advances, prepayments and deposits	19863	(212014)	391	(2741)
Unbilled revenue	(219922)	61	(2592)	1
Accounts payable, accrued and other liabilities	(2898232)	(1345711)	(63700)	(17400)
Contract advances	52360	(425525)	413	(5502)
Retentions payable	20293	(135801)	134	(1756)
Cash (used in)/from operations	(4050795)	(3880064)	(67574)	(50169)
Finance charges paid	(144886)	(455480)	(1839)	(5343)
End-of-service indemnities paid	(337141)	(221114)	(4278)	(2594)
<b>Net cash (used in)/from operating activities</b>	<b>(4532822)</b>	<b>(4556658)</b>	<b>(73691)</b>	<b>(58918)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(71181)	(58789)	(886)	(760)
Proceeds from sale of property and equipment	31350	—	390	—
<b>Net cash (used in)/from investing activities</b>	<b>(39831)</b>	<b>(58789)</b>	<b>(496)</b>	<b>(760)</b>
<b>FINANCING ACTIVITIES</b>				
Due to bank	—	(600049)	—	(7759)
Short-term debts	(8607)	1000000	(107)	12930
Long-term loan	(3758334)	(3400163)	(46791)	(43964)
Subordinated loan for losses	8500000	9000000	105825	116370
Zakat and income tax paid	(45717)	(1051558)	(569)	(13597)
<b>Net cash from/(used in) financing activities</b>	<b>4687342</b>	<b>4948230</b>	<b>58358</b>	<b>63980</b>
<b>Net change in cash and cash equivalents</b>	<b>114689</b>	<b>332783</b>	<b>1193</b>	<b>4683</b>
<b>Cash and cash equivalents, 1st January</b>	<b>490821</b>	<b>158038</b>	<b>6346</b>	<b>1663</b>
<b>Cash and Cash equivalents, 31st December</b>	<b>605510</b>	<b>490821</b>	<b>7539</b>	<b>6346</b>

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009****1. ORGANIZATION AND ACTIVITIES**

Saudi Ensas Company for Engineering Services W.L.L. ("the Company") was incorporated as a Saudi limited liability company in accordance with the provisions of the Saudi Foreign Capital Investment Code and was registered on 16 Muharram, 1398 (16th October, 1978) under Commercial Registration No. 4030016635. The Share Capital of the Company amounting to SR 2 million was divided into 20000 shares of SR 100 each. The Share Capital of the Company was further increased by SR 600000 by capitalizing the unpaid dividend and the relevant increase was published in the Official Gazette on 1 Muharram, 1424 (4th March, 2003).

The Company was owned 51% by Saudi International Investment Co., a Saudi limited liability company, 39% by Metrovol FZE, a company registered in United Arab Emirates and 10% by Voltas Limited, a company registered in India. During 2008, Saudi International Investment Co. sold its shares to Voltas Limited. The Company obtained the necessary approvals from the concerned ministries and amended its Articles of Association and Commercial Registration to reflect the changes. After the change, the Company is owned 39% by Metrovol FZE and 61% by Voltas Limited.

The principal activities of the Company are the design, installation, operation and maintenance of air conditioning and refrigeration systems and other electro-mechanical activities and building a workshop for its activities in accordance with the license issued by the ministerial decision No. 250 dated 4/12/1405.

The Company's head office is in Jeddah, together with a branch in Riyadh, which is registered under Commercial Registration No. 074776 dated 14/5/1410 (13th December, 1989).

The result, assets and liabilities of the Riyadh branch are included in these financial statements.

The accumulated losses of the Company exceeded one-half of the share capital. In accordance with Article 180 of the Regulations for the Companies, it is required that in such situations, the Manager should call for a meeting at which the shareholders decide whether to continue the operations of the Company or dissolve it before the expiry of its term. Subsequent to the year-end, the shareholders held a meeting and resolved to continue the operations and provide the Company with suitable funding with which to continue. Based on the shareholders' resolution, these financial statements have been prepared on a going concern basis despite the recurring operational losses and deficit in the shareholders' equity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants on a going concern basis (Note 1). The following is a summary of significant accounting policies applied by the Company:

**(a) Revenue recognition**

Service revenues are recognized upon delivery of services to customers. Revenue on long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Progress payments and advances received from customers in respect of contracts are deducted from the amount of contract work in progress and excess payments on contracts are shown as a liability.

**(b) Expenses**

General and administrative expenses include direct and indirect costs not specifically part of contract costs as required under generally accepted accounting standards. Allocations between general and administrative expenses and contract costs, when required, are made on a consistent basis.

**(c) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated rates of depreciation of the principal classes of assets are as follows:

Machinery	15%
Furniture and fixtures	20%
Office equipment	15%
Vehicles	20%
Portacabins	10%

**(d) Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

**(e) Warranty**

The Company establishes a provision for expected maintenance costs and warranty expenses to be incurred on its revenues. The provision is reflected in direct costs in the statement of income.

**(f) End-of-service indemnities**

End-of-service indemnities, required by Saudi Arabian Labour Law, are provided in the financial statements based on the employees' length of service.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

### (g) Zakat and income tax

The Company is subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. The income tax provision is computed on adjusted net income on accrual basis. Any difference in the estimate is recorded when the final assessment is approved at which time the provision is cleared. As mentioned in Notes 1 and 11, the Company became 100% foreign shareholding Company and, therefore, is no longer subject to zakat.

### (h) Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of operations on a straight line basis over the term of the operating lease.

### (i) Financial assets and financial liabilities

Financial assets comprise of cash and cash equivalents, accounts receivable, unbilled revenue and contract retentions and initially measured at their fair values and thereafter stated at their cost as reduced by the allowance for doubtful assets, if any.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include accounts payable, due to related parties, short-term and long term debts and retentions payable, and are initially measured at their fair values and thereafter stated at their cost.

## 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less.

	2008	2008	2008	2008
	SR	SR	Rupees in '000s	Rupees in '000s
Cash and bank balances (Note 3.1)	<u>605510</u>	<u>490821</u>	<u>7539</u>	<u>6346</u>

3.1 This includes cash margin of SR 249769 (Rs.3109624) restricted against letters of guarantee (Note 20).

## 4. CURRENT ASSETS (OTHER THAN CASH AND CASH EQUIVALENTS)

	2009					
	Gross		Allowance for doubtful assets		Net	
	SR	Rupees In '000s	SR	Rupees in '000s	SR	Rupees in '000s
Accounts receivable	3990336	49680	(2028049)	(25250)	1962287	24430
Contract retention	2635264	32809	(736923)	(9175)	1898341	23634
Advances, prepayments and deposits	277450	3454	—	—	277450	3454
Unbilled revenue	5218322	64968	(4692341)	(58419)	525981	6549
	<u>12121372</u>	<u>150911</u>	<u>(7457313)</u>	<u>(92844)</u>	<u>4664059</u>	<u>58067</u>
	2008					
	Gross		Allowance for doubtful assets		Net	
	SR	Rupees In '000s	SR	Rupees in '000s	SR	Rupees in '000s
Accounts receivable	8312425	107480	(6462560)	(83561)	1849865	23919
Contract retention	5999670	77576	(4383023)	(56673)	1616647	20903
Advances, prepayments and deposits	6231476	80573	(5934163)	(76728)	297313	3845
Unbilled revenue	5599963	72408	(5293904)	(68451)	306059	3957
	<u>26143534</u>	<u>338037</u>	<u>(22073650)</u>	<u>(285413)</u>	<u>4069884</u>	<u>52624</u>

The movement in allowance for doubtful assets is as follows:

	As at		As at	
	SR	SR	Rupees in '000s	Rupees in '000s
1st January	22073650	13060000	285413	168866
(Reversal of)/allowance for doubtful assets	(214957)	9013650	(2676)	116546
Write-offs	(14401380)	—	(179297)	—
	<u>7457313</u>	<u>22073650</u>	<u>92844</u>	<u>285413</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

## 5. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposal		31st December	
	SR	Rupees in '000s	SR	Rupees in '000s	SR	Rupees in '000s	SR	Rupees in '000s
<b>Cost:</b>								
Machinery	502880	6502	—	—	—	—	<b>502880</b>	<b>6261</b>
Furniture and fixtures	372614	4818	—	—	—	—	<b>372614</b>	<b>4639</b>
Office equipment	784505	10144	71181	886	—	—	<b>855686</b>	<b>10653</b>
Vehicles	1150493	14876	—	—	(218687)	(2723)	<b>931806</b>	<b>11601</b>
Portacabins	55630	719	—	—	—	—	<b>55630</b>	<b>693</b>
<b>Total Cost</b>	<u>2866122</u>	<u>37059</u>	<u>71181</u>	<u>886</u>	<u>(218687)</u>	<u>(2723)</u>	<b><u>2718616</u></b>	<b><u>33847</u></b>
<b>Depreciation:</b>								
Machinery	501325	6483	1230	16	—	—	<b>502555</b>	<b>6257</b>
Furniture and fixtures	372614	4818	—	—	—	—	<b>372614</b>	<b>4639</b>
Office equipment	722881	9347	23036	292	—	—	<b>745917</b>	<b>9287</b>
Vehicles	1118977	14468	31516	400	(218687)	(2723)	<b>931806</b>	<b>11601</b>
Portacabins	48524	627	1200	15	—	—	<b>49724</b>	<b>619</b>
<b>Total Depreciation</b>	<u>2764321</u>	<u>35743</u>	<u>56982</u>	<u>723</u>	<u>(218687)</u>	<u>(2723)</u>	<b><u>2602616</u></b>	<b><u>32403</u></b>
<b>Net Book Value at 1st January</b>	<u>101801</u>	<u>1316</u>						
<b>Net Book Value at 31st December</b>							<b><u>116000</u></b>	<b><u>1444</u></b>

## 6. BANK FACILITIES

The Company has credit facilities from Saudi Hollandi Bank for letters of credit and letters of guarantee up to a maximum amount of SR 1500000 (Rs.18675000) which have been settled in full during the year. These facilities were secured by a demand promissory note for SR 4500000 from Voltas Limited and Sheikh Hani S. Al- Emam and corporate and personal guarantees from the aforementioned parties, respectively.

The Company also has a credit facility from Saudi Hollandi Bank for long-term debt up to a maximum amount of SR 8200000 (Rs. 102090000), which has been fully utilized. The debt was repayable in 48 equal monthly installments commencing from November 2006 and carries interest at SIBOR plus 3%. This facility is secured by a demand promissory note for SR 8500000 from Voltas Limited and Sheikh Hani S. Al-Emam and corporate and personal guarantees from the aforementioned parties, respectively. The Company has repaid the entire balance in 2009. As of 31st December, 2008, the Company had an amount of SR 3758334 (Rs.48595259) outstanding in relation to this facility which included an overdue amount of SR 170833 (Rs.2208871)

## 7. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	SR	As at	Rupees in '000s	As at
		31-12-2008		31-12-2008
		SR		Rupees in '000s
Accounts payable	<b>2620203</b>	6426597	<b>32622</b>	83096
Accrued liabilities	<b>1345637</b>	1502177	<b>16752</b>	19423
Zakat and tax liabilities (Note 11)	<b>249466</b>	1056495	<b>3106</b>	13661
	<b><u>4215306</u></b>	<u>8985269</u>	<b><u>52480</u></b>	<u>116180</u>

## 8. SHORT-TERM DEBTS

	SR	As at	Rupees in '000s	As at
		31-12-2008		31-12-2008
		SR		Rupees in '000s
VIL Overseas Enterprises B.V. (Note 8.1)	—	1000000	—	12930
Voltas Limited (Note 8.2)	—	748607	—	9679
	—	<u>1748607</u>	—	<u>22609</u>

Notes :

8.1 This represents loan obtained by the Company from VIL Overseas Enterprises B.V., a related party, and carried interest at 4% per annum. During the year, this loan has been transferred to a shareholder and converted into an interest free subordinated loan (see Note 17).

8.2 This represents balance payable to Voltas Limited, the majority shareholder, converted into term loan repayable in one or more tranches on or before 31st March, 2010 and carries interest at 4% per annum. However, an amount of SR 740000 (Rs. 9213000) has been converted into an interest free subordinated loan (see Note 17).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

### 9. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	SR	As at 31-12-2008 SR	Rupees in '000s	As at 31-12-2008 Rupees in '000s
1st January	<b>1678462</b>	1753133	<b>21703</b>	18443
Provision for the year	<b>150057</b>	146443	<b>1868</b>	1893
Payments during the year	<b>(337141)</b>	(221114)	<b>(4197)</b>	(1367)
31st December	<b>1491378</b>	1678462	<b>18568</b>	21703

### 10. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company will establish a statutory reserve by the appropriation of 10% of the net income after recovering the accumulated losses until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

### 11. ZAKAT AND INCOME TAX

As mentioned in Notes 1 and 2, the Company became 100% foreign company in 2008. Accordingly, the Company is no longer subject to zakat. The movement in zakat and income tax provision is as follows:

	SR	As at 31-12-2008 SR	Rupees in '000s	As at 31-12-2008 Rupees in '000s
<b>Zakat:</b>				
1st January	—	381484	—	4013
Under provision for previous years	<b>21769</b>	205315	<b>276</b>	2408
Payments made during the year	<b>(21769)</b>	(586799)	<b>(276)</b>	(6883)
31st December	—	—	—	—
<b>Income tax:</b>				
1st January	—	207522	—	2183
Under provision for previous years	<b>23948</b>	257237	<b>304</b>	3017
Payments made during the year	<b>(23948)</b>	(464759)	<b>(304)</b>	(5452)
31st December	—	—	—	—

At 31st December, 2008, and 2009, the Company had an adjusted net taxable loss. Accordingly, no provision for income tax was made. As a result of the change in shareholding of the Company, no provision for zakat had been made in these financial statements for the years 2008 and 2009.

During the year, the DZIT issued final assessments for the years 2003 to 2007, in which the DZIT assessed an additional zakat and income tax liability of SR 492205 (Rs. 6127952). The Company paid SR 45717 (Rs. 569177) and filed an objection against the balance amount. Since the management believes that it will prevail in its objection, no provision for the balance amount has been recorded in the accompanying financial statements.

#### Outstanding assessments:

The tax return for the year 2008 is under review by the DZIT.

### 12. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties:

Names	Relationship
Voltas Limited	Shareholder
Metrovol FZE	Shareholder
VIL Overseas Enterprises B.V.	Affiliate

The significant transactions and related approximate amounts are as follows:

	SR	As at 31-12-2008 SR	Rupees in '000s	As at 31-12-2008 Rupees in '000s
Subordinated loan (Note 17)	<b>11050867</b>	9000000	<b>137583</b>	116370
Expenses	<b>301500</b>	—	<b>3826</b>	—

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)**

Due to related parties as of 31st December are comprised of the following:

	SR	As at 31-12-2008 SR	Rupees in '000s	As at 31-12-2008 Rupees in '000s
Voltas Limited	<b>195000</b>	386865	<b>2428</b>	5002
Metrovol FZE	—	635000	—	8211
VIL Overseas Enterprises B.V.	<b>54466</b>	34630	<b>678</b>	448
	<b>249466</b>	1056495	<b>3106</b>	13661

**13. CONTRACT COSTS**

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
Material Cost	<b>5839479</b>	7085635	<b>74103</b>	83115
Sub-contractor cost	<b>955635</b>	857076	<b>12127</b>	10054
Salaries and benefits	<b>1875850</b>	2655537	<b>23805</b>	31149
Rent	—	328954	—	3859
Vehicle expenses	—	10982	—	129
Other expenses	<b>3899</b>	11723	<b>49</b>	137
	<b>8674863</b>	10949907	<b>110084</b>	128443

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
Salaries and benefits	<b>1362401</b>	864365	<b>17289</b>	10139
Rent	<b>539220</b>	385057	<b>6843</b>	4517
(Reversal of)/Allowance for doubtful debts and write-offs	<b>(214957)</b>	9013650	<b>(2728)</b>	105730
Vehicle expenses	<b>134548</b>	127454	<b>1707</b>	1495
Communication, travel and insurance	<b>92252</b>	218088	<b>1171</b>	2558
Office expenses	<b>286361</b>	106284	<b>3634</b>	1246
Depreciation	<b>56982</b>	106111	<b>723</b>	1245
Other expenses	<b>495828</b>	590015	<b>6292</b>	6921
Expenses recovered from a shareholder (Note 12)	<b>(301500)</b>	—	<b>(3826)</b>	—
	<b>2451135</b>	11411024	<b>31105</b>	133851

**15. OTHER INCOME**

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
Gain on sale of property and equipment	<b>31350</b>	—	<b>398</b>	—
Long outstanding liabilities written back	<b>335519</b>	—	<b>4258</b>	—
Discount from suppliers on final settlement	<b>605473</b>	—	<b>7683</b>	—
Provision of warranty written back	<b>123710</b>	—	<b>1570</b>	—
Others	<b>39972</b>	10171	<b>507</b>	120
	<b>1136024</b>	10171	<b>14416</b>	120

**16. TRANSACTIONS WITH MAJOR CUSTOMER**

Contract revenue from three (2008: five) customers amounted to approximately SR 8.72 million (Rs. 1106.57 lakhs) [2008: SR 9.52 million (Rs. 1116.70 lakhs)], which represents approximately 85% (2008: 83%) of the total contract revenue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2009 (contd.)

### 17. SUBORDINATED LOAN FOR LOSSES

During the year 2006, the shareholders resolved to give an interest free loan to the Company amounting to SR 3250000 (Rs. 40462500) as a subordinated loan for losses as the accumulated losses exceeded one-half of the Company's capital. During the year 2007 and 2008, the shareholders provided an additional amount of SR 250000 (Rs. 3112500) and SR 9000000 (Rs.112050000) respectively. During the year, the shareholders further provided an additional amount of SR 8500000 (Rs.105825000) in cash and an amount of SR 1740000 (Rs. 21663000) was transferred from short term debts (Note 8). Further, the shareholders waived a balance of SR 810867 (Rs. 10095294) due to them. The subordinated loan is not repayable until the accumulated losses are recovered from future profits.

### 18. CREDIT RISK

Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligation in transactions involving financial instruments.

The Company's credit risk is primarily attributable to its accounts receivable and contract retentions and unbilled revenues. The amounts presented in the balance sheet are net of allowance for doubtful assets, estimated by the Company's management based on prior experience and their assessment of the current environment. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers/projects. At the balance sheet date, there are no significant concentration of credit risk amongst customers.

### 19. OPERATING LEASE ARRANGEMENTS

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
Payments under operating leases recognized as an expense during the year	<b>539220</b>	714011	<b>6843</b>	8375

Operating lease payments represent rentals payable by the Company for certain office properties and accommodation, the commitments for which expire within one year.

### 20. CONTINGENCIES

As of 31st December, 2009, the Company has outstanding letters of bank guarantee amounting to SR 249769 (Rs.3109624), [2008: SR 249769 (Rs.3229513)] which were issued in the normal course of business.

### 21. NON-CASH OPERATING AND FINANCING ACTIVITIES

	SR	2008 SR	Rupees in '000s	2008 Rupees in '000s
Payable to related party transferred to short-term debts	—	748607	—	9679
Due to shareholders waived and transferred to subordinated loan for losses	810867	—	10095	—
Short-term debts transferred to subordinated loan for losses	1740000	—	21633	—

### 22. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

### 23. COMPARATIVE FIGURES

Certain figures for 2008 have been reclassified to conform with the presentation in current year.



# METROVOL FZE

Directors :

**A. Soni** (Chairman)

**P. N. Dhume**

**N. Visvanathan**

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Sixteenth Annual Report and the Accounts for the year ended 31st March, 2010.

2. The Company is a wholly owned subsidiary of Voltas Limited. The trading activities carried on by the Company, with moderate growth and minimal value addition, were not aligned with the core businesses of Voltas Limited. Therefore, as part of streamlining and restructuring of subsidiary companies by Voltas Limited, it was decided to close Metrovol FZE. Accordingly, no new orders were booked during 2009-10. The Company completed the execution of pending orders in hand and focused its attention on liquidation of inventories and receivables.
3. On this background, the performance of the Company has to be considered as operations under closure. The Company has recorded turnover of AED 2.006 million for the year ended 31st March, 2010 and incurred a loss of AED 1.745 million mainly on account of administrative costs and fixed overheads. The Directors do not recommend any dividend for the year ended 31st March, 2010 (previous year : 25%).
4. The Company has initiated the legal process for closure of the business operations and de-registration of the Company from the records of Jebel Ali Free Zone Authority and the entire process is expected to be completed before end September 2010.
5. M/s. PKF, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment, till the closure of the Company in 2010-11.

On behalf of the Board of Directors

**A. Soni**  
Chairman

Muscat, 14th April, 2010

## AUDITOR'S REPORT TO THE SHAREHOLDERS OF METROVOL FZE

### Report on the financial statements

We have audited the accompanying financial statements of **METROVOL FZE**, which comprise the statement of financial position as at 31st March, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 2 to 17.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

We draw attention to Note 1(c) of the financial statements which states that the shareholder has resolved to close the business activities of the establishment. Presently, it is the management's intention to close the operations of the establishment in the year 2010. However, these financial statements have been prepared on a going concern basis as the liquidation process is yet to commence and the partners have agreed to provide adequate financial support to enable the establishment to meet its liabilities as and when they fall due for payment.

### Opinion

Except for any adjustments in reclassifications that might be required should the going concern basis be inappropriate, in our opinion, the financial statements give a true and fair view of the financial position of **METROVOL FZE** as of 31st March, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

We further confirm that the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

**PKF**  
Dubai,  
United Arab Emirates  
14th April, 2010

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Notes	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	<u>—</u>	<u>20100</u>	<u>—</u>	<u>279</u>
<b>CURRENT ASSETS</b>					
Inventories	7	—	870599	—	12093
Trade and other receivables	8	<b>229886</b>	8119171	<b>2825</b>	112775
Cash and cash equivalents	9	<b>3696292</b>	3089345	<b>45427</b>	42911
Other current financial assets	10	<b>161750</b>	161750	<b>1988</b>	2247
		<u><b>4087928</b></u>	<u>12240865</u>	<u><b>50240</b></u>	<u>170026</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	<b>68167</b>	5384471	<b>838</b>	74790
Amount due to related parties	13	<b>46833</b>	493414	<b>575</b>	6854
		<u><b>115000</b></u>	<u>5877885</u>	<u><b>1413</b></u>	<u>81644</u>
<b>NET CURRENT ASSETS</b>		<b>3972928</b>	6362980	<b>48827</b>	88382
<b>NON-CURRENT LIABILITY</b>					
Provision for Staff end-of-service gratuity	14	<u><b>(141989)</b></u>	<u>(298141)</u>	<u><b>(1745)</b></u>	<u>(4141)</u>
		<u><b>3830939</b></u>	<u>6084939</u>	<u><b>47082</b></u>	<u>84520</u>
<b>SHAREHOLDERS' EQUITY FUNDS</b>					
Share Capital	15	<b>2000000</b>	2000000	<b>24580</b>	27780
General Reserve		<b>2057931</b>	2057931	<b>25292</b>	28585
Retained Earnings		<u><b>(226992)</b></u>	<u>2027008</u>	<u><b>(2790)</b></u>	<u>28155</u>
		<u><b>3830939</b></u>	<u>6084939</u>	<u><b>47082</b></u>	<u>84520</u>

The accompanying notes form an integral part of these financial statements.

**Note :** The Balance Sheet has been converted into Indian Rupees @ 1 AED = Rs.12.29, being the exchange rate prevailing on 31st March, 2010. Previous year figures have been converted @ 1 AED = Rs.13.89, being the exchange rate prevailing on 31st March, 2009.

Muscat, 14th April, 2010

Directors

**A. Soni**  
**P. N. Dhume**  
**N. Visvanathan**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Notes	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>Revenue</b>		<b>2006059</b>	27945160	<b>26259</b>	345682
Purchases of Inventory		<b>(837087)</b>	(25942311)	<b>(10957)</b>	(320906)
Changes in Inventories		<b>(1033295)</b>	235256	<b>(13526)</b>	2910
<b>Gross Profit</b>		<b>135677</b>	2238105	<b>1776</b>	27686
Other Operating Income	17	<b>444286</b>	766272	<b>5816</b>	9479
<b>Gross Income</b>		<b>579963</b>	3004377	<b>7592</b>	37165
Staff Costs	18	<b>(828843)</b>	(1236774)	<b>(10850)</b>	(15299)
Depreciation		<b>(15118)</b>	(57693)	<b>(198)</b>	(714)
Other Operating Expenses	19	<b>(1513214)</b>	(1358252)	<b>(19808)</b>	(16802)
<b>Profit/(Loss) from Operating Activities</b>		<b>(1777212)</b>	351658	<b>(23264)</b>	4350
Interest Income on bank deposits		<b>23212</b>	29937	<b>304</b>	370
<b>Total Comprehensive Income for the year</b>		<b>(1754000)</b>	381595	<b>(22960)</b>	4720

The accompanying notes form an integral part of these financial statements.

**Note :** The Profit and Loss Account has been converted into Indian Rupees @ 1 AED = Rs. 13.09, being the average of the exchange rates prevailing on 31st March, 2009 (1 AED = Rs. 13.89) and as on 31st March, 2010 (1 AED = Rs. 12.29). Previous year figures have been converted @ 1 AED = Rs. 12.37 being the average of the exchange rates prevailing on 31st March, 2008 (1 AED = Rs. 10.85) and as on 31st March, 2009 (1 AED = Rs. 13.89).

Muscat, 14th April, 2010

Directors

**A. Soni**  
**P. N. Dhume**  
**N. Visvanathan**

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2010

	Share Capital		*General Reserve		Retained Earnings		Total	
	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s
As at 31-3-2008	2000000	21700	2057931	22328	2145413	23278	6203344	67306
Total comprehensive income for the year	—	—	—	—	381595	4720	381595	4720
Dividends paid and declared during the year	—	—	—	—	(500000)	(5425)	(500000)	(5425)
As at 31-3-2009	2000000	27780	2057931	28585	2027008	28155	6084939	84520
Total comprehensive income for the year	—	—	—	—	(1754000)	(22960)	(1754000)	(22960)
Dividends paid and declared during the year	—	—	—	—	(500000)	(6945)	(500000)	(6945)
<b>As at 31-3-2010</b>	<b>2000000</b>	<b>24580</b>	<b>2057931</b>	<b>25292</b>	<b>(226992)</b>	<b>(2790)</b>	<b>3830939</b>	<b>47082</b>

\*The General Reserve is available for distribution as dividends.

The accompanying notes form an integral part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Notes	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>Cash flows from operating activities</b>					
Cash generated from/(used in) operations	20	1019921	1475376	13351	18250
<b>Net cash from operating activities (A)</b>		<b>1019921</b>	<b>1475376</b>	<b>13351</b>	<b>18250</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		—	(1580)	—	(22)
Proceeds from disposal of property, plant and equipment		63814	—	835	—
Interest received		23212	29937	304	370
<b>Net cash from investing activities (B)</b>		<b>87026</b>	<b>28357</b>	<b>1139</b>	<b>348</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(500000)	(500000)	(6945)	(5425)
<b>Net cash used in financing activities (C)</b>		<b>(500000)</b>	<b>(500000)</b>	<b>(6945)</b>	<b>(5425)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>606947</b>	<b>1003733</b>	<b>2516</b>	<b>20282</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3089345</b>	<b>2085612</b>	<b>42911</b>	<b>22629</b>
<b>Cash and cash equivalents at end of year</b>	9	<b>3696292</b>	<b>3089345</b>	<b>45427</b>	<b>42911</b>

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- (a) METROVOL FZE was incorporated on 7th August, 1994 as a free zone establishment with limited liability in the Jebel Ali Free Zone, Dubai, UAE and operates under a special license issued by the Jebel Ali Free Zone Authority on 19th September, 1994. The registered office is P.O. Box 61085, Dubai, UAE.
- (b) The establishment trades in mechanical and industrial machinery, engineering goods and allied products. It also acts as sales agent for manufacturers of various products.
- (c) The establishment is a wholly owned subsidiary of Voltas Limited, India. The board of directors of Voltas Limited, India in their meeting dated 21st April, 2009, resolved to close the business activities of the establishment. Presently, the shareholder intends to close the activities of the establishment in the year 2010. However, these financial statements have been prepared on a going concern basis as the liquidation process is yet to commence and the shareholder has agreed to provide adequate financial support to enable the establishment to meet its liabilities as and when they fall due for payment.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

#### (a) Basis of preparation

The financial statements are presented in UAE Dirhams and prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1st January, 2009, and the laws of the Jebel Ali Free Zone.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material is depreciated from the date the asset is available for use until it is derecognized using the straight line method over their estimated useful lives as follows:

Lease office improvements	4 years
Plant machinery and equipment	4 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	3 years

An assessment of residual values is undertaken at each date of statement of financial position and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

#### (c) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

#### (d) Staff end-of-service gratuity

Provision is made for end-of-service gratuity payable to the staff at the date of statement of financial position in accordance with the local labour laws.

#### (e) Revenue

Revenue represents the amount invoiced, net of discounts and returns, for goods delivered during the year.

#### (f) Agency commission income

Agency commission income represents the commissions earned on indenting orders executed during the year.

#### (g) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

#### (h) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the date of statement of financial position.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

### (i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

### (j) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise trade and other receivables and other current financial assets are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in profit or loss.

Current financial liabilities, which comprise trade and other payables and related party payables are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

### 3. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### *Impairment*

At each date of statement of financial position, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

### 4. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### *Carrying values of property, plant and equipment*

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### *Inventory provisions*

Management regularly undertakes a review of the Company's inventory, stated at Nil [(previous year: AED 1033295 (Rs. 14352468))] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### *Doubtful debt provisions*

Management regularly undertakes a review of the amounts of receivables owed to the Company either from third parties, (see Note 8) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

#### *Impairment*

Assessments of net recoverable amounts of property, plant, equipment, investment property and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

#### *Staff end-of-service gratuity*

The Company computes the provision for the liability to staff end-of-service stated at AED 141989 (Rs. 1858636) [previous year: AED 298141 (Rs. 4141178)] assuming that all employees were to leave as of the date of statement of financial position. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

### 5. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Company are as follows. Their adoption has resulted in presentation and disclosure changes only:

Amendment to IAS 1: Presentation of Financial Statements

Amendment to IAS 16: Property, Plant and Equipment

Amendment to IAS 23: Borrowing Costs

Amendment to IAS 32: Financial Instruments: Presentation

Amendment to IAS 36: Impairment of Assets

Amendment to IAS 39: Financial Instruments: Recognition and Measurement

Reclassification of Financial Assets – Amendments to IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosures

Improving Disclosures about Financial Instruments - Amendments to IFRS 7

The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentation and disclosures within the financial statements:

Improvements to IFRS

IAS 1: Presentation of Financial Statements (1st January, 2010)

IAS 7: Statement of Cash Flows (1st January, 2010)

IAS 17: Leases (1st January, 2010)

IAS 18: Revenue (1st January, 2010)

IAS 36: Impairment of Assets (1st January, 2010)

IAS 39: Financial Instruments : Recognition and Measurements (1st January, 2010)

### 6. PROPERTY, PLANT AND EQUIPMENT

	Lease office improvements		Plant, machinery and equipments		Furniture, fixtures and office equipment		Motor vehicles		Total	
	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s	AED	Rupees in '000s
<b>Cost</b>										
As at 1-4-2008	85965	1194	12920	140	209736	2276	305400	3314	614021	5730
Additions	—	—	1580	22	—	—	—	—	1580	22
As at 31-3-2009	85965	1194	14500	201	209736	2914	305400	4242	615601	8551
Disposals	—	—	(480)	(7)	(58156)	(808)	(228950)	(3180)	(287586)	(4075)
<b>As at 31-3-2010</b>	<b>85965</b>	<b>1056</b>	<b>14020</b>	<b>172</b>	<b>151580</b>	<b>1863</b>	<b>76450</b>	<b>940</b>	<b>328015</b>	<b>4031</b>
<b>Accumulated depreciation and impairment losses</b>										
As at 1-4-2008	85965	1194	11413	124	178858	1941	261572	2838	537808	4903
Depreciation	—	—	1327	17	15275	189	41091	508	57693	714
As at 31-3-2009	85965	1194	12740	177	194133	2697	302663	4204	595501	8272
Depreciation	—	—	1586	21	11288	148	2244	29	15118	198
Adjustment on disposal	—	—	(306)	(4)	(53841)	(662)	(228457)	(2808)	(282604)	(3474)
<b>As at 31-3-2010</b>	<b>85965</b>	<b>1056</b>	<b>14020</b>	<b>172</b>	<b>151580</b>	<b>1863</b>	<b>76450</b>	<b>940</b>	<b>328015</b>	<b>4031</b>
<b>Net book value</b>										
As at 1-4-2008	—	—	1507	16	30878	335	43828	476	76213	827
As at 31-3-2009	—	—	1760	24	15603	217	2737	38	20100	279
<b>As at 31-3-2010</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Note :** The office lease is renewable annually.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>7. INVENTORIES</b>				
Goods held for sale	—	1033295	—	14353
Less: Provision for slow moving, damaged and obsolete inventories	—	(162696)	—	(2260)
	<u>—</u>	<u>870599</u>	<u>—</u>	<u>12093</u>

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>8. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables*	<b>170046</b>	8214772	<b>2090</b>	114103
Less: Provision for doubtful accounts	—	(350625)	—	(4870)
	<u>170046</u>	<u>7864147</u>	<u>2090</u>	<u>109233</u>
Prepayments	<b>37146</b>	163050	<b>456</b>	2265
Advances and other receivables	—	46605	—	647
Deposits	<b>22694</b>	45369	<b>279</b>	630
	<u>229886</u>	<u>8119171</u>	<u>2825</u>	<u>112775</u>

\*Includes commission receivable of AED 79735 (Rs. 979943) [previous year: AED 389745 (Rs. 5413558)].

A reconciliation of the movements in the doubtful debt provision account are as follows:

Opening balance	<b>350625</b>	59934	<b>4870</b>	650
Provisions made during the year	—	350625	—	4870
Less: Amounts recovered/written back	<b>(15000)</b>	(14928)	<b>(196)</b>	(185)
Less: Amounts written off	<b>(335625)</b>	(45006)	<b>(4393)</b>	(557)
Closing balance	<u>—</u>	<u>350625</u>	<u>—</u>	<u>4870</u>

An age analysis of trade receivables that are past due but not impaired is as follows:

6 months to 1 year	—	142168	—	1975
Over 1 year	<b>170046</b>	1021058	<b>2090</b>	14182

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

Gross value	—	350625	—	4870
Provision	—	(350625)	—	(4870)
Carrying value	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Trade receivables not past due and not impaired	<u>—</u>	<u>7051546</u>	<u>—</u>	<u>97946</u>
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	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>9. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	—	1707	—	24
Bank balances:				
– Current accounts	<b>702889</b>	1538466	<b>8639</b>	21369
– Call deposits	<b>33230</b>	493593	<b>408</b>	6856
– Fixed deposits	<b>2960173</b>	1055579	<b>36380</b>	14662
	<u>3696292</u>	<u>3089345</u>	<u>45427</u>	<u>42911</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>10. OTHER CURRENT FINANCIAL ASSETS</b>				
Margin deposits	<b>161750</b>	161750	<b>1988</b>	2247
		As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>11. TRADE AND OTHER PAYABLES</b>				
Trade payables	—	4210013	—	58477
Accruals	<b>68167</b>	781916	<b>838</b>	10861
Advances received from customers	—	381411	—	5298
Other payables	—	11131	—	154
	<b>68167</b>	5384471	<b>838</b>	74790
<b>12. DIVIDEND</b>				

Dividends paid during the year of AED 500000 (Rs. 6945000) [(previous year: AED 500000 (Rs. 5425000))] represent dividend per share of AED 500000 (Rs. 6945000) [(previous year: AED 500000 (Rs. 5425000))].

**13. RELATED PARTIES**

The establishment enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in normal course of business and a price determined by management.

Related parties comprise the parent company, associates of the parent company and directors.

At the date of statement of financial position balances with related parties were as follows:

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>Included in trade and other receivables</b>				
Parent company	—	—	—	—
Other Related parties	—	645496	—	8966
	—	645496	—	8966
<b>Included in trade and other payables</b>				
Parent company	—	11131	—	155
Other Related parties	—	—	—	—
	—	11131	—	155
<b>Disclosed as due to related parties</b>				
Parent company	—	—	—	—
Other Related parties	<b>46833</b>	493414	<b>575</b>	6854
	<b>46833</b>	493414	<b>575</b>	6854

All Balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 21.

Significant transactions with related parties during the year were as follows:

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Sales	<b>584427</b>	177423	<b>7650</b>	2195
Director's remuneration and benefits	<b>321472</b>	285930	<b>4208</b>	3537
Transfer of Provision for staff end-of-service gratuity.	—	7956	—	111
Sale of equipment at net book value	<b>2382</b>	—	<b>31</b>	—

The Company also receives funds from related parties as working capital facilities, free of interest.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>14. PROVISION FOR STAFF END-OF-SERVICE GRATUITY</b>				
Opening balance	298141	222729	3664	3094
Add: Provision during the year	31172	71551	383	994
Add: Transfer from a related party	—	7956	—	110
Less: Paid during the year	(187324)	(4095)	(2302)	(57)
	<u>141989</u>	<u>298141</u>	<u>1745</u>	<u>4141</u>

**15. SHARE CAPITAL**

**Issued and paid up:**

1 share of AED 2000000

2000000	2000000	24580	27780
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**16. MANAGEMENT OF CAPITAL**

The establishment's objectives when managing capital are to ensure that the establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Funds generated from internal accruals together with funds received from/provided to related parties are retained in the business, net of dividend declared and according to the business requirements and maintain capital at desired levels.

	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>17. OTHER OPERATING INCOME</b>				
Profit on disposal of property, plant and equipment	58832	—	770	—
Commission income	10217	711228	134	8798
Recovery of bad debts	15000	14928	196	185
Miscellaneous income	360237	40116	4716	496
	<u>444286</u>	<u>766272</u>	<u>5816</u>	<u>9479</u>

Commission income represents commission earned on indenting orders amounting to AED 340570 (Rs. 44580613) [previous year: AED 23337023 (Rs. 288678975)] executed during the year.

	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>18. STAFF COSTS</b>				
Director's remuneration and benefits	321472	285930	4208	3537
Staff salaries and benefits	476199	879293	6233	10877
Staff end-of-service gratuity	31172	71551	409	885
	<u>828843</u>	<u>1236774</u>	<u>10850</u>	<u>15299</u>

	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>19. OTHER OPERATING EXPENSES</b>				
Rent	478360	542081	6262	6706
Provision for doubtful accounts	—	350625	—	4337
Provision for inventory	—	67065	—	830
Other expenses	1034854	398481	13546	4929
	<u>1513214</u>	<u>1358252</u>	<u>19808</u>	<u>16802</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	AED	2008-09 AED	Rupees in '000s	2008-09 Rupees in '000s
<b>20. CASH GENERATED FROM OPERATIONS</b>				
Profit/(Loss) for the year	(1754000)	381595	(22960)	4720
Adjustments for:				
Depreciation of property, plant and equipment	15118	57693	198	714
Profit on disposal of property, plant and equipment	(58832)	—	(770)	—
Interest income	(23212)	(29937)	(304)	(370)
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>(1820926)</b>	<b>409351</b>	<b>(23836)</b>	<b>5064</b>
Decrease/(increase) in inventories	870599	(168191)	12093	(4472)
Decrease in trade and other receivables	7889285	1365333	109950	9868
Decrease in trade and other payables	(5316304)	(196931)	(73952)	(14232)
Decrease in amounts due to related parties	(446581)	(9598)	(6278)	(1396)
(Decrease)/increase in staff gratuity provision	(156152)	75412	(2396)	1724
	<b>1019921</b>	<b>1475376</b>	<b>13351</b>	<b>18250</b>

**21. FINANCIAL INSTRUMENTS**

The net carrying amounts as at the balance sheet date of financial assets and financial liabilities are as follows:

	Loans and receivables				At amortised cost			
	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Trade and other receivables	192740	7909516	2369	109863	—	—	—	—
Cash and cash equivalents	3696292	3089345	45427	42911	—	—	—	—
Trade and other payables	—	—	—	—	52000	4936912	639	68574
Other current financial assets	161750	161750	1988	2247	—	—	—	—
Amount due to related parties	—	—	—	—	46833	493414	576	6853
	<b>4050782</b>	<b>11160611</b>	<b>49784</b>	<b>155021</b>	<b>98833</b>	<b>5430326</b>	<b>1215</b>	<b>75427</b>

**Management of risk**

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency, liquidity and cash flow interest rate risks.

Credit risk is managed by assessing the credit worthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by high credit quality financial institutions.

The establishment buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirham is pegged.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

**Credit risk**

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The establishment's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the date of statement of financial position, the establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
AGCC countries	—	3373150	—	46853
Asian countries	<b>79735</b>	158453	<b>980</b>	2201
African countries	—	688451	—	9563
European countries	—	257656	—	3579

As at the date of statement of financial position, 100% trade receivable was due from two customers (previous year: 37% due from two customers).

As at the date of statement of financial position, significant concentration of credit risk by industry are as follows:

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Chemicals	—	2025830	—	28139
Engineering	<b>176046</b>	3151023	<b>2164</b>	43768
FMCG	—	2916875	—	40515

### Interest rate risk

Call and fixed deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

### Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following, which are denominated in Euros:

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Current account and fixed deposits	—	289053	—	4015
Trade payables	—	5548	—	77

Reasonably possible changes to exchange rates at the date of statement of financial position are unlikely to have a significant impact on profit or equity.

### Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the financial assets and financial liabilities which are required to be stated at cost or at amortised cost, approximate to their carrying values.

	AED	As at 31-3-2009 AED	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>22. CONTINGENT LIABILITIES</b>				
Bankers' letters of guarantee	<b>236750</b>	307762	<b>2910</b>	4275
Unutilised balances of commercial letters of credit	—	2600612	—	36123

Directors  
**A. Soni**  
**P. N. Dhume**  
**N. Visvanathan**

Muscat, 14th April, 2010

# SIMTO INVESTMENT COMPANY LIMITED

Directors :

**Sanjay Johri**

**P. D. Karkaria**

**M. M. Miyajiwala**

**A. Soni (upto 20.4.2010)**

## **DIRECTORS' REPORT TO THE MEMBERS**

The Directors present their Twenty-Sixth Annual Report and the Accounts for the year ended 31st March, 2010.

2. The Company has earned higher income of Rs.91.91 lakhs and net profit of Rs.86.84 lakhs for the year ended 31st March, 2010 as compared to income of Rs.74.23 lakhs and profit of Rs.72.05 lakhs in the previous year.
3. The Company had no employee of the category indicated under Section 217(2A) of the Companies Act, 1956 and the particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.
4. Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:
  - (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
  - (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010;
  - (c) proper and sufficient care have been taken for the maintenance of adequate 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) the annual accounts have been prepared on a going concern basis.
5. In accordance with the provisions of the Companies Act, 1956, Mr. P. D. Karkaria retires by rotation and, being eligible, offers himself for reappointment.
6. Mr. Sanjay Johri was appointed as an Additional Director of the Company effective 20th April, 2010 and, being eligible, is proposed to be reappointed as a Director at the ensuing Annual General Meeting of the Company. Mr. A. Soni resigned as a Director of the Company with effect from 20th April, 2010. The Directors wish to place on record their sincere appreciation of the valuable advice given by Mr. Soni during his long tenure on the Board, since April 2000.
7. As required by Section 383A(1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001, a 'Compliance Certificate' issued by a Practising Company Secretary and forming part of the Directors' Report, is annexed hereto.
8. M/s. S. A. Buhariwalla & Co., Chartered Accountants, the retiring Auditors of the Company, being eligible, offers themselves for reappointment.

On behalf of the Board of Directors

**P. D. Karkaria**  
**M. M. Miyajiwala**  
Directors

Mumbai, 20th April, 2010

## **SECRETARIAL COMPLIANCE CERTIFICATE TO THE MEMBERS OF SIMTO INVESTMENT COMPANY LIMITED**

I have examined the registers, records and papers of **SIMTO INVESTMENT COMPANY LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company has the minimum prescribed paid-up capital as applicable to public limited company and the comments relating to restrictive conditions specified under Section 3(1)(iii) of the Act are not required.
4. The Board of Directors duly met four times respectively on 19th May, 2009, 10th July, 2009, 22nd October, 2009 and 18th January, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose including the Circular Resolution passed on 17th April, 2009.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 17th July, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, during the financial year under scrutiny, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. During the financial year, the Board of Directors had at its Meeting held on 18th January, 2010 approved the issue of duplicate share certificate in respect of 500 shares.
13. The Company :
  - (i) has delivered the certificates on lodgement thereof for transfer of shares in accordance with the provisions of the Act. There was no allotment/transmission of shares during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was paid during the financial year.
  - (iii) was not required to post dividend warrants to any member of the Company as no dividend was declared during the financial year.

- (iv) does not have any unpaid/unclaimed dividend outstanding for seven years and hence, the requirement of transfer to the Investor Education and Protection Fund does not arise.
- (v) has complied with the provisions of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Directors during the financial year.
  15. The Company has not appointed any Managing Director/Wholetime Director/Manager during the financial year.
  16. The Company has not appointed any Sole Selling Agents during the financial year.
  17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director prescribed under the various provisions of the Act, during the financial year.
  18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There are no Preference Shares issued by the Company due for redemption.
  22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits including any unsecured loans within the purview of Section 58A of the Act, during the financial year.
  24. The Company has not made any borrowings during the financial year ended 31st March, 2010.
  25. The Company had not given any loans nor given any guarantees or provided securities to other bodies corporate.
  26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
  27. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the Objects of the Company during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum of Association of the Company with respect to the name of the Company during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum of Association with respect to the share capital of the Company during the year under scrutiny.
  30. The Company has not altered its Articles of Association during the financial year.
  31. There was no prosecution initiated against or show cause notice received by the Company and no fine or penalty or any other punishment was imposed on the Company during the financial year, for offences under the Act.
  32. The Company has not received any money as security from its employee during the financial year.
  33. As explained to us, since there is only one employee, the question of payment of Provident Fund and Employees' State Insurance dues does not arise.

**R. C. THAWANI**

*Company Secretary*  
C. P. : 4197

Mumbai, 12th April, 2010

**ANNEXURE 'A'**

<b>REGISTERS AS MAINTAINED BY THE COMPANY</b>	<b>SECTION OF THE COMPANIES ACT, 1956</b>	<b>REGISTERS AS MAINTAINED BY THE COMPANY</b>	<b>SECTION OF THE COMPANIES ACT, 1956</b>
1. Register of Share Application & Allotment	u/s 75	5. Register of Directors' Shareholding	u/s 307
2. Register of Members	u/s 150	6. Register of Charges	u/s 143
3. Register of Transfers	u/s 108	7. Register of Contracts	u/s 301
4. Register of Directors	u/s 303	8. Disclosures of Interest	u/s 301(3)

**ANNEXURE 'B'**

**FORMS AND RETURNS FILED BY THE COMPANY WITH REGISTRAR OF COMPANIES, REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2010.**

Sr. No.	Forms>Returns	Section	Purpose	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fee paid
1.	Form No. 20B with Annual Return	159	for the year ended 31-3-2009	12-9-2009	Yes	—
2.	Form No. 23AC with Balance Sheet and Form No. 23ACA with Profit and Loss Account	220	-do-	13-8-2009	Yes	—
3.	Form No. 66 with Compliance Certificate	383A	-do-	11-8-2009	Yes	—

**R. C. THAWANI**

*Company Secretary*  
C. P. : 4197

Mumbai, 12th April, 2010

**AUDITORS' REPORT****TO THE MEMBERS OF  
SIMTO INVESTMENT COMPANY LIMITED**

1. We have audited the attached Balance Sheet of **SIMTO INVESTMENT COMPANY LIMITED** as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (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, the Company as required by law has kept proper books of account so far as it appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. A. BUHARIWALLA & CO.**  
Chartered Accountants  
(Registration No.: 101615W)

N. S. Buhariwalla  
Membership No. 43963

Mumbai, 20th April, 2010

**ANNEXURE TO THE AUDITORS' REPORT**

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

As required by the Companies (Auditor's Report) Order, 2003, we report below on the matters specified in paragraph 4 of the said Order:

1. As the Company did not have any fixed assets, all matters relating to fixed assets referred to in the Order are not applicable.
2. Matters relating to inventories referred to in the Order are not applicable to the Company.
3. The Company has neither taken nor granted any loans from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. There is adequate internal control system commensurate with size of the Company and the nature of its business in regard to purchase / sale of investments. As the Company has no fixed assets or inventory, the question of commenting on the internal control system, in this regard does not arise.
5. There were no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company had applied for registration as provided in Section 45-IA of the Reserve Bank of India Act, 1934 which has been granted by Reserve Bank of India. The Company is entitled to hold the certificate of registration in terms of its asset / income pattern as on 31st March, 2010.
7. The Company had passed a Resolution for non-acceptance of public deposits. No public deposits were accepted during the year.
8. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it.
9. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
10. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act and therefore the question of maintaining these records does not arise.
11. Since the Company has only one employee, the question of depositing Provident Fund and Employees State Insurance Fund dues with the appropriate authorities does not arise. There was no undisputed amount payable in respect of income tax, outstanding as at 31st March, 2010 for a period exceeding six months from the date it became payable.
12. The Company has no accumulated loss as at 31st March, 2010. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
13. The Company has not borrowed any funds from banks or financial institutions or in the form of debentures and therefore, the question of commenting on the repayment of any dues in this regard does not arise.
14. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the question of maintenance of records in respect thereof, does not arise.
15. As the Company is not a chit fund, nidhi or mutual benefit fund / society, the question of application of any special statute does not arise.
16. The Company has maintained proper records of the transactions/ contracts in respect of its dealings in shares, securities and other investments and timely entries have been made therein. All the shares and other investments of the Company have been held by the Company in its own name except in one case where the Company is holding beneficial rights in shares pending transfer thereof.
17. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
18. The Company has not taken any term loans.
19. The Company has not raised any funds during the year.
20. The Company has not made any preferential allotment of shares during the year.
21. The Company has not issued any debentures during the year.
22. The Company has not raised any money through public issue during the year.
23. No fraud on or by the Company has been noticed or reported during the year.

For **S. A. BUHARIWALLA & CO.**  
Chartered Accountants  
(Registration No.: 101615W)

N. S. Buhariwalla  
Membership No. 43963

Mumbai, 20th April, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	Rupees in '000s	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SOURCES OF FUNDS</b>				
<b>1. SHARE CAPITAL</b>	A		<b>15299</b>	15299
<b>2. RESERVES AND SURPLUS</b>	B		<b>122637</b>	113953
	TOTAL		<b>137936</b>	129252
 <b>APPLICATION OF FUNDS</b>				
<b>3. INVESTMENTS</b>	C		<b>135438</b>	127907
 <b>4. CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>(A) Current Assets</b>				
Balances with scheduled banks				
– current accounts				
		<b>4586</b>		3476
 <b>(B) Loans and Advances</b>				
(Unsecured, considered good)				
Payment against taxes				
		<b>44</b>		55
		<b>4630</b>		3531
 <b>5. LESS: CURRENT LIABILITIES AND PROVISIONS</b>				
<b>(A) Current Liabilities</b>				
Unpaid Dividend				
		<b>2073</b>		2112
Sundry creditors				
		<b>59</b>		74
(other than micro and small enterprises)				
 <b>(B) Provisions</b>				
Taxation (Net)				
		<b>—</b>		—
		<b>2132</b>		2186
 <b>NET CURRENT ASSETS</b>				
	TOTAL		<b>2498</b>	1345
			<b>137936</b>	129252

In terms of our report of even date attached

For **S. A. BUHARIWALLA & CO.**

*Chartered Accountants*

N. S. Buhariwalla

*Partner*

Membership No. 43963

Mumbai, 20th April, 2010

For and on behalf of the Board

*Directors*

**A. Soni**

**P. D. Karkaria**

**M. M. Miyajiwala**

Mumbai, 20th April, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in '000s	2008-09 Rupees in '000s
<b>1. INCOME</b>		
(a) Income from trade investments	6020	5227
(b) Income from other investments	1608	2180
(c) Other income	—	16
(d) Profit on sale/switch of investments	1563	—
	<u>9191</u>	<u>7423</u>
<b>2. EXPENDITURE</b>		
(a) Salary	201	165
(b) Directors' sitting fees	2	3
(c) Audit fees	15	15
(d) General expenses	33	20
	<u>251</u>	<u>203</u>
<b>3. PROFIT BEFORE TAXATION</b>	8940	7220
<b>4. PROVISION FOR TAX</b>	240	—
<b>5. SECURITIES TRANSACTION TAX</b>	16	15
<b>6. PROFIT AFTER TAXATION</b>	8684	7205
<b>7. TRANSFER TO SPECIAL RESERVE</b>	1737	1441
	<u>6947</u>	<u>5764</u>
<b>8. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>	9187	3423
<b>9. BALANCE CARRIED FORWARD</b>	<u>16134</u>	<u>9187</u>
Basic and diluted earnings per share (in Rs.) (See Note 6 of Notes to Accounts)	5.68	4.71

In terms of our report of even date attached  
For **S. A. BUHARIWALLA & CO.**

Chartered Accountants

N. S. Buhariwalla

Partner

Membership No. 43963

Mumbai, 20th April, 2010

For and on behalf of the Board

Directors

**A. Soni**

**P. D. Karkaria**

**M. M. Miyajiwala**

Mumbai, 20th April, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in '000s	Rupees in '000s	2008-09 Rupees in '000s
<b>Cash flow from operating activities</b>			
Excess Provision written off	—		16
Payments to employee	(251)		(203)
	(251)		(187)
<b>Operating profit before changes in operating assets</b>			
Increase/(Decrease) in operating liabilities:			
Sundry Creditors	(15)		12
	(266)		(175)
<b>Net cash from operating activities before income tax</b>			
Income tax paid (MAT)	(39)		—
	(305)		(175)
<b>Net cash from operating activities</b>			
 <b>Cash flow from investing activities</b>			
Dividends received	7628		7407
Proceeds from sale of investments	34966		15819
Profit on sale of investments	1563		—
	44157		23226
Purchase of investments	(42497)		(22663)
	1660		563
Securities Transaction Tax	(16)		(15)
Income tax paid	(190)		(75)
	1454		473
<b>Net cash from investing activities</b>			
 <b>Cash flow from financing activities</b>			
Dividend including Dividend Distribution Tax		(39)	(40)
		(39)	(40)
<b>Net cash from financing activities</b>			
 <b>Net increase/(decrease) in cash and cash equivalents</b>			
		1110	258
<b>Cash and cash equivalents at beginning of period</b>			
		3476	3218
<b>Cash and cash equivalents at end of period</b>			
		4586	3476

In terms of our report of even date attached  
For **S. A. BUHARIWALLA & CO.**  
*Chartered Accountants*

N. S. Buhariwalla  
*Partner*  
Membership No. 43963  
*Mumbai, 20th April, 2010*

For and on behalf of the Board

*Directors* **A. Soni**  
**P. D. Karkaria**  
**M. M. Miyajiwala**

*Mumbai, 20th April, 2010*

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

	Rupees in '000s	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE A : SHARE CAPITAL</b>			
(1) AUTHORISED			
2500000 (2008-09 : 2500000) Equity Shares of Rs. 10 each		<b>25000</b>	25000
855000 (2008-09 : 855000) 14% Cumulative Redeemable Preference Shares of Rs. 100 each		<b>85500</b>	85500
		<b>110500</b>	110500
(2) ISSUED, SUBSCRIBED AND PAID-UP			
1529850 (2008-09 : 1529850) Equity Shares of Rs. 10 each		<b>15299</b>	15299
<b>SCHEDULE B : RESERVES AND SURPLUS</b>			
(1) Special Reserve	<b>58047</b>		56606
Add : Transfer from Profit and Loss Account	<b>1737</b>		1441
		<b>59784</b>	58047
(2) Capital Redemption Reserve		<b>28145</b>	28145
(3) General Reserve		<b>18574</b>	18574
(4) Balance in Profit and Loss Account		<b>16134</b>	9187
		<b>122637</b>	113953

**SCHEDULE C : INVESTMENTS (AT COST LESS DIMINUTION IN VALUE)**

	Nos.	Face Value per Share Rupees	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>1. LONG TERM INVESTMENTS</b>				
<b>(A) TRADE INVESTMENT</b>				
<b>Fully paid Equity Shares</b>				
OMC Computers Limited	153562	10	<b>879</b>	879
Westerwork Engineers Limited	600	100	<b>754</b>	754
Industrial Estates Private Limited	1	1000	<b>1</b>	1
Brihat Trading Private Limited	3350	10	<b>34</b>	34
Tata Chemicals Limited	618000	10	<b>40930</b>	40930
Bank of Baroda	10684	10	<b>2457</b>	2457
GVK Power & Infrastructure Limited	4600	1	<b>143</b>	143
Cairn India Limited	26250	10	<b>4200</b>	4200
Power Finance Corporation Limited (sold during the year)	1220	10	<b>Nil</b>	104
MindTree Consulting Limited (sold during the year)	115	10	<b>Nil</b>	49
ICRA Limited (87 shares sold during the year)	150	10	<b>50</b>	78
ICICI Bank Limited (11319 shares sold during the year)	10600	10	<b>9964</b>	20604
Bharat Earth Movers Limited	1675	10	<b>1801</b>	1801
Central Bank of India	1524	10	<b>155</b>	155
Power Grid Corporation Limited	5091	10	<b>265</b>	265
Tata Motors Limited (Ordinary shares)	11295	10	<b>8520</b>	8520
Tata Motors Limited ('A' Ordinary shares)	1613	10	<b>492</b>	492
Reliance Power Limited	872	10	<b>245</b>	245
National Hydroelectric Power Corporation Limited (55000 shares purchased during the year)	55000	10	<b>1731</b>	Nil

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

**SCHEDULE C : INVESTMENTS (AT COST LESS DIMINUTION IN VALUE) (contd.)**

	Nos.	Face Value per Share Rupees	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>(B) OTHER INVESTMENTS</b>				
<b>(a) Fully paid Equity Shares</b>				
Hitachi Home & Life Solutions (I) Limited	100	10	<b>2</b>	2
Carrier Airconditioning & Refrigeration Company Limited	400	10	<b>2</b>	2
Blue Star Limited	375	2	<b>2</b>	2
Agro Foods Punjab Limited (Beneficial rights in shares pending transfer)	280000	100	<b>280</b>	280
<b>(b) Investments in Units of Mutual Funds</b>				
Fidelity International Opportunities Fund	488998	10	<b>5000</b>	5000
ING OptiMix Dynamic Multi Manager Fund	500000	10	<b>5000</b>	5000
Tata Indo Global Infrastructure Fund	500000	10	<b>5000</b>	5000
JM Agri & Infra Fund (Dividend Payout)	250000	10	<b>2500</b>	2500
Kotak FMP 13 M Series 4 Institutional Growth (Switched to Kotak Floater Long Term DDR)	1000000	10	<b>Nil</b>	10000
<b>2. CURRENT INVESTMENTS</b>				
<b>Investments in Units of Mutual Funds</b>				
LICMF Savings Plus Fund Dividend (purchased during the year)	761745	10	<b>7618</b>	Nil
Tata Floater Fund Dividend (switched from Tata Liquid Fund Dividend)	962169	10	<b>9656</b>	9277
Kotak Floater Long Term DDR (switched from Kotak FMP 13 M Series 4 Institutional Growth)	946074	10	<b>9537</b>	Nil
IDFC Money Manger Investment Institutional Plan B (purchased during the year)	1016474	10	<b>10180</b>	Nil
Reliance Medium Term Fund Daily Dividend (purchased during the year)	582191	10	<b>9953</b>	Nil
JM Money Manger Fund Dividend (redeemed during the year)	268009	10	<b>Nil</b>	2682
LICMF Floating Rate Fund Dividend (switched from LICMF Liquid Plus Fund Dividend and redeemed during the year)	836420	10	<b>Nil</b>	8364
TOTAL INVESTMENTS			<b>137351</b>	129820
Less : Provision for diminution in value			<b>1913</b>	1913
			<b>135438</b>	127907
Out of the above :				
Quoted : Cost			<b>70957</b>	80047
: Market Value			<b>241041</b>	106125
Unquoted : Cost / Book Value			<b>64481</b>	47860

Note : Investments purchased and sold during the year

	Number of Units
Mutual Funds	2008-09
Tata Liquid Fund HIP - Daily Dividend	— 628
LICMF Liquid Plus Fund - Daily Dividend	— 250000
JM Money Manger Fund Super Plus Plan - Daily Dividend	— 250000

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)

## SCHEDULE D : PARTICULARS IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (NON DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007

Particulars	Rupees in '000s			
	31st March, 2010		31st March, 2009	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side :</b>				
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :</b>				
(a) Debentures : Secured	NIL	NIL	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits)	NIL	NIL	NIL	NIL
(b) Deferred Credits	NIL	NIL	NIL	NIL
(c) Term Loans	NIL	NIL	NIL	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL	NIL	NIL
(e) Commercial Paper	NIL	NIL	NIL	NIL
(f) Other Loans (specify nature)	NIL	NIL	NIL	NIL
<b>Assets side :</b>				
<b>(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>				
(a) Secured	NIL		NIL	
(b) Unsecured	NIL		NIL	
<b>(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities :</b>				
<b>(i) Lease assets including lease rentals under sundry debtors :</b>				
(a) Financial lease	NIL		NIL	
(b) Operating lease	NIL		NIL	
<b>(ii) Stock on hire including hire charges under sundry debtors :</b>				
(a) Assets on hire	NIL		NIL	
(b) Repossessed Assets	NIL		NIL	
<b>(iii) Other loans counting towards AFC activities :</b>				
(a) Loans where assets have been repossessed	NIL		NIL	
(b) Loans other than (a) above	NIL		NIL	
<b>(4) Break-up of Investments :</b>				
<b>Current Investments :</b>				
1. Quoted :				
(i) Shares (a) Equity	NIL		NIL	
(b) Preference	NIL		NIL	
(ii) Debentures and Bonds	NIL		NIL	
(iii) Units of Mutual Funds	NIL		NIL	
(iv) Government Securities	NIL		NIL	
(v) Others (Please specify)	NIL		NIL	
2. Unquoted :				
(i) Shares (a) Equity	NIL		NIL	
(b) Preference	NIL		NIL	
(ii) Debentures and Bonds	NIL		NIL	
(iii) Units of Mutual Funds	46944		20323	
(iv) Government Securities	NIL		NIL	
(v) Others (Please specify)	NIL		NIL	

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

**SCHEDULE D : (contd.)**

Particulars	Rupees in '000s	
	31st March, 2010	31st March, 2009
	Amount outstanding	Amount outstanding
<b>Long Term Investments :</b>		
1. Quoted :		
(i) Shares (a) Equity	<b>70957</b>	80047
(b) Preference	<b>NIL</b>	NIL
(ii) Debentures and Bonds	<b>NIL</b>	NIL
(iii) Units of Mutual Funds	<b>NIL</b>	NIL
(iv) Government Securities	<b>NIL</b>	NIL
(v) Others (Please specify)	<b>NIL</b>	NIL
2. Unquoted :		
(i) Shares (a) Equity	<b>37</b>	37
(b) Preference	<b>NIL</b>	NIL
(ii) Debentures and Bonds	<b>NIL</b>	NIL
(iii) Units of Mutual Funds	<b>17500</b>	27500
(iv) Government Securities	<b>NIL</b>	NIL
(v) Others (Please specify)	<b>NIL</b>	NIL

(5) **Borrower group-wise classification of assets financed as in (2) and (3) above :**

Category	Amount net of provisions			31st March, 2009		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties *						
(a) Subsidiaries	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL	NIL
(b) Companies in the same group	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL	NIL
(c) Other related parties	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL	NIL
2. Other than related parties	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL	NIL

(6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

Category	Market Value/ Break-up or Fair Value or NAV Rupees in '000s	Book Value (Net of Provisions) Rupees in '000s	31st March, 2009	31st March, 2009
			Market Value/ Break-up or Fair Value or NAV Rupees in '000s	Book Value (Net of Provisions) Rupees in '000s
1. Related Parties *				
(a) Subsidiaries	<b>NIL</b>	<b>NIL</b>	NIL	NIL
(b) Companies in the same group	<b>NIL</b>	<b>NIL</b>	NIL	NIL
(c) Other related parties	<b>NIL</b>	<b>NIL</b>	NIL	NIL
2. Other than related parties	<b>241041</b>	<b>135438</b>	106125	127907
Total	<b>241041</b>	<b>135438</b>	106125	127907

\* As per Accounting Standard of ICAI

(7) **Other information :**

		31st March, 2009
(i) Gross Non-Performing Assets		
(a) Related parties	<b>Not Applicable</b>	Not Applicable
(b) Other than related parties	<b>Not Applicable</b>	Not Applicable
(ii) Net Non-Performing Assets		
(a) Related parties	<b>Not Applicable</b>	Not Applicable
(b) Other than related parties	<b>Not Applicable</b>	Not Applicable
(iii) Assets acquired in satisfaction of debt	<b>Not Applicable</b>	Not Applicable

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

Notes :

1. Accounting Policies:
  - (a) The Company follows accrual system of accounting.
  - (b) Investments are valued at cost less permanent diminution in value of such investments.
2. Investments held in shares are of long term nature.
3. Contingent Liabilities not provided for : Nil
4. The Company operates in a single business (viz. investment) and geographical segment. Due to this, segment reporting in accordance with Accounting Standard 17 is not required.
5. In terms of Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company does not have any deferred tax liability.
6. Earnings per Share has been computed as under :

		2008-09
Net Profit (Rs.)	<b>8683425</b>	7205298
Weighted average number of Equity Shares Outstanding	<b>1529850</b>	1529850
Basic and Diluted Earnings per Share (Rs.) (Face value of Rs. 10 per Share)	<b>5.68</b>	4.71

7. Auditors' Remuneration :
 

	<b>Rupees in '000s</b>	2008-09 Rupees in '000s
Statutory Audit fees	<b>15</b>	15
Other Services	<b>6</b>	—
	<b>21</b>	15
8. Figures have been regrouped wherever necessary.

Signatures to Notes and Schedules "A" to "D"

For and on behalf of the Board

Directors

**A. Soni****P. D. Karkaria****M. M. Miyajiwala**

Mumbai, 20th April, 2010

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

**I. Registration Details :**

Registration No. : 

U	6	7	1	2	0	M	H	1	9	8	3	P	L	C	0	3	1	6	3	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code : 

1	1
---	---

Balance Sheet Date : 

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

  
Date Month Year

**II. Capital raised during the year (Amount In Rs. Thousands) :**

Public Issue : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Rights Issue : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus Issue : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Private Placement : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

**III. Position of mobilisation and deployment of funds (Amount In Rs. Thousands) :**

Total Liabilities : 

				1	3	7	9	3	6
--	--	--	--	---	---	---	---	---	---

 Total Assets : 

				1	3	7	9	3	6
--	--	--	--	---	---	---	---	---	---

**Sources of Funds**

Paid-up Capital : 

				1	5	2	9	9
--	--	--	--	---	---	---	---	---

 Secured Loans : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Reserves and Surplus : 

			1	2	2	6	3	7
--	--	--	---	---	---	---	---	---

 Unsecured Loans : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

**Application of Funds**

Net Fixed Assets : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Investments : 

				1	3	5	4	3	8
--	--	--	--	---	---	---	---	---	---

Net Current Assets : 

				2	4	9	8
--	--	--	--	---	---	---	---

 Misc. Expenditure : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Accumulated Losses : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

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

Turnover / Total Income : 

						9	1	9	1
--	--	--	--	--	--	---	---	---	---

 Total Expenditure : 

						2	5	1
--	--	--	--	--	--	---	---	---

Profit Before Tax : 

						8	9	4	0
--	--	--	--	--	--	---	---	---	---

 Profit After Tax : 

						8	6	8	4
--	--	--	--	--	--	---	---	---	---

Earnings per Share (in Rs.) : 

						5	.	6	8
--	--	--	--	--	--	---	---	---	---

 Dividend Rate (%) : 

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

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

Item Code No. (ITC Code) : 

										N.	A.
--	--	--	--	--	--	--	--	--	--	----	----

Product Description : 

I	N	V	E	S	T	M	E	N	T
---	---	---	---	---	---	---	---	---	---



# VIL OVERSEAS ENTERPRISES B. V.

Directors :

**A. Soni** (*Chairman*)

**P. N. Dhume**

**A. K. Joshi**

**Shaukat Ali Mir**

**B. G. Prabhujgaonkar**

**Representative of**

**Amicorp Netherlands B. V.**

## **DIRECTORS' REPORT**

### **TO THE MEMBERS**

The Directors present their Eleventh Annual Report and the Accounts for the year ended 31st March, 2010.

2. The Company has earned profit of Euro 0.671 million for the year ended 31st March, 2010 as compared to Euro 0.769 million in the previous year. The Directors recommend dividend of 25% aggregating Euro 0.155 million for the year ended 31st March, 2010, same as last year.
3. M/s. PKF Wallast, Accountants & Business Advisors, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

**A. Soni**  
*Chairman*

*Muscat, 14th April, 2010*

## **AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF VIL OVERSEAS ENTERPRISES B.V.**

#### **Introduction**

We have audited the accompanying financial statements for consolidation purposes of **VIL Overseas Enterprises B. V.**, Delft, the Netherlands for the year ended 31st March, 2010, which have been prepared for incorporation in the consolidated financial statements of Voltas Limited. These financial statements for consolidation purposes are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements for consolidation purposes based on our audit.

#### **Scope**

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 the financial statements give a true and fair view of the Company's financial position as at 31st March, 2010 and of the result for the year then ended in accordance with the accounting principles of the parent company.

#### **Emphasis of matter**

Without qualifying our opinion above, we emphasize that the financial statements for consolidation purposes have been prepared for consolidation purposes and that they do not therefore necessarily provide the view necessary to enable the forming of a sound judgement according to section 2:362, subsection 2 of the Netherlands Civil Code.

#### **PKF Wallast**

Drs. E. Bakker RA

*Schiphol- Rijk, 20th April, 2010*

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Euro	As at 31-3-2009 Euro	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SOURCES OF FUNDS</b>				
Share Capital	<b>618729</b>	618729	<b>37415</b>	41888
Reserves and Surplus	<b>1690285</b>	1173958	<b>102211</b>	79477
<b>Shareholders' Funds</b>	<b>2309014</b>	1792687	<b>139626</b>	121365
<b>APPLICATION OF FUNDS</b>				
Participations (at cost)				
Voice Antilles N.V.	<b>414661</b>	414661	<b>25075</b>	28073
Saudi Ensas Company for Engineering Services W.L.L.	<b>160788</b>	160788	<b>9723</b>	10885
Lalbuksh Voltas Engineering Services & Trading L.L.C.	<b>25934</b>	25934	<b>1568</b>	1756
	<b>601383</b>	601383	<b>36366</b>	40714
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	<b>(160788)</b>	(160788)	<b>(9723)</b>	(10885)
	<b>440595</b>	440595	<b>26643</b>	29829
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Receivables from group companies	<b>1365095</b>	775734	<b>82547</b>	52517
Bank Balances	<b>544324</b>	602895	<b>32915</b>	40816
<b>Less: Current Liabilities and Provisions</b>	<b>(41000)</b>	(26537)	<b>(2479)</b>	(1797)
<b>Net Current Assets</b>	<b>1868419</b>	1352092	<b>112983</b>	91536
	<b>2309014</b>	1792687	<b>139626</b>	121365

**Note :** The Balance Sheet has been converted into Indian Rupees @ 1 Euro = Rs. 60.47 being the exchange rate prevailing as on 31st March, 2010. Previous year figures have been converted into Indian Rupees @ 1 Euro = Rs. 67.70 being the exchange rate prevailing as on 31st March, 2009.

Muscat, 14th April, 2010

Directors  
**A. Soni**  
**P. N. Dhume**

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Euro	2008-09 Euro	Rupees in '000s	2008-09 Rupees in '000s
<b>OTHER INCOME</b>				
Dividends from participations	<b>707008</b>	690799	<b>45309</b>	45137
<b>EXPENSES</b>				
Operating and Administrative Expenses	<b>(41910)</b>	(54163)	<b>(2686)</b>	(3539)
Financial results	<b>5911</b>	132052	<b>379</b>	8628
	<b>(35999)</b>	77889	<b>(2307)</b>	5089
Profit before extraordinary items and taxation	<b>671009</b>	768688	<b>43002</b>	50226

**Note :** The Profit and Loss Account have been converted into Indian Rupees @ 1 Euro = Rs. 64.085 being the average of the exchange rates prevailing as on 31st March, 2009 (1 Euro = Rs. 67.70) and as on 31st March, 2010 (1 Euro = Rs. 60.47). Previous year figures have been converted into Indian Rupees @ 1 Euro = Rs. 65.34, being the average of the exchange rates prevailing as on 31st March, 2008 (1 Euro = Rs. 62.97) and as on 31st March, 2009 (1 Euro = Rs. 67.70).

Muscat, 14th April, 2010

Directors  
**A. Soni**  
**P. N. Dhume**

## NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### Objectives

The Corporation's object categories of business are:  
Investment in overseas ventures, undertaking turnkey projects and trading activities.

### General

Assets and liabilities are valued at nominal values if not stated otherwise. Profits are taken into account at the moment they have been realized and the losses are taken as soon as they appear.

Amounts in foreign currencies are taken at the moment that they have been converted at the official rate of exchange as per balance sheet date. Exchange differences are dealt with through the profit and loss account.

### Accounting period

The financial statements cover the period 1st April, 2009 upto and including 31st March, 2010.

### Participations

The participations consist of acquired interests in the capital of the following companies:

		Acquisition costs	
	%	Euro	Rupees in '000s
Voice Antilles N.V.	100	414661	25075
Saudi Ensas Company for Engineering Services W.L.L.	39	160788	9723
Lalbuksh Voltas Engineering Services & Trading L.L.C.	29	25934	1568
Total acquisition costs		601383	36366
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.		(160788)	(9723)
		<u>440595</u>	<u>26643</u>

The participations are carried at acquisition costs.

### Share Capital

The entire paid up share capital of the Company, consist of 13635 Shares of Euro 45.38 each, is held by Voltas Limited, Mumbai, India. The capital has been transferred into Euro's in accordance with Article 178c Part 9, Book 2 of the Netherlands Civil Code.

### Reserves and Surplus

	Euro	Rupees in '000s
Balance as per 31st March, 2009	1173958	79477
Profit for the year ended 31st March, 2010	671009	43002
Dividend bookyear 2008/2009	(154682)	(9354)
Balance as per 31st March, 2010	<u>1690285</u>	<u>102211</u>

### Receivables from group companies

	Euro	Rupees in '000s
Loan to Saudi Ensas Company for Engineering Services W.L.L.	177895	10757
Dividend to be received from Voice Antilles N.V.	1187200	71790
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	43068	2604
Less: Provision on Dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	(43068)	(2604)
Balance as per 31st March, 2010	<u>1365095</u>	<u>82547</u>

# VOICE ANTILLES N.V.

Directors :

**A. Soni** (*Chairman*)

**P. N. Dhume**

**Shaukat Ali Mir**

**Representative of**

**CTM Corporation N. V.**

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors present their Eleventh Annual Report and the Accounts for the year ended 31st March, 2010.

2. The Company earned an income of USD 0.505 million and after meeting its operating and administrative expenses, reported net profit of USD 0.489 million for the year under review as compared to USD 0.626 million in the previous year. The Directors recommend dividend of 200% aggregating USD 0.800 million for the year ended 31st March, 2010, same as last year.
3. The Company is a wholly owned subsidiary of VIL Overseas Enterprises B.V., which in turn is a subsidiary of Voltas Limited, the ultimate holding company. As part of streamlining and restructuring of subsidiary companies by Voltas Limited, it has been decided to close Voice Antilles N.V. and transfer its existing investment in overseas venture to VIL Overseas Enterprises B.V. The Company would be initiating the legal process for its closure and de-registration under the laws of the Netherlands Antilles and the entire process is expected to be completed before end September 2010.
4. M/s. Deloitte & Touche, the retiring Auditors, being eligible, offer themselves for reappointment, till the closure of the Company in 2010-11.

On behalf of the Board of Directors

*Muscat, 14th April, 2010*

**A. Soni**  
*Chairman*

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF VOICE ANTILLES N.V.

#### Introduction

We have audited the accompanying financial statements of **Voice Antilles N.V.**, established in the Netherlands Antilles and a wholly owned subsidiary of VIL Overseas Enterprises B. V. in the Netherlands, which comprise the balance sheet as at 31st March, 2010, profit and loss account and statement of cash flow for the year then ended and the notes. Our responsibility is to express an opinion on these financial statements based on our audit.

#### Scope

We conducted our audit in accordance with Dutch Law. This law requires that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, the 31st March, 2010 financial statements of **Voice Antilles N.V.** have been prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the Company, as set out in the notes to the financial statements.

#### Other matter - restriction of use and distribution

The financial statements of **Voice Antilles N.V.** and our auditors' report thereon are intended solely for the Shareholder, Board of Directors of Voice Antilles N.V. and are not suitable for other purposes.

#### **Deloitte & Touche Netherlands Antilles & Aruba**

Andre Delger RA

*Curacao, Netherlands Antilles,  
14th May, 2010*

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Notes	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>ASSETS</b>					
Financial Fixed Assets					
Investment in associate	3	<b>390000</b>	390000	<b>17601</b>	19905
<b>CURRENT ASSETS</b>					
Time Deposits	4	<b>683939</b>	39177	<b>30866</b>	2000
Dividend Receivable	5	<b>500340</b>	640650	<b>22580</b>	32699
Cash at Bank	6	<b>639769</b>	657205	<b>28873</b>	33544
Total Current Assets		<b>1824048</b>	1337032	<b>82319</b>	68243
Total Assets		<b>2214048</b>	1727032	<b>99920</b>	88148
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	7	<b>400000</b>	400000	<b>18052</b>	20416
Retained Earnings		<b>(288606)</b>	(114135)	<b>(13025)</b>	(5825)
Profit/(Loss) for the year		<b>488936</b>	625529	<b>22066</b>	31927
Total Shareholders' equity		<b>600330</b>	911394	<b>27093</b>	46518
<b>CURRENT LIABILITIES</b>					
Accounts Payable		<b>5559</b>	6569	<b>251</b>	335
Provision for profit taxes		<b>8159</b>	9069	<b>368</b>	463
Dividend Payable	8	<b>1600000</b>	800000	<b>72208</b>	40832
Total Current Liabilities		<b>1613718</b>	815638	<b>72827</b>	41630
Total Shareholders' equity and liabilities		<b>2214048</b>	1727032	<b>99920</b>	88148

**Note:** The Balance Sheet has been converted into Indian Rupees @ 1 USD = Rs. 45.13 being the exchange rate prevailing as on 31st March, 2010. Previous year figures have been converted @ 1 USD = Rs. 51.04 being the exchange rate prevailing as on 31st March 2009.

Muscat, 14th April, 2010

Directors

**A. Soni**  
**P. N. Dhume**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Note	USD	2008-09 USD	Rupees in '000s	2008-09 Rupees in '000s
<b>FINANCIAL INCOME / (EXPENSES)</b>					
Net Dividend Income	5	<b>500340</b>	640650	<b>24059</b>	29116
Other Income		<b>4761</b>	18	<b>229</b>	1
Total Income		<b>505101</b>	640668	<b>24288</b>	29117
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>					
Management Fee		<b>1485</b>	1485	<b>71</b>	67
Audit Fee		<b>2700</b>	2500	<b>130</b>	114
Time spent		<b>5933</b>	3073	<b>285</b>	140
Administration services		<b>500</b>	1000	<b>24</b>	45
Tax services		<b>1100</b>	700	<b>53</b>	32
Bank charges		<b>208</b>	344	<b>10</b>	16
Exchange currency differences		<b>171</b>	1146	<b>8</b>	52
Miscellaneous expenses		<b>510</b>	423	<b>25</b>	19
		<b>12607</b>	10671	<b>606</b>	485
Gross Profit		<b>492494</b>	629997	<b>23682</b>	28632
Profit tax		<b>(3558)</b>	(4468)	<b>(171)</b>	(203)
Net Profit		<b>488936</b>	625529	<b>23510</b>	28429

**Note:** The Profit and Loss Account have been converted into Indian Rupees @ 1 USD = Rs. 48.085 being the average of the exchange rates prevailing as on 31st March, 2009 (1 USD = Rs. 51.04) and as on 31st March, 2010 (1 USD = Rs. 45.13). Previous year figures have been converted into Indian Rupees @ 1 USD = Rs. 45.448 being the average of the exchange rates prevailing as on 31st March, 2008 (1 USD = Rs. 39.855) and as on 31st March, 2009 (1 USD = Rs. 51.04).

Muscat, 14th April, 2010

Directors

**A. Soni**  
**P. N. Dhume**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	USD	2008-09 USD	Rupees in '000s	2008-09 Rupees in '000s
Net Profit	488936	625529	23510	28429
Final/Interim Dividend	(800000)	(800000)	(36104)	(40832)
	<u>(311064)</u>	<u>(174471)</u>	<u>(11772)</u>	<u>(12403)</u>
(Increase) in current liabilities	(798080)	(618743)	(31197)	(33783)
Increase in pecuniary sources	487016	444272	19425	30542
	<u>(311064)</u>	<u>(174471)</u>	<u>(11772)</u>	<u>(3241)</u>

## NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### 1. General

Voice Antilles N.V. (the Company) was incorporated on 30th November, 1999 and is a corporation under the laws of the Netherlands Antilles. The financial bookyear runs from 1st April, through 31st March.

The Company's object categories of business are :

Investment in overseas ventures, undertaking turnkey projects and trading activities.

### 2. Accounting principles

Assets and liabilities are valued at nominal values if not stated otherwise. Profits are taken at the moment that they have been realized; losses are taken as soon as they appear.

#### 2.1 Foreign Currencies

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities stated in foreign currency are translated to US Dollars at rates prevailing on the balance sheet date. Gains or losses on conversion are included in the profit and loss account.

### 3. Investment in Associate

During 2000, the Company acquired 49% of the outstanding share capital of Universal Voltas LLC, U.A.E. a company with its statutory seat in Abu Dhabi City - Emirate of Abu Dhabi, for a price of USD 390000 from Omega Limited.

The participation is carried at acquisition cost.

	% of holding	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Universal Voltas LLC, U.A.E.	49	<u>390000</u>	<u>390000</u>	<u>17601</u>	<u>19905</u>

### 4. Time Deposit

Time deposit comprise one short-term bank deposit with maturity date of 21st April, 2010 with an interest rate on time deposit of 0.17% p.a.

	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Time deposit	<u>683939</u>	<u>39177</u>	<u>30866</u>	<u>2000</u>

## NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT (contd.)

## 5. Dividend Receivable

Dividen receivable is recognized when declared.

	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Opening balance	<b>640650</b>	640244	<b>32699</b>	25517
Received payment	<b>(640244)</b>	(640244)	<b>(29098)</b>	(25517)
Dividend declared	<b>1247363</b>	1192480	<b>59980</b>	54195
Technical service fee Voltas Limited, Mumbai	<b>(747429)</b>	(551830)	<b>(35921)</b>	(25079)
Closing balance	<b>500340</b>	640650	<b>22580</b>	32699

## 6. Cash at bank

	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
First Caribbean International Bank	<b>639769</b>	657205	<b>28873</b>	33544

## 7. Shareholders' equity

	Issued and Paid up capital		Retained Earnings		Total	
	USD	Rupees in '000s	USD	Rupees in '000s	USD	Rupees in '000s
Originally presented balance as of 1-4-2008	400000	15942	685865	27335	1085865	43277
Dividend declared	—	—	(800000)	(40832)	(800000)	(40832)
Result 2008/2009	—	—	625529	28429	625529	28429
Balance as of 31-3-2009	400000	20416	511394	26102	911394	46518
Balance as of 1-4-2009	400000	20416	511394	26102	911394	46518
Dividend declared	—	—	(800000)	(36104)	(800000)	(36104)
Balance as of 31-3-2010	—	—	488936	22066	488936	22066
	<b>400000</b>	<b>18052</b>	<b>200330</b>	<b>9041</b>	<b>600330</b>	<b>27093</b>

## Share Capital

The total share capital of the company consists of 1000000 shares of 1 USD each. Of this number, 400000 shares are paid-up and issued.

The entire paid and issued capital is held by VIL Overseas Enterprises B.V., the Netherlands.

## 8. Dividend payable

	USD	As at 31-3-2009 USD	Rupees in '000s	As at 31-3-2009 Rupees in '000s
Opening balance	<b>800000</b>	181087	<b>40832</b>	7217
Dividend payment	—	(181087)	—	(7217)
Dividend declared	<b>800000</b>	800000	<b>36104</b>	40832
Closing balance	<b>1600000</b>	800000	<b>72208</b>	40832

In the annual general meeting of shareholders held on 23rd April, 2010, dividend for the year ended 31st March, 2009 of USD 800000 was declared. This dividend is payable to VIL Overseas Enterprises B.V.

# AUTO AIRCON (INDIA) LIMITED

Directors :

**M. M. Miyajiwala**  
**V. P. Malhotra**  
**Vinod Chandrashekar**

## DIRECTORS' REPORT TO THE MEMBERS

The Directors submit their Fifteenth Annual Report and Accounts for the year ended 31st March, 2010.

2. The Company has reported a loss of Rs.0.21 lakh for the year ended 31st March, 2010. It has no employee of the category indicated under Section 217(2A) of the Companies Act, 1956 and the particulars with respect to conservation of energy, technology absorption are not relevant. The Company had no foreign exchange earnings and outgo during the year under review.
3. Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:
  - (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
  - (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the loss of the Company for the year ended 31st March, 2010;
  - (c) proper and sufficient care have been taken for the maintenance of adequate 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) The annual accounts have been prepared on the assumption that the Company is not a going concern.
4. In accordance with the provisions of the Companies Act, 1956, Mr. M. M. Miyajiwala retires by rotation and being eligible, offers himself for reappointment.
5. Mr. Vinod Chandrashekar was appointed as an Additional Director of the Company effective 24th May, 2010 and being eligible, is proposed to be appointed at the ensuing Annual General Meeting. Mr. B. D. Mehta resigned as a Director of the Company effective 24th May, 2010. The Directors wish to place on record their sincere appreciation of the valuable advice given by Mr. Mehta during his tenure on the Board.
6. M/s. Damji Merchant & Co., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

**M. M. Miyajiwala**  
**V. P. Malhotra**  
Directors

Mumbai, 24th May, 2010

## AUDITORS' REPORT TO THE MEMBERS OF AUTO AIRCON (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **Auto Aircon (India) Limited** as at 31st March, 2010 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *We draw your attention to Note No. 3(i) of Schedule 'H'. The financial statements have been prepared on the assumption that the Company is not a going concern. All assets and liabilities are at net realizable value.*
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comment in paragraph 3 and 4 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) On the basis of the written representations received from the Directors, as at 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of Profit and Loss Account, of the loss for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **DAMJI MERCHANT & Co.**  
Chartered Accountants  
Registration No.: 102082W  
Ambrish Mehta  
Partner  
Membership No. 16086

Mumbai, 24th May, 2010



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 4 of our report of even date)

As required by the Companies (Auditor's Report) Order, 2003 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management and no material discrepancies have been noticed on such physical verification.
- (c) Since substantial part of the fixed assets has been disposed off during the earlier years, it has affected the going concern status of the Company.
- (ii) The Company has no inventories and therefore, question of its physical verification does not arise.
- (iii) According to the information and explanation given to us, the Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods/assets.
- (v) In our opinion and according to the information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public and therefore, provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder and directions issued by the Reserve Bank of India, where applicable, do not apply.
- (vii) The Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable. Since there were no employees, the question of payment of dues on Provident Fund and Employees State Insurance does not arise;

- (b) According to the information and explanation given to us, the details of disputed dues on account of Sales Tax and Excise Duty, are as under:

Name of the Statute	Nature of the dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Central Excise Act	Excise Duty	473.35	CESTAT
Bombay Sales Tax Act	Sales Tax	30.94	Tribunal

- (x) The Company has accumulated losses exceeding fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has no liability towards financial institutions, banks or debenture holders.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not raised funds during the year and hence the question of use of such funds does not arise.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures and hence, there is no requirement for creation of securities.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For **DAMJI MERCHANT & Co.**  
Chartered Accountants  
Registration No.: 102082W

Ambrish Mehta  
Partner  
Membership No. 16086

Mumbai, 24th May, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	<u>113000</u>	<u>113000</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross Block	B	<u>2999</u>	<u>2999</u>
Less: Depreciation		<u>2996</u>	<u>2996</u>
		<u>3</u>	<u>3</u>
<b>2. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>(A) Current Assets</b>			
(a) Sundry Debtors	C	—	—
(b) Cash and Bank Balances	D	<u>26</u>	<u>31</u>
<b>(B) Loans and Advances</b>			
	E	<u>3897</u>	<u>3897</u>
		<u>3923</u>	<u>3928</u>
<b>3. LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current Liabilities	F	<u>11314</u>	<u>11298</u>
(b) Provisions		—	—
		<u>11314</u>	<u>11298</u>
<b>4. NET CURRENT ASSETS (2-3)</b>		<b>(7391)</b>	<b>(7370)</b>
<b>5. PROFIT AND LOSS ACCOUNT</b>		<u><b>120388</b></u>	<u>120367</u>
		<u><b>113000</b></u>	<u>113000</u>
NOTES TO ACCOUNTS	H		

	Schedule	Rupees in '000s	2008-09 Rupees in '000s
<b>1. INCOME</b>			
Sales		—	—
<b>2. EXPENDITURE</b>			
(a) Administrative and Finance Expenses	G	<u>21</u>	<u>171</u>
(b) Depreciation	B	—	9
(c) Impairment of Assets	B	—	118
		<u>21</u>	<u>298</u>
<b>3. PROFIT/(LOSS) BEFORE TAX</b>		<b>(21)</b>	<b>(298)</b>
<b>4. PROVISION FOR TAX</b>		—	—
<b>5. PROFIT/(LOSS) AFTER TAX</b>		<b>(21)</b>	<b>(298)</b>
<b>6. (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<u><b>(120367)</b></u>	<u>(120069)</u>
<b>7. (LOSS) CARRIED FORWARD TO BALANCE SHEET</b>		<u><b>(120388)</b></u>	<u>(120367)</u>
BASIC AND DILUTED EARNINGS PER SHARE (in Rs.)	H	<b>(0.00)</b>	<b>(0.03)</b>

The Schedules referred to above form an integral part of the Balance Sheet and Profit Loss Account

As per our report of even date attached

For **DAMJI MERCHANT & CO.**

Chartered Accountants

Ambrish Mehta

Partner

Membership No. 16086

Mumbai, 24th May, 2010

For and on behalf of the Board

Directors

**M. M. Miyajiwala**

**V. P. Malhotra**

Mumbai, 24th May, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rupees in '000s	2008-09 Rupees in '000s
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Taxation	(21)	(298)
<b>Add - Adjustments for</b>		
Depreciation	—	9
Impairment of Assets	—	118
<b>Operating Profit/(Loss) before Working Capital changes</b>	<u>(21)</u>	<u>(171)</u>
<b>Less - Adjustments for</b>		
Decrease/(Increase) in Trade Payables	<u>(16)</u>	(104)
Cash generated from Operations	<u>(16)</u>	<u>(104)</u>
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<u>(5)</u>	<u>(67)</u>
<b>B. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(5)</u>	<u>(67)</u>
<b>CASH AND CASH EQUIVALENTS AS AT 1-4-2009 (See Schedule D)</b>	<b>31</b>	98
<b>CASH AND CASH EQUIVALENTS AS AT 31-3-2010 (See Schedule D)</b>	<b>26</b>	31

As per our report of even date attached

For and on behalf of the Board

For **DAMJI MERCHANT & CO.**

Chartered Accountants

Ambrish Mehta

Directors

**M. M. Miyajiwala**

Partner

**V. P. Malhotra**

Membership No. 16086

Mumbai, 24th May, 2010

Mumbai, 24th May, 2010

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010**

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE A : SHARE CAPITAL</b>		
1. AUTHORISED		
12000000 Equity Shares of Rs. 10 each		
(Previous Year : 12000000 Equity Shares of Rs.10 each)	<u>120000</u>	<u>120000</u>
2. ISSUED, SUBSCRIBED AND PAID-UP		
11300000 Equity Shares of Rs. 10 each fully paid-up		
(Previous Year : 11300000 Equity Shares of Rs. 10 each fully paid-up)	<u>113000</u>	<u>113000</u>

**SCHEDULE B : FIXED ASSETS**

		Rupees in '000s								
Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 1-4-2009	Additions/ (Deductions)	As at 31-3-2010	As at 1-4-2009	For the Year	Impairment	Up to 31-3-2010 (4+5+6)	As at 31-3-2010 (3-7)	As at 31-3-2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Leasehold Improvement	927	—	<b>927</b>	926	—	—	<b>926</b>	<b>1</b>	1
2.	Plant & Machinery	1618	—	<b>1618</b>	1617	—	—	<b>1617</b>	<b>1</b>	1
3.	Computers	130	—	<b>130</b>	130	—	—	<b>130</b>	—	—
4.	Furniture & Fittings	324	—	<b>324</b>	323	—	—	<b>323</b>	<b>1</b>	1
	<b>TOTAL</b>	2999	—	<b>2999</b>	2996	—	—	<b>2996</b>	<b>3</b>	3
	Previous Year's Figures	2999	—	2999	2869	9	118	2996	3	—

Note: Plant & Machinery and Furniture & Fittings have been impaired and have been held for sale. Their estimated realisable value is higher than its net book value.

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)

	Rupees in '000s	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE C : SUNDRY DEBTORS</b>		
(Unsecured, considered good unless otherwise stated)		
Debtors outstanding for a period exceeding six months		
Considered Good	—	—
Considered Doubtful	<b>106</b>	106
	<u>106</u>	<u>106</u>
Less: Provision for Doubtful Debts	<b>106</b>	106
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE D : CASH AND BANK BALANCES</b>		
1. Cash on hand	<b>1</b>	1
2. Balances with Scheduled Banks in Current Accounts	<b>25</b>	30
	<u>26</u>	<u>31</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE E : LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
1. Advances recoverable in cash or in kind for value to be received	<b>3428</b>	3428
2. Balances with Excise and Sales tax authorities	<b>469</b>	469
	<u>3897</u>	<u>3897</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s
<b>SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES		
1. Sundry creditors for goods and expenses	<b>7864</b>	7848
2. Other Liabilities	<b>3450</b>	3450
	<u>11314</u>	<u>11298</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<b>Rupees in '000s</b>	As at 31-3-2009 Rupees in '000s

## SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in '000s	2008-09 Rupees in '000s
<b>SCHEDULE G : ADMINISTRATIVE EXPENSES AND FINANCIAL CHARGES</b>		
1. Rent, Rates & Taxes	<b>2</b>	10
2. Travelling	<b>6</b>	4
3. Auditors' Remuneration	<b>3</b>	3
4. Communication Expenses	<b>2</b>	2
5. Miscellaneous Expenses	<b>6</b>	111
6. Legal & Professional charges	<b>2</b>	40
7. Financial Charges	<b>—</b>	1
	<u>21</u>	<u>171</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE H :**

1. Nature of Operations

The principal activities of the Company are designing, manufacturing, assembly and marketing of Heating Ventilation and Air Conditioning Systems.

2. Statement on Significant Accounting Policies

(a) Accounting Conventions

The Financial Statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The Financial Statements have been prepared under the historical cost convention on an accrual basis.

The Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Fixed Assets

Fixed Assets are stated at their original cost of acquisition less depreciation. Cost includes the purchase price, net of cenvat and sales tax set off to the extent available and all other incidental expenses related to installation, freight and octroi charges wherever clearly recognized.

(c) Depreciation

Depreciation on Fixed Assets has been provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Leasehold Improvements are amortized over the period of lease. In respect of addition to/sale of assets made during the year, depreciation for the year is calculated from/upto the date on which the addition/sales are made (Except those items costing Rs. 5,000 and less which are depreciated at the rate of 100% in the year of purchase/addition).

(d) Inventory Valuation

There are no inventories.

(e) Sundry Debtors/Loans and Advances

Sundry Debtors and Loans and Advances are stated after making adequate provision/write offs for doubtful debts.

(f) Retirement Benefits

Since the Company had no employees during the year no such provision/contribution was made in respect of Gratuity and Leave Encashment Liability/ Provident Fund and ESIC.

(g) Revenue Recognition

Revenue from sale of goods is recognized upon passage of title to the customer, which generally coincides with their delivery. Sales are inclusive of amounts recovered towards Excise Duty but exclude Sales Tax and are net of return and discount.

(h) Excise Duty

Excise Duty is provided for on all finished/trading goods in stock at the year-end.

(i) Contingent Liability not provided for

(a) Excise duty demands (including penalties) aggregating Rs. 473.35 lakhs. Company in appeal before CESTAT.

(b) Sales Tax demand of Rs. 30.94 lakhs (including penalty of Rs. 0.14 lakh) against which the Company has filed an appeal before Tribunal.

(j) Provision for Income Tax

Income Tax is provided as per the tax payable method of accounting as per the prevalent practice in India. In terms of Accounting Standard 22 'Accounting for taxes on Income' issued by the Institute of Chartered Accountants of India, the Company does not have any deferred tax liability.

3. Notes

(i) The financial statements have been prepared on the assumption that the Company is not a going concern. All the assets and liabilities are at net realisable value.

(ii) The Company has no amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006.

(iii) In the opinion of the management, all the Current Assets, Loans and Advances have a value on realization at least equal to the amount at which they are stated.

(iv) Annualised earnings per Equity Share have been calculated based on Net Profit/(Loss) after taxation of (Rs. 20523/-) [Previous year : (Rs. 297780/-)].

Weighted average number of Equity Shares used in computing basic and diluted earnings per Equity Share – 11300000.

	<b>Rupees</b>	Rupees
		2008-09
Basic and Diluted earnings per share	<u>(0.00)</u>	<u>(0.03)</u>

(v) As the Company has single segment, there is no requirement of disclosures as per Accounting Standard 17– Segment Reporting issued by the Institute of Chartered Accountants of India.

(vi) Related Party Disclosures:

<b>Party</b>	<b>Relation</b>	<b>Rupees</b>	2008-09
		<b>in '000s</b>	Rupees
			in '000s
Voltas Limited	Holding Company		
Amount payable towards liabilities/expenses incurred		<b>100</b>	50
Amount outstanding at the year end		<b>7860</b>	7760

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

(vii) Capacity and Production of AC and Components (In Units)

- (a) Licenced Capacity
- (b) Installed Capacity
- (c) Actual Production

	<b>N.A.</b>	2008-09
	<b>Not Ascertainable</b>	N.A.
	<b>N.A.</b>	Not Ascertainable
	<b>N.A.</b>	N.A.

The Installed Capacity is as certified by the management and relied upon by the auditors, without verification, this being a technical nature.

- (viii) Details of Raw Material/Components consumed - Nil (Previous year : Nil)
- (ix) Details of Trading Goods - Nil (Previous year : Nil)
- (x) Value of Imported and Indigeneous Raw Materials and Components consumed - Nil (Previous year : Nil)
- (xi) Details of Sales - Nil (Previous year : Nil)
- (xii) Details of Opening and Closing Stock - Nil (Previous year : Nil)
- (xiii) Earnings in Foreign Exchange - Nil (Previous year : Nil)
- (xiv) Expenditure in Foreign Currency - Nil (Previous year : Nil)
- (xv) CIF Value of Imports - Nil (Previous year : Nil)

(xvi) Auditors' Remuneration

	<b>Rupees</b>	2008-09
	<b>in '000s</b>	Rupees
	<b>3</b>	in '000s
	<u>3</u>	<u>3</u>

Statutory Audit Fees

Signature to Schedules 'A' to 'H'

For and on behalf of the Board

Directors **M. M. Miyajiwala**  
**V. P. Malhotra**

Mumbai, 24th May, 2010

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

**I. Registration Details :**

Registration No. : 

U	2	9	1	9	2	P	N	1	9	9	5	P	T	C	0	0	1	2	8	8	5
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State Code : 

2	5
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Balance Sheet Date : 

3	1
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2	0	1	0
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Date Month Year

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

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

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

Total Liabilities :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>	1	1	3	0	0	0	Total Assets :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>	1	1	3	0	0	0
1	1	3	0	0	0										
1	1	3	0	0	0										
<b>Sources of Funds</b>															
Paid-up Capital :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>	1	1	3	0	0	0	Reserves and Surplus :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
1	1	3	0	0	0										
			N	I	L										
Secured Loans :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Unsecured Loans :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L										
			N	I	L										
<b>Application of Funds</b>															
Net Fixed Assets :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td></tr></table>						3	Investments :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
					3										
			N	I	L										
Net Current Assets :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>(-)</td><td>7</td><td>3</td><td>9</td><td>1</td></tr></table>		(-)	7	3	9	1	Misc. Expenditure :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
	(-)	7	3	9	1										
			N	I	L										
Accumulated Losses :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>0</td><td>3</td><td>8</td><td>8</td></tr></table>	1	2	0	3	8	8								
1	2	0	3	8	8										

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

Turnover / Total Income :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	Total Expenditure :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>1</td></tr></table>					2	1
			N	I	L										
				2	1										
Loss Before Tax :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>1</td></tr></table>					2	1	Loss After Tax :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>1</td></tr></table>					2	1
				2	1										
				2	1										
Earnings Per Share (in Rs.) :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>			0	.	0	0	Dividend Rate (%) :	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
		0	.	0	0										
			N	I	L										

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

Item Code No.	8415.82
(ITC Code)	8414.30
Product Description :	Transport Airconditioning Equipment and Accessories (HVAC/AC)
Item Code No.	8708.91
(ITC Code)	
Product Description :	Blow Vent / Kit for Heater / Radiators

## VOLTAS LIMITED

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

Tel: +91-22-6665 6666 Fax: +91-22-6665 6231.

A **TATA** Enterprise