VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2010-2011

CONTENTS

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 Tenth Annual Report and Audited Accounts for the year ended 31st March, 2011.

2. The Company has recorded higher turnover of ₹ 491.66 crores for the year ended 31st March, 2011 as compared to ₹ 332.15 crores in the previous year. The Profit after tax was also higher at ₹ 27.36 crores for the year under review as compared to ₹ 14.06 crores in the previous year.

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, 2011.

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, 2011 and of the profit of the Company for the year ended 31st March, 2011;

   (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, 2012.

7. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. M. M. Miyajiwala retires by rotation and being eligible, offers himself for reappointment.

8. 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
Mumbai, 5th May, 2011 *Chairman*

ANNEXURE TO THE DIRECTORS' REPORT

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. **Specific areas in which R&D carried out by the Company**
   - Development of high energy efficient star rated air conditioners and scroll as well as rotary compressors.
   - Development of air conditioners with multi channel parallel flow heat exchangers.
   - Monitoring and control of telecom ACs from remote server via GPRS connectivity.
   - Controlling of residential ACs by GSM communication (Mobile).
   - Development of air conditioners with BLDC motors to reduce noise and improve energy efficiency.
   - Development of air conditioners with anti viral and anti bacterial filter to improve health of occupants.
2. **Product and processes developed through in-house technology**
   - 2 TR split air conditioner – 5 star rated with energy efficient scroll compressor as well as rotary compressors.
   - 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 2010-11 was ₹ 85.85 Lakhs. The R&D expenditure was 0.17% of the gross turnover.
5. **Energy Conservation**

   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, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

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

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

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

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

Nalin M. Shah
Partner
Mumbai, 5th May, 2011 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), (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, 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 inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any 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, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

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

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in Lakhs)
Sales tax laws	Sales Tax	High Court	2002-05	642.58
Finance Act, 1994	Service Tax	Commissioner (Appeal) of Central and Customs	2002-03	11.94

(x) 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.

(xi) 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.

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

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

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

Nalin M. Shah
Partner
Membership No. 15860

Mumbai, 5th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	₹ in Lakhs	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
1. SHARE CAPITAL	A		**2764.20**	2764.20
2. RESERVES AND SURPLUS	B		**2670.67**	—
LOAN FUNDS				
3. UNSECURED LOANS	C		**3000.00**	3000.00
4. DEFERRED TAX LIABILITY (NET) (Refer Note 15 of Schedule 'O')			**175.30**	6.82
	TOTAL		**8610.17**	5771.02
APPLICATION OF FUNDS				
5. FIXED ASSETS				
Gross Block	D	**4039.30**		5053.30
Less : Depreciation /Amortisation		**1461.80**		2249.14
Net Block		**2577.50**		2804.16
Capital Work-in-Progress		**—**		28.39
(including capital advance ₹ Nil, Previous year: ₹ 12 Lakhs)			**2577.50**	2832.55
6. CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS				
(a) Inventories	E	**5479.64**		4235.01
(b) Sundry Debtors	F	**2917.63**		832.71
(c) Cash and Bank Balances	G	**17.88**		49.90
(B) LOANS AND ADVANCES	H	**2079.59**		1394.26
		10494.74		6511.88
7. LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	I	**4419.52**		3567.60
(b) Provisions	I	**42.55**		71.58
		4462.07		3639.18
8. NET CURRENT ASSETS			**6032.67**	2872.70
9. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT	B		**—**	65.77
	TOTAL		**8610.17**	5771.02

(For notes forming part of the Accounts see Schedule 'O'.
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, 5th May, 2011

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Behram Sabawala**
Manager **Mahendra K. Sharma**
Mumbai, 5th May, 2011

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

		Schedule	₹ in Lakhs	₹ in Lakhs	2009-10 ₹ in Lakhs
1.	SALES AND SERVICES		**49165.75**		33215.37
	Less: Excise Duty on Sales		**9.77**		107.72
				49155.98	33107.65
2.	OTHER INCOME	J		**212.30**	197.60
				49368.28	33305.25
3.	COST OF SALES	K		**45180.67**	30416.82
4.	OPERATING AND ADMINISTRATIVE EXPENSES	L		**733.29**	945.00
				45913.96	31361.82
5.	PROFIT BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			**3454.32**	1943.43
6.	INTEREST	M		**303.60**	178.08
7.	DEPRECIATION/AMORTISATION			**170.90**	203.47
8.	EXCEPTIONAL ITEMS	N		**47.47**	227.11
9.	PROFIT BEFORE TAXATION			**2932.35**	1334.77
10.	PROVISION FOR TAXATION :				
	– Current Taxes [Including Wealth Tax ₹ 0.33 Lakh (Previous year: ₹ 0.35 Lakh)]		**586.43**		221.35
	– Deferred Tax		**168.48**		6.82
	– MAT Credit Entitlement		**(559.00)**		(299.85)
	– TAX (INCOME)/EXPENSE			**195.91**	(71.68)
11.	PROFIT AFTER TAXATION			**2736.44**	1406.45
12.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR (Refer Schedule 'B')			**(65.77)**	(1472.22)
13.	BALANCE CARRIED FORWARD			**2670.67**	(65.77)
14.	Basic and diluted earnings per share (in ₹) (Refer Note 16 of Schedule 'O')			**9.90**	5.09

(For notes forming part of the Accounts see Schedule 'O'.
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, 5th May, 2011

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Behram Sabawala**
Manager **Mahendra K. Sharma**
Mumbai, 5th May, 2011

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

		₹ in Lakhs	2009-10 ₹ in Lakhs
A.	**Cash Flow from Operating activities**		
	Net Profit /(loss) before tax	**2932.35**	1334.77
	Adjustments :		
	– Depreciation/Amortisation	**170.90**	203.47
	– Impairment of Fixed Assets	**47.47**	227.11
	– Provision for Employee Benefits	**(12.22)**	(8.16)
	– Loss on Sale of Fixed Assets	**2.61**	312.22
	– Interest expenses considered separately	**303.60**	178.08
	– Interest on Income Tax Refund	**(1.06)**	(6.17)
	Operating Profit before working capital changes	**3443.65**	2241.32
	(Increase)/decrease in inventories	**(1244.63)**	(882.88)
	(Increase)/decrease in sundry debtors	**(2084.92)**	(694.46)
	(Increase)/decrease in loans and advances	**(102.09)**	(63.42)
	Increase/(decrease) in current liabilities	**851.92**	(1032.85)
	Cash generated from/(used in) operations	**863.93**	(432.29)
	Direct Taxes paid (Net)	**(627.48)**	(153.91)
	Net Cash from/(used in) Operating activities (A)	**236.45**	(586.20)
B.	**Cash Flow from Investing activities**		
	Purchase of fixed assets and movement in CWIP	**(31.78)**	(104.69)
	Interest received	**1.06**	6.17
	Sale of Fixed Assets	**65.85**	510.05
	Net Cash from Investing activities (B)	**35.13**	411.53
C.	**Cash Flow from Financing activities**		
	Repayment of long term borrowings	—	(334.00)
	Change in cash credit account and other borrowings	—	(2308.51)
	Interest Paid	**(303.60)**	(178.08)
	Inter Corporate Deposit	—	3000.00
	Net Cash (used in)/from Financing activities (C)	**(303.60)**	179.41
	Net Increase/(Decrease) in cash and cash equivalents (A) + (B) + (C)	**(32.02)**	4.74
	Opening cash and cash equivalents as per Schedule 'G'	**49.90**	45.16
	Closing cash and cash equivalents as per Schedule 'G'	**17.88**	49.90

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Mumbai, 5th May, 2011

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Behram Sabawala**
Manager **Mahendra K. Sharma**
Mumbai, 5th May, 2011

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

			As at 31-3-2010
SCHEDULE 'A' : SHARE CAPITAL		**₹ in Lakhs**	₹ in Lakhs
1.	AUTHORISED		
	50000000 Equity Shares of ₹ 10 each	**5000.00**	5000.00
2.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	27642000 Equity Shares of ₹ 10 each		
	(Equity Shares are held by Voltas Limited, the holding company)	**2764.20**	2764.20

SCHEDULE 'B' : RESERVES AND SURPLUS

		As at 31-3-2010
	₹ in Lakhs	₹ in Lakhs
Opening Profit and Loss Account balance	**(65.77)**	(1472.22)
Add : Profit for the year	**2736.44**	1406.45
	2670.67	(65.77)

SCHEDULE 'C' : UNSECURED LOANS

		As at 31-3-2010
	₹ in Lakhs	₹ in Lakhs
Short Term Loans from Others		
– Inter Corporate Deposit from holding company	**3000.00**	3000.00

SCHEDULE 'D' : FIXED ASSETS ₹ in Lakhs

Particulars	GROSS BLOCK				DEPRECIATION / IMPAIRMENT / AMORTISATION					NET BLOCK	
	As at 1-4-2010	Additions	Deletion	**As at 31-3-2011**	As at 1-4-2010	For the year	Deletion	Impairment for the year	**Upto 31-3-2011**	**As at 31-3-2011**	As at 31-3-2010
1. Freehold Land	164.41	—	—	**164.41**	—	—	—	—	—	**164.41**	164.41
2. Leasehold Land	256.26	—	—	**256.26**	8.53	2.81	—	—	**11.34**	**244.92**	247.73
3. Buildings *	2004.67	—	—	**2004.67**	415.11	65.87	—	—	**480.98**	**1523.69**	1589.56
4. Plant & Machinery	2449.00	59.61	1040.87	**1467.74**	1706.46	92.02	975.67	47.47	**870.28**	**597.46**	742.54
5. Furniture & Fittings	99.85	0.56	33.30	**67.11**	52.42	3.07	30.04	—	**25.45**	**41.66**	47.43
6. Vehicles	20.08	—	—	**20.08**	19.08	—	—	—	**19.08**	**1.00**	1.00
7. Intangible Assets (Software)	59.03	—	—	**59.03**	47.54	7.13	—	—	**54.67**	**4.36**	11.49
Total	5053.30	60.17	1074.17	**4039.30**	2249.14	170.90	1005.71	47.47	**1461.80**	**2577.50**	2804.16
Previous Year	7035.36	105.59	2087.65	5053.30	3083.94	203.47	1265.38	227.11	2249.14	2804.16	—

* Includes ₹ 2250 (Previous year: ₹ 2250) being cost of 45 shares of ₹ 50 each in Co-operative Housing Societies.

Fixed Assets include assets held for sale aggregating ₹ 1010.65 Lakhs (Previous year: ₹ 1233.76 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, 2011 (contd.)

SCHEDULE 'E' : INVENTORIES

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
1.	Stores	**—**	1.27
2.	Stock-in-Trade		
	(a) Raw Materials and Components	**5327.56**	3562.19
	(b) Work-in-Progress	**—**	59.92
	(c) Finished Goods	**152.08**	611.63
		5479.64	4235.01

SCHEDULE 'F' : SUNDRY DEBTORS

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
	(Unsecured and considered good)		
(i)	Over six months old	**569.75**	34.29
(ii)	Others	**2347.88**	798.42
		2917.63	832.71

SCHEDULE 'G' : CASH AND BANK BALANCES

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
1.	Cash in hand	**—**	0.01
2.	Cheques on hand	**1.35**	—
3.	Balances with Scheduled Bank		
	– In Current Account	**16.53**	49.89
		17.88	49.90

SCHEDULE 'H' : LOANS AND ADVANCES

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
	(Unsecured and considered good)		
1.	Advances Recoverable in cash or in kind or for value to be received	**1159.45**	1048.30
2.	Advance Payment of Income Tax (Net)	**56.61**	32.37
3.	MAT Credit Entitlement	**858.85**	299.85
4.	Loans to Employees	**0.23**	0.29
5.	Deposits with Customers/Others	**3.22**	3.22
6.	Balance with Excise	**1.23**	10.23
		2079.59	1394.26

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

SCHEDULE 'I' : CURRENT LIABILITIES AND PROVISIONS

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(A)	CURRENT LIABILITIES			
	1. Acceptances		**512.22**	—
	2. Sundry Creditors (Refer Note 17 of Schedule 'O')			
	(a) Due to Micro and Small Enterprises		**—**	—
	(b) Others		**3808.48**	3453.09
	3. Advance Payments and Deposits received from Customers/Others		**0.50**	0.80
	4. Other Liabilities		**98.32**	113.71
		TOTAL (A)	**4419.52**	3567.60
(B)	PROVISIONS			
	5. Provision for Employee Benefits		**3.04**	15.26
	6. Provision for Wealth Tax (Net)		**0.33**	0.35
	7. Provision for Income Tax (Net)		**39.18**	55.97
		TOTAL (B)	**42.55**	71.58
		TOTAL (A)+(B)	**4462.07**	3639.18

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

SCHEDULE 'J' : OTHER INCOME

		₹ in Lakhs	2009-10 ₹ in Lakhs
1.	Credit balances no longer payable written back	**2.16**	31.75
2.	Foreign exchange fluctuation (net)	**0.02**	35.43
3.	Rent Income	**0.59**	0.80
4.	Miscellaneous Income	**208.47**	123.45
5.	Interest on Income Tax Refund	**1.06**	6.17
		212.30	197.60

SCHEDULE 'K' : COST OF SALES

		₹ in Lakhs	2009-10 ₹ in Lakhs
1.	Opening Stock [Including Work-in-progress : ₹ 59.52 Lakhs (Previous year: ₹ 4.74 Lakhs)]	**4233.74**	3350.87
2.	Purchases and cost of manufacture	**46426.57**	31299.69
		50660.31	34650.56
3.	Stock-in-Trade as at 31-3-2011 [Including Work-in-progress : ₹ Nil (Previous year: ₹ 59.92 Lakhs)]	**5479.64**	4233.74
4.	Cost of Sales (1+2-3) (Refer Note 7 of Schedule 'O')	**45180.67**	30416.82

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

SCHEDULE 'L' : OPERATING AND ADMINISTRATIVE EXPENSES

					2009-10
			₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
1.	Staff Expenses				
	(a)	Salaries, Wages and Bonus	**92.79**		58.55
	(b)	Company's contribution to Provident Funds and other Funds	**3.01**		4.00
	(c)	Retiring Gratuity	**1.01**		(0.97)
	(d)	Welfare Expenses	**11.00**		9.16
				107.81	70.74
2.	Forwarding Charges			**36.44**	14.54
3.	Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956			**95.22**	122.85
4.	Advertising			**—**	36.56
5.	Labour Charges			**189.17**	144.12
6.	Rates and taxes			**10.45**	2.13
7.	Insurance			**6.68**	4.59
8.	Stores consumed			**91.66**	62.07
9.	Power			**30.93**	38.31
10.	Repairs to Buildings			**3.49**	8.40
11.	Repairs to Plant and Machinery			**16.04**	0.41
12.	Repairs & Maintenance - Others			**0.62**	0.58
13.	Travelling and Conveyance			**10.30**	6.42
14.	Loss on sale of Fixed Assets			**2.61**	312.22
15.	Stationery, Postage and Telephone			**2.73**	1.13
16.	Legal and professional charges			**4.73**	7.85
17.	Auditor's Remuneration (Refer Note 12 of Schedule 'O')			**22.93**	17.61
18.	Other expenses			**98.97**	93.27
19.	Audit Fees to Cost Auditors			**2.51**	1.20
				733.29	945.00

SCHEDULE 'M' : INTEREST

		2009-10
	₹ in Lakhs	₹ in Lakhs
Interest paid on Fixed Loan	**303.60**	178.08

SCHEDULE 'N' : EXCEPTIONAL ITEMS

		2009-10
	₹ in Lakhs	₹ in Lakhs
Impairment of Fixed Assets	**47.47**	227.11

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Sales inclusive of excise duty, exclude sales tax or value added tax.

(b) Sales are accounted when sale of goods is completed.

(iii) DEPRECIATION/AMORTISATION

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.

(iv) FIXED ASSETS

Fixed assets are shown at cost less accumulated depreciation/impairment. 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 are capitalised.

(v) 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.

(vi) 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.

(vii) EMPLOYEE BENEFITS

(a) Defined Contribution Plan

The Company's contributions during the year to Provident Fund is recognised in the Profit and Loss Account.

(b) Defined Benefit Plan

The Company's liability 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 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.

(viii) 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. Deferred tax assets are reviewed at each balance sheet date for their realisabilty

(ix) 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.

(x) 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.

(xi) 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.

(xii) 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 hypothecation and collateral charge over the Company's plant and machinery at Pantnagar Plant 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 ₹ 613.10 Lakhs. (Previous year: ₹ 613.10 Lakhs).

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

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

(a)

Items	Unit of Measurement	**Quantity**	2009-10 Quantity	**₹ in Lakhs**	2009-10 ₹ in Lakhs
Compressors	Nos.	**335996**	211070	**12188.44**	7932.12
Fan Coil Unit	Nos.	**209325**	150069	**9163.02**	6266.65
Kits	Nos	**338447**	222819	**19254.80**	12613.86
Others		**(*)**	(*)	**1374.41**	795.32
				41980.67	27607.95

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

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

(b)

	% to total Consumption	**Value ₹ in Lakhs**	2009-10 % to total Consumption	2009-10 Valule ₹ in Lakhs
Imported	**—**	**—**	—	—
Indigenous	**100**	**41980.17**	100	27607.95
Total	**100**	**41980.17**	100	41980.67

The Company has opted for exemption granted vide Notification Number S.O.301 (E) dated 8th February, 2011 related to quantity disclosure in terms of paragraphs of part II of Schedule VI for all the items which form less than 10% of total value of turnover/purchase.

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: ₹ Nil).

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 ₹ 47.47 Lakhs (Previous year: ₹ 227.11 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 decrease in stock of work-in-progress and finished goods of ₹ 519.47 Lakhs (Previous year: increase in stock of ₹ 116.18 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	**250000**	250000	**339617**	226054

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 Purchases, Sales, Opening Stocks and Closing Stocks :

(a) Sales :

Class of Goods	Unit of Measurement	**Quantity**	2009-10 Quantity	**₹ in Lakhs**	2009-10 ₹ in Lakhs
Room Air conditioners	Numbers	**342986**	226159	**46760.01**	30971.91
Others (Raw materials)				**2405.74**	2243.46
				49165.75	33215.37

(b) Opening and Closing Stocks :

		Opening Stocks				Closing Stocks			
Class of Goods	Unit of Measurement	**Quantity**	2009-10 Quantity	**₹ in Lakhs**	2009-10 ₹ in Lakhs	**Quantity**	2009-10 Quantity	**₹ in Lakhs**	2009-10 ₹ in Lakhs
Room Air conditioners	Numbers	**4306**	4411	**611.63**	550.63	937	4306	**152 .08**	611.63

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:

	₹ in Lakhs	2009-10 ₹ in Lakhs
Stores and Spares	**Nil**	8.67

12. Auditors Remuneration:

	₹ Lakhs	2009-10 ₹ in Lakhs
Audit Fees	**10.00**	10.00
Tax Audit Fees	**3.00**	3.00
Tax Matters	**1.50**	1.50
Other Services	**6.00**	1.50
Reimbursement of Expenses	**0.15**	0.12
Service Tax on Above	**2.12**	1.49
Total	**22.77**	17.61

[Net of service tax set off ₹ Nil, (Previous year: ₹ 0.15 Lakh)]

13. Related Party Disclosure:

₹ in Lakhs

Name of Party	**Voltas Limited**	
Relationship	**Holding Company**	
		2009-10
Purchase of goods	**25597.36**	15016.11
Purchase of Assets	—	20.27
Sale of goods	**47068.59**	30583.92
Sale of Assets	—	10.53
Other Income	**53.56**	--
Freight paid	—	11.65
Reimbursement of Staff Cost	**22.08**	6.29
Commission paid	**95.21**	122.85
Advertisement Expenses paid	—	36.56
Warranty Expenses paid	—	5.78
Interest Payment	**300.00**	120.00

Related Party Balances

Net Payable	—	1158.49
Net Receivable	**2223.25**	—
Inter Corporate Deposit	**3000.00**	3000.00

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 :

Particulars	**₹ in Lakhs**	2009-10 ₹ in Lakhs
Provident Fund	**3.00**	2.87
Superannuation Fund	—	1.13
	3.00	4.00

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

(b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2011. 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.

A.	**Assumptions**		2009-10
	Discount Rate Previous	**8.00%**	8.00%
	Rate of Return on Plan Assets Previous	**—**	—
	Salary Escalation Previous	**5.00%**	5.00%
	Discount Rate Current	**8.25%**	8.00%
	Rate of Return on Plan Assets Current	**—**	—
	Salary Escalation Current	**8.00%**	5.00%
	Mortality Table	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate
B.	**Table showing change in Benefit Obligation**		2009-10
		₹ in Lakhs	₹ in Lakhs
	Liability at the beginning of the year	**12.02**	15.33
	Interest Cost	**0.58**	1.21
	Current Service Cost	**0.64**	0.86
	Past Service Cost (Non Vested Benefit)	**—**	—
	Past Service Cost (Vested Benefit)	**—**	—
	Benefit Paid	**(10.81)**	(2.34)
	Actuarial (Gain)/Loss on obligations	**(0.21)**	3.04
	Liability at the end of the year	**2.22**	12.02
C.	**Table of Fair value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the year	**—**	—
	Expected Return on Plan assets	**—**	—
	Contributions	**10.81**	2.34
	Benefit Paid	**(10.81)**	(2.34)
	Actuarial Gain/(Loss) on Plan Assets	**—**	—
	Fair Value of Plan Assets	**—**	—
	Total Accrual Gain/(Loss) to be Recognised	**(0.21)**	3.04
D.	**Amount Recognised in Balance sheet**		
	Liability at the end of the year	**2.22**	12.02
	Fair Value of Plan Assets at the end of the year	**—**	—
	Difference	**2.22**	12.02
	Unrecognised Past Service Cost	**—**	—
	Amount Recognised in Balance Sheet	**2.22**	12.02
E.	**Amount Recognised in Income Statement**		
	Current Service Cost	**0.64**	0.86
	Interest Cost	**0.58**	1.20
	Expected Return on Plan Asset	**—**	—
	Net Actuarial (Gain)/Loss to be Recognised	**(0.21)**	(3.04)
	Past Service Cost (Non Vested Benefit) Recognised	**—**	—
	Past Service Cost (Vested Benefit) Recognised	**—**	—
	Expenses Recognised in Profit and Loss	**1.01**	(0.97)
F.	**Balance Sheet Reconciliation**		
	Opening Net Liability	**12.02**	15.33
	Expenses as above	**1.01**	(0.97)
	Employers Contribution	**(10.81)**	(2.34)
	Amount Recognised in Balance Sheet	**2.22**	12.02

						2009-10 ₹ in Lakhs
G.	**Experience Adjustment**	**2010-11**	2009-10	2008-09	2007-08	2006-07
	Present value of defined benefit obligation	**2.22**	12.02	15.33	38.56	29.97
	Plan Assets	—	—	—	—	—
	Surplus (Deficit)	—	—	—	—	—
	On Plan Liability (Gain)/Loss	**(0.21)**	(3.04)	8.05	4.52	(0.32)
	On Plan Assets (Gain)/Loss	—	—	—	—	—

H. Expected contribution to defined benefit plan in next year ₹ 2.25 Lakhs (Previous year: ₹ 1.50 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 of ₹ 168.48 Lakhs (Previous year: ₹ 6.82 Lakhs) for the year as indicated below.

The break-up of deferred tax liability and deferred tax asset as at 31st March, 2011 are as under:

Particulars	**₹ in Lakhs**	As at 31-3-2010 ₹ in Lakhs
Deferred Tax Liability		
Depreciation (A)	**189.72**	191.97
Deferred Tax Assets		
Employee Benefits	**0.99**	5.07
Unabsorbed Depreciation	—	165.82
Others	**13.43**	14.26
Total (B)	**14.42**	185.15
Net Deferred Tax Liability/(Asset) (A-B)	**175.30**	6.82

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

	₹ in Lakhs	2009-10 ₹ in Lakhs
Profit after Tax	**2736.44**	1406.45
Number of Equity Shares	**27642000**	27642000
Basic and Diluted Earnings per Share of ₹ 10 each (₹)	**9.90**	5.09

17. On the basis of 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 ₹ 22.08 Lakhs (Previous year: ₹ 11.19 Lakhs) to the Manager inclusive of contribution to provident fund and other fund of ₹ 1.46 Lakhs (Previous year: ₹ 1.04 Lakhs), estimated money value of benefits of ₹ 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**

Mumbai, 5th May, 2011 *Manager* **Mahendra K. Sharma**

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 (Date) 0 3 (Month) 2 0 1 1 (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 :	861017	Total Assets :	861017
Sources of Funds			
Paid-up Capital :	276420	Reserves and Surplus :	267067
Secured Loans :	NIL	Unsecured Loans :	300000
Deferred Tax Liability	17530		
Application of Funds			
Net Fixed Assets :	257750	Investments :	NIL
Net Current Assets :	603267	Misc. Expenditure :	NIL
Accumulated Losses :	NIL		

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

Turnover / Total Income :	4915598	Total Expenditure :	4622363
Profit Before Tax :	293235	Loss After Tax :	273644
Earnings Per Share (in Rs.) :	9.90	Dividend Rate (%) :	NIL

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

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

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

P. N. Dhume *(Chairman)*
A. K. Joshi
M. Gopikrishna
M. M. Miyajiwala
Prashant G. Kandoi

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty-Eighth Annual Report and Audited Accounts for the year ended 31st March, 2011. The Company has recorded lower turnover of ₹ 161.94 crores for the year ended 31st March, 2011 as compared to turnover of ₹ 213.90 crores in the previous year. The Company incurred loss (after tax) of ₹ 36.56 crores for the year under review as compared to net profit of ₹ 9.29 crores in the previous year. In view of loss situation, the Directors do not recommend any dividend for the year 2010-11.

2. During the year under review, Voltas Limited, the holding company increased its shareholding by acquiring 2,98,211 equity shares of ₹ 10 each from the Promoters of the Company. The present shareholding of Voltas in the Company is 15,27,571 equity shares of ₹ 10 each representing 83.67% of the share capital of the Company.

3. The Company has no employee of the category indicated under Section 217(2A) of the Companies Act, 1956, as amended to date.

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, 2011.

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 loss 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. Prashant G. Kandoi ceased to be Managing Director and Chief Executive Officer of the Company upon expiry of his contract on 31st March, 2011. However, he continues to be a Director of the Company. Mr. Gopal M. Kandoi resigned as a Director of the Company effective 28th March, 2011. Mr. M. M. Miyajiwala was appointed as an Additional Director with effect from 28th March, 2011. Mr. M. M. Miyajiwala is Executive Vice President and Chief Financial Officer of Voltas Limited, the holding company and has vast knowledge and experience in accounts and finance matters.

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

P. N. Dhume
Chairman

Mumbai, 3rd May, 2011

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, 2011. 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 nine times respectively on 1st April, 2010, 14th May, 2010, 16th July, 2010, 19th October, 2010, 22nd October, 2010, 3rd November, 2010, 27th December, 2010, 24th January, 2011 and 28th March, 2011 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 29th November, 2010.

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, 2010 was held on 6th August, 2010 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, if any, 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. The Company has delivered all the share certificates on receipt of request for rematerialsation in accordance with the provisions of the Act.

    (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 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. During the financial year, the changes in Directorate were as under:

    (a) Mr. Gopal M. Kandoi ceased to be Executive Director effective 1st April, 2010 and ceased to be Director on 28th March, 2011.

    (b) Mr. Prasanna Pahade resigned as a Director on 14th May, 2010.

    (c) Mr. M. Gopikrishna was appointed as a Director in the casual vacancy caused by the resignation of Mr. Prasanna Pahade.

    (d) Mr. M. M. Miyajiwala was appointed as an Additional Director with effect from 28th March, 2011.

    (e) The contract of Mr. Prashant G. Kandoi as the Managing Director & CEO of the Company was upto 31st March, 2011. Upon expiry of the contract, Mr. Prashant G. Kandoi ceased to be the Managing Director & CEO of the Company but continues as a Director.

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 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 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, 2011 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
Mumbai, 28th April, 2011 C.P.: 4197

ANNEXURE 'A'

REGISTERS AS MAINTAINED BY THE COMPANY		SECTION OF THE COMPANIES ACT, 1956
1.	Register of Share Application & Allotment	u/s 75
2.	Register of Members	u/s 150
3.	Register of Transfers	u/s 108
4.	Register of Directors	u/s 303
5.	Register of Directors' Shareholding	u/s 307
6.	Register of Charges	u/s 143
7.	Register of Contracts	u/s 301
8.	Disclosures of Interest	u/s 301(3)
9.	Register of Investments	u/s 372A

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 ON 31st MARCH, 2011.

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. 23AC and Form No. 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31-3-2010	3-9-2010	Yes	—
2.	Form No. 20B	159	Annual Return for the year ended 31-3-2010	13-9-2010	Yes	—
3.	Form No. 66	383A	Compliance certificate for the year ended 31-3-2010	3-9-2010	Yes	—
4.	Form No. 32	303(2)	Change in Designation of Director	5-4-2010	Yes	—
5.	Form No. 32	303(2)	Changes in Directorate	10-6-2010	Yes	—
6.	Form No. 17	138	Satisfaction of charge ID# 90230975	21-3-2011	Yes	—

R. C. THAWANI
Company Secretary
Mumbai, 28th April, 2011 C.P.: 4197

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, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. As stated in Significant Accounting Policy (f)(ii) of Schedule 'P', revenue from long term contracts is recognised on the percentage of completion method based on the costs incurred to date and the estimated aggregate cost to completion arrived at by the Management on the basis of technical data which, being of technical nature has been relied upon by us.

3. 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 read with our comments in the paragraph 2 above, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. 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.

5. Further to our comments in the Annexure referred to in paragraph 4 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, 2011;

      (ii) in the case of the Profit and Loss Account, of the loss 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, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Nalin M. Shah
Partner
Membership No. 15860

Mumbai, 3rd May, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/ result/transactions, etc., clauses (viii), (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 explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except for inventory lying at sites.

(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 generally 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. No material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loan, 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 taken unsecured loans from 2 parties aggregating ₹ 500 Lakhs. At the year-end, the outstanding balance of loans taken from such parties aggregated ₹ 627.57 Lakhs from 2 parties and the maximum amount involved during the year was ₹ 630.58 Lakhs (2 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 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 and services. During the course of our audit, we have not observed any major weakness in such internal control system except for the process of determining estimated contract costs which affords scope for improvement.

(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 ₹ 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 system needs to be strengthened to make it 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.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable except ₹ 115.19 Lakhs relating to Sales Tax.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 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 (₹ in Lakhs)
1.	Income Tax Act,1961	Income Tax	Commissioner of Income Tax (Appeals)	2003-04	1.14
			Dy. Commissioner of Income Tax (Appeals)	2004-05	4.15
			Commissioner of Income Tax (Tribunal)	2005-06	1.28
			Income Tax Officer (TDS)	2007-08	0.45
			Commissioner of Income Tax (Appeals)	2007-08	15.21
2.	Income Tax Act,1961	Fringe Benefit Tax	Dy. Commissioner of Income Tax (Appeals)	2006-07	1.49
3.	Sales Tax laws	Value Added Tax	Commercial Tax Officer (Appeals)	2004-05	4.14
			Asst. Commissioner of Commercial Tax	2006-07	12.77
			Dy. Commissioner (Appeals)	2007-08	13.41
			Dy. Commissioner (Appeals)	2008-09	67.84
			Commercial Tax Officer	2006-07	27.81
			Dy. Commissioner (Appeals)	2006-07	3.51
			Commercial Tax Officer	2007-08	41.63
			VAT (Appeals)	2006-07	9.36
			Dy. Commissioner (Appeals)	2009-10	13.23
4.	Sales Tax Laws	CST	Dy. Commissioner (Appeals)	2006-07	0.56
			Dy. Commissioner (Appeals)	2007-08	17.01
5.	Sales Tax Laws	Entry Tax	Entry Tax Appeal	2006-07	0.69

(xi) The accumulated losses of the Company at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses during the current financial year; however, it had not incurred cash losses in the immediately preceding financial year.

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

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

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

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

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

Nalin M. Shah
Partner
Membership No. 15860

Mumbai, 3rd May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		Schedule	₹ in Lakhs	₹ in Lakhs	As At 31-3-2010 ₹ in Lakhs
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
1.	SHARE CAPITAL	A	**182.58**		182.58
2.	RESERVES AND SURPLUS	B	**2546.19**		3873.84
3.	TOTAL			**2728.77**	4056.42
LOAN FUNDS					
4.	SECURED LOANS	C	**2668.65**		434.54
5.	UNSECURED LOANS	D	**2127.57**	**4796.22**	1141.86
		TOTAL		**7524.99**	5632.82
APPLICATION OF FUNDS					
6.	FIXED ASSETS				
	GROSS BLOCK	E	**382.72**		379.47
	LESS : DEPRECIATION AND AMORTISATION		**240.79**		201.80
	NET BLOCK		**141.93**		177.67
	CAPITAL WORK-IN-PROGRESS		**36.63**		Nil
				178.56	177.67
7.	DEFERRED TAX ASSET (See Note 5, Schedule 'P')			**Nil**	127.09
8.	CURRENT ASSETS, LOANS AND ADVANCES				
	1. Inventories	F	**812.70**		259.94
	2. Sundry Debtors	G	**7749.46**		10400.07
	3. Cash and Bank Balances	H	**856.00**		1127.32
	4. Other Current Assets	I	**4264.11**		2874.07
	5. Loans and Advances	J	**934.83**		339.62
			14617.10		15001.02
9.	CURRENT LIABILITIES AND PROVISIONS				
	(A) Current Liabilities	K	**9358.22**		9350.76
	(B) Provisions	K	**241.10**		322.20
			9599.32		9672.96
10.	NET CURRENT ASSETS			**5017.78**	5328.06
11.	DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT			**2328.65**	Nil
		TOTAL		**7524.99**	5632.82

(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, 3rd May, 2011

For and on behalf of the Board

Chairman **P. N. Dhume**
Directors **Prashant G. Kandoi**
A. K. Joshi
M. Gopikrishna
M. M. Miyajiwala

Mumbai, 3rd May, 2011

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

		Schedule	₹ in Lakhs	₹ in Lakhs	As At 31-3-2010 ₹ in Lakhs
1.	SALES AND SERVICES (See Note 11, Schedule 'P')			**16193.55**	21389.79
2.	OTHER INCOME	L		**87.19**	97.82
3.	COST OF SALES - TRADED GOODS	M		**3833.37**	4385.53
4.	COST OF SALES, SERVICES AND EXPENSES	N		**15447.78**	15348.50
5.	PROFIT BEFORE FINANCIAL ITEMS AND DEPRECIATION			**(3000.41)**	1753.58
6.	INTEREST	O		**458.87**	243.41
7.	DEPRECIATION AND AMORTISATION			**69.45**	72.52
8.	PROFIT/(LOSS) BEFORE TAXATION			**(3528.73)**	1437.65
9.	PROVISION FOR TAXATION				
	– Provision for Current Tax		**Nil**		553.87
	– (Provision for)/Reversal of Deferred Tax Assets		**127.09**		(45.79)
	– Provision for Wealth Tax		**0.48**		0.50
				127.57	508.58
10.	PROFIT/(LOSS) AFTER TAXATION			**(3656.30)**	929.07
11.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			**1327.65**	398.58
12.	BALANCE CARRIED FORWARD			**(2328.65)**	1327.65
	Basic and diluted earnings per share of ₹ 10 each (in ₹) (See Note 8, Schedule 'P')			**(200.26)**	50.89

(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, 3rd May, 2011

For and on behalf of the Board

Chairman **P. N. Dhume**
Directors **Prashant G. Kandoi**
A. K. Joshi
M. Gopikrishna
M. M. Miyajiwala

Mumbai, 3rd May, 2011

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

				2009-10
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
A.	**Cash flow from Operating Activities**			
	Net Profit before taxation		**(3528.73)**	1437.65
	Add/(Less) Adjustments for :			
	Depreciation and Amortisation	**69.45**		72.52
	Interest Expenses	**458.87**		243.41
	Interest Income	**(54.29)**		(44.44)
	Loss/(Profit) on Sale of Assets (Net)	**6.89**		1.25
	Provision for Employee Benefits	**(79.16)**		93.05
			401.76	365.79
	Operating Profit before Working Capital changes		**(3126.97)**	1803.44
	Less : Adjustments for :			
	(Increase)/Decrease in Inventories-Stores	**(552.76)**		(24.21)
	(Increase)/Decrease in Inventories-Other Assets	**(1390.04)**		(1902.61)
	(Increase)/Decrease in Sundry Debtors	**2650.61**		(3790.55)
	(Increase)/Decrease in Loans and Advances	**(308.79)**		(128.66)
	Increase/(Decrease) in Current Liabilities	**0.31**		5343.93
			399.33	(502.10)
	Cash generated from/(used in) Operations		**(2727.64)**	1301.34
	Less: Direct Taxes paid		**(288.84)**	(755.80)
	Net Cash from/(used in) Operating Activities		**(3016.48)**	545.54
B.	**Cash flow from Investing Activities**			
	Purchase of Fixed Assets	**(70.08)**		(104.86)
	Sale of Fixed Assets	**Nil**		1.55
	Investments in Fixed Deposits	**(36.31)**		(135.49)
	Interest Income	**12.48**		10.62
	Net Cash (used in) Investing Activities		**(93.91)**	(228.18)
C.	**Cash flow from Financing Activities**			
	Increase/(Decrease) in Short Term Borrowings	**2234.11**		(483.04)
	Increase/(Decrease) in Other Borrowings (Net)	**985.71**		385.58
	Interest Expenses	**(458.87)**		(243.41)
	Net Cash from/(used in) Financing Activities		**2760.95**	(340.87)
	Net (Decrease) in cash and cash equivalents (A+B+C)		**(349.44)**	(23.51)
	Cash and cash equivalents (Opening Balance)		**549.54**	573.05
	Cash and cash equivalents (Closing Balance)		**200.10**	549.54

Notes:

			2009-10
		(₹ in Lakhs)	(₹ in Lakhs)
1.	Cash and cash equivalents		
	Cash and Bank Balances as per Schedule 'H'	**856.00**	1127.32
	Less: Fixed Deposits (including accrued interest)	**655.90**	577.78
		200.10	549.54

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, 3rd May, 2011

For and on behalf of the Board

Chairman	**P. N. Dhume**
Directors	**Prashant G. Kandoi**
	A. K. Joshi
	M. Gopikrishna
	M. M. Miyajiwala

Mumbai, 3rd May, 2011

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

SCHEDULE 'A' : SHARE CAPITAL

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	AUTHORISED		
	50,00,000 Equity Shares of ₹ 10 each	**500.00**	500.00
		500.00	500.00
2.	ISSUED, SUBSCRIBED AND PAID-UP		
	18,25,782 Equity Shares of ₹ 10 each	**182.58**	182.58
	Out of the above 15,27,571 (31st March, 2010: 12,29,360) Equity Shares are held by Voltas Limited, the holding company.	**182.58**	182.58

SCHEDULE 'B' : RESERVES AND SURPLUS

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	SECURITIES PREMIUM		
	As per last Balance Sheet	**492.43**	492.43
2.	GENERAL RESERVE		
	As per last Balance Sheet	**2053.76**	2053.76
3.	SURPLUS IN PROFIT AND LOSS ACCOUNT	**Nil**	1327.65
		2546.19	3873.84

SCHEDULE 'C' : SECURED LOANS

	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
LOAN FROM BANK		
Working Capital facility from a bank (Secured by first charge on Stock received under Inland LC advance payment guarantees and book debts)	**2668.65**	434.54
	2668.65	434.54

SCHEDULE 'D' : UNSECURED LOANS (Short term loan from others)

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	From Directors (See Note 7(C)(16), Schedule 'P')	**627.57**	141.86
(b)	Inter Corporate Deposit from holding company	**1500.00**	1000.00
		2127.57	1141.86

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

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

₹ in Lakhs

	Particulars	GROSS BLOCK AT COST OR BOOK VALUE				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at 31 March, 2010	Additions	Deductions	**As at 31 March, 2011**	Up to 31 March, 2010	For the Year	On Deductions	**Up to 31 March, 2011**	**As at 31 March, 2011**	As at 31 March, 2010
					(1+2-3)				**(5+6-7)**	**(4-8)**	(1-5)
		(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**	(10)
A.	**Tangible Assets:**										
	1. Plant & Machinery	89.45	20.47	28.00	**81.92**	48.56	27.25	22.81	**53.00**	**28.92**	40.89
	2. Furniture & Fittings	33.06	0.42	0.10	**33.38**	19.59	2.70	0.05	**22.24**	**11.14**	13.47
	3. Vehicles	145.66	4.10	1.10	**148.66**	76.11	18.74	1.03	**93.82**	**54.84**	69.55
	4. Computers & Accessories	77.12	10.32	6.89	**80.55**	46.77	15.44	6.07	**56.14**	**24.41**	30.35
	5. Office Equipments	27.84	1.41	1.26	**27.99**	8.51	2.89	0.50	**10.90**	**17.09**	19.33
B.	**Intangible Assets :**										
	Software	6.34	3.88	Nil	**10.22**	2.26	2.43	Nil	**4.69**	**5.53**	4.08
		379.47	40.60	37.35	**382.72**	201.80	69.45	30.46	**240.79**	**141.93**	177.67
	Previous Year	(289.75)	(104.86)	(15.14)	(379.47)	(141.62)	(72.52)	(12.34)	(201.80)	(177.67)	
	Capital Work-in-Progress									**36.63**	—
										178.56	177.67

SCHEDULE 'F' : INVENTORIES

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(a)	Work-in-Progress	**85.11**	85.64
(b)	Finished Goods	**727.59**	174.30
		812.70	259.94

SCHEDULE 'G' : SUNDRY DEBTORS

		₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	Over six months old	**4632.04**	2624.51
2.	Others	**3271.19**	7796.62
		7903.23*	10421.13*
3.	Less : Provision for Doubtful debts	**153.77**	21.06
		7749.46	10400.07
	* Of the above debts		
	(a) Fully secured, considered good	**127.57**	141.86
	(b) Unsecured, considered good	**7621.89**	10258.21
	(c) Considered doubtful	**153.77**	21.06
		7903.23	10421.13

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

SCHEDULE 'H' : CASH AND BANK BALANCES

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	CASH IN HAND		**27.40**	65.67
2.	CHEQUES ON HAND		**6.39**	38.66
3.	BANK BALANCES WITH SCHEDULED BANKS			
	(a)	In Current Account	**166.31**	445.21
	(b)	In Deposit Account		
		(Includes Interest accrued on Fixed Deposit ₹ 108.05 Lakhs (31st March, 2010 : ₹ 66.69 Lakhs)	**655.90**	577.78
			856.00	1127.32

SCHEDULE 'I' : OTHER CURRENT ASSETS

	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
CONTRACT REVENUE IN EXCESS OF BILLING AND UNBILLED REVENUE	**4264.11**	2874.07
	4264.11	2874.07

SCHEDULE 'J' : LOANS AND ADVANCES

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
1.	ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		**436.33**	184.95
2.	LOANS TO EMPLOYEES		**1.09**	0.70
3.	DEPOSITS WITH CUSTOMERS/OTHERS		**209.86**	159.39
4.	ADVANCE PAYMENT OF TAXES (NET)		**287.55**	1.13
			934.83*	346.17*
5.	LESS : PROVISION FOR DOUBTFUL ADVANCES		**Nil**	6.55
			934.83	339.62
	* Of the above advances			
	(a)	Fully Secured, considered good	**Nil**	Nil
	(b)	Unsecured, considered good	**934.83**	339.62
	(c)	Considered doubtful	**Nil**	6.55
			934.83	346.17

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
(A)	CURRENT LIABILITIES			
	1. SUNDRY CREDITORS			
	(a) Due to Micro and Small Enterprises (See Note 10, Schedule 'P')		**190.83**	332.25
	(b) Others		**6573.73**	6610.74
			6764.56	6942.99
	2. ADVANCE PAYMENTS AND DEPOSITS RECEIVED			
	(a) From Customers/Others		**1862.00**	1697.75
	(b) Billing in excess of contract revenue		**393.84**	210.45
	3. OTHER LIABILITIES		**337.82**	499.57
		TOTAL (A)	**9358.22**	9350.76
(B)	PROVISIONS			
	4. PROVISION FOR TAXATION (NET)		**20.19**	22.12
	5. PROVISION FOR EMPLOYEE BENEFITS		**220.34**	299.50
	6. PROVISION FOR WEALTH TAX		**0.57**	0.58
		TOTAL (B)	**241.10**	322.20
		TOTAL (A) + (B)	**9599.32**	9672.96

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

SCHEDULE 'L' : OTHER INCOME

		₹ in Lakhs	2009-10 ₹ in Lakhs
1.	Miscellaneous Income	**32.90**	53.38
2.	Interest earned on Fixed Deposits with banks [Tax deducted at source on above ₹ 5.42 Lakhs, (Previous year: ₹ 4.72 Lakhs)]	**54.29**	44.44
		87.19	97.82

SCHEDULE 'M' : COST OF SALES - TRADED GOODS

		₹ in Lakhs	2009-10 ₹ in Lakhs
1.	Finished Goods per 1-4-2010	**174.30**	172.33
2.	Purchases	**4386.66**	4387.50
3.	Finished Goods per 31-3-2011	**727.59**	174.30
4.	Cost of Sales - Traded Goods (1 + 2 - 3)	**3833.37**	4385.53

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

SCHEDULE 'N' : COST OF SALES, SERVICES AND EXPENSES		₹ in Lakhs	₹ in Lakhs	2009-10 ₹ in Lakhs
1.	Opening Work-in-Progress		**85.64**	63.40
2.	Purchases and cost of jobs		**12184.85**	12227.96
			12270.49	12291.36
3.	Closing Work-in-Progress		**85.11**	85.64
4.	Cost of Jobs (1 + 2 - 3)		**12185.38**	12205.72
5.	Staff Expenses			
	(a) Salaries,Wages and Bonus	**1481.79**		1510.23
	(b) Company's contribution to Provident Fund and other Funds	**77.53**		80.86
	(c) Provision for Gratuity	**(23.16)**		44.02
	(d) Welfare Expenses	**42.20**		40.24
			1578.36	1675.35
6.	Forwarding Charges		**181.71**	219.23
7.	Commission other than to Sole Selling Agents under Section 294 of the Companies Act,1956		**39.56**	176.84
8.	Advertising		**0.51**	3.22
9.	Rent		**223.50**	212.31
10.	Insurance		**49.78**	41.59
11.	Fuel and Power		**21.29**	28.27
12.	Repairs to Buildings		**6.02**	8.34
13.	Repairs to Plant & Machinery		**15.22**	16.82
14.	Travelling & Conveyance		**302.35**	281.12
15.	Stationery, Postage, Telex & Telephone		**108.02**	98.99
16.	Auditors' Remuneration (See Note 13, Schedule 'P')		**17.17**	13.07
17.	Legal & Professional charges		**89.19**	82.48
18.	Bad and Doubtful Debts/Advances		**144.75**	32.04
19.	Net Loss on Sale of Fixed Assets		**6.89**	1.25
20.	Loss on Foreign Exchange Translation		**Nil**	0.08
21.	Other expenses		**478.08**	251.78
			15447.78	15348.50

SCHEDULE 'O' : INTEREST	₹ in Lakhs	2009-10 ₹ in Lakhs
Interest Paid		
– On other accounts [Includes interest paid to Managing Director ₹ 10.14 Lakhs (Previous year: ₹ 0.83 Lakh)]	**458.87**	243.41
	458.87	243.41

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

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 of the Companies Act, 1956.

The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. 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, amortisation 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 utilised for qualifying fixed assets, pertaining to the period up to the date of capitalisation 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. Material returned from site has been valued at estimated realisable value which in 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 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 exclude service tax, value added tax and trade discounts.

(ii) Job Contracts

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

(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 an independent actuary carried out annually are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of 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 ₹ 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.

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

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. Deferred tax assets are reviewed at each balance sheet date for their realisabilty.

(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) Income Tax Demands

In respect of matters in which Company is in further appeal ₹ 20.49 Lakhs (31st March, 2010: ₹ 4.67 Lakhs).

(b) Sales Tax Demands Pending

In respect of matters in which Company is in further appeal ₹ 294.70 Lakhs (31st March, 2010: ₹ 73.81 Lakhs), net of tax ₹ 196.80 Lakhs (31st March, 2010: ₹ 49.29 Lakhs).

3. GUARANTEES GIVEN BY COMPANY

In respect of guarantees given by Company's bankers ₹ 7921.98 Lakhs (31st March, 2010: ₹ 5937.95 Lakhs), secured by first charge on stock received under ILCs Advance Payment guarantees and book debts are further guaranteed by promoters. These amounts are net of advances which are already shown as liability in the books.

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

			2009-10
		₹ in Lakhs	₹ in Lakhs
(a)	C. I. F. Value of Import of Finished Goods	**—**	19.44
(b)	Business Development Expenses	**1.92**	—
(c)	Earning in Foreign Currency	**25.34**	70.55

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.

5. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are:

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
Deferred Tax Asset			
(i)	Depreciation	**—**	18.43
(ii)	Employee Benefits	**—**	99.49
(iii)	Provision for Doubtful debts	**—**	9.17
Total		**—**	127.09

Note: The Company has derecognised deferred tax assets on timing difference in the absence of virtual certainty for future profits.

6. EMPLOYEE BENEFITS

(a) The Company has recognised the amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund: ₹ 66.90 Lakhs (2009-10: ₹ 65.22 Lakhs).

(b) Defined Benefit Plan for gratuity as per actuarial valuation on 31st March, 2011. 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.

			₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
I.		**Expense recognised in the Profit and Loss Account for the year ended 31st March, 2011**		
	1.	Current Service Cost	**28.33**	17.05
	2.	Interest Cost	**17.39**	10.96
	3.	Expected return on plan assets	**(3.17)**	(1.88)
	4.	Actuarial Losses/(Gains)	**(103.52)**	32.21
	5.	**Total expense/income**	**(60.97)**	58.34
II.		**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2011**		
	1.	Present value of Defined Benefit Obligation as at 31st March, 2011	**156.36**	214.76
	2.	Fair value of plan assets as at 31st March, 2011	**(61.12)**	(49.64)
	3.	Funded status [Surplus/(Deficit)]	**95.24**	165.12
	4.	**Net (assets)/liability as at 31st March, 2011**	**95.24**	165.12
III.		**Change in Obligation during the year ended 31st March, 2011**		
	1.	Present value of Defined Benefit Obligation at the beginning of the year	**214.76**	152.60
	2.	Current Service Cost	**28.33**	17.05
	3.	Interest Cost	**17.39**	10.96
	4.	Actuarial (Gains)/Losses	**(101.35)**	34.34
	5.	Benefit Payments	**(2.77)**	(0.19)
	6.	**Present value of Defined Benefit Obligation at the end of the year**	**156.36**	214.76
IV.		**Change in Assets during the year ended 31st March, 2011**		
	1.	Plan assets at the beginning of the year	**49.64**	31.51
	2.	Expected return on plan assets	**3.17**	1.88
	3.	Contributions by employers	**8.91**	14.31
	4.	Actual benefits paid	**(2.77)**	(0.19)
	5.	Actuarial Gains/(Losses)	**2.16**	2.13
	6.	Plan assets at the end of the year	**61.12**	49.64
	7.	**Actual return on plan assets (2+5)**	**5.33**	4.01
V.		**Amount Recognised in the Balance Sheet**		
	1.	Opening Liability	**165.12**	121.09
	2.	Expenses/(Income) as above (I)	**(60.97)**	58.34
	3.	Employers Contribution	**8.91**	14.31
	4.	**Closing Net Liability**	**95.24**	165.12
VI.		**Actuarial Assumptions**		
				31-3-2010
	1.	Mortality Table (LIC)	**1994-96**	1994-96
	2.	Discount Rate	**8.35%**	8.25%
	3.	Increase in Salary	**8%**	9%
	4.	**Rate of Return on Plan Assets**	**7.50%**	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:

₹ In Lakhs

Particulars	**31-3-2011**	31-3-2010	31-3-2009	31-3-2008	31-3-2007
Defined Benefit obligation	**156.36**	214.76	152.60	75.91	51.48
Plan Assets	**61.12**	49.64	31.50	24.51	16.36
Surplus/(Deficits)	**(95.24)**	(165.12)	(121.10)	(51.40)	(35.12)
Experience Adjustments on Plan Liabilities	**(86.56)**	6.76	56.60	13.60	—
Experience Adjustments on Plan Assets	**2.16**	2.13	0.73	0.14	—

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

(d) Expected Contribution in next financial year for defined benefits: ₹ 30 Lakhs (31st March, 2010: ₹ 50 Lakhs)

(e) Percentage of Total Plan Assets (Holding Pattern) :

Particulars	**2010-11**	2009-10
Central and State Government Securities	**53%**	56%
Bonds/Debentures	**43%**	36%
Equity Shares	**4%**	6%
Money Market Instrument/FD	**Nil**	2%
Total	**100%**	100%

7. RELATED PARTY DISCLOSURES

(A) List of related parties and relationships

(I) Holding company
Voltas Limited

(II) Key Managerial Personnel
Mr. Gopal M. Kandoi (upto 31-3-2010)
Mr. Prashant G. Kandoi (upto 31-3-2011)

(III) 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)
Mr. Gopal M. Kandoi

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

₹ in Lakhs

Nature of Transaction	**Related parties as referred to in (A) above**		
	A(I)	A(II)	A(III)
(i) Purchases and Cost of Job	**39.48**	**—**	**—**
	(—)	(—)	(—)
(ii) Sales	**304.22**	**—**	**—**
	(209.05)	(—)	(—)
(iii) Expenditure			
Interest Paid	**150.96**	**10.14**	**10.14**
	(43.84)	(26.92)	(0.37)
Salary, Wages	**—**	**29.60**	**—**
	(—)	(111.25)	(—)
Contribution to Provident Fund	**—**	**3.15**	**—**
	(—)	(9.00)	(—)
Incentive Remuneration	**—**	**—**	**—**
	(—)	(39.50)	(—)
Gratuity Paid/Payable	**—**	**19.41**	**46.73**
	(—)	(—)	(—)
Rent Paid	**1.18**	**80.85**	**18.80**
	(—)	(81.60)	(19.20)
Purchase of Fixed Assets	**0.42**	**—**	**—**
	(—)	(—)	(—)
Legal and Professional Charges	**3.00**	**—**	**—**
	(3.00)	(—)	(—)
Other Expenses Paid	**0.51**	**—**	**—**
	(—)	(—)	(—)
(iv) Finance and Investments			
Inter Corporate Deposit	**1000.00**	**250.00**	**250.00**
	(1000.00)	(—)	(—)
Inter Corporate Deposit repaid	**500.00**	**14.28**	**—**
	(—)	(577.69)	(36.73)

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

		₹ in Lakhs		
		Related parties as referred to in (A) above		
		A(I)	A(II)	A(III)
(v)	**Outstanding balances at the close of the year**			
	Debit Balance	**151.21**	**—**	**—**
		(155.98)	(—)	(—)
	Credit Balance	**73.08**	**24.96**	**5.55**
		(—)	(160.18)	(—)
	Unsecured Loans	**1500.00**	**377.57**	**250.00**
		(1000.00]	(141.86)	(—)
(vi)	**Warranty/Disclosure Amount received**	**—**	**3.19**	**3.20**
		(—)	(37.41)	(—)

Note: Figures in brackets are of previous year

(C) Related Party Transaction Details

		₹ **in Lakhs** **Transaction Value**	₹ in Lakhs Transaction Value 2009-10
	Name of Party		
1.	**Purchases and Cost of Job**		
	Voltas Limited	**39.48**	—
2.	**Sales**		
	Voltas Limited - Based on percentage completion	**147.34**	40.91
	Voltas Limited - Supply	**156.88**	168.14
		304.22	209.05
	Billing for PCM contract revenue	**66.79**	47.29
3.	**Interest Paid**		
	Mr. Gopal M. Kandoi	**10.14**	26.10
	Mr. Prashant G. Kandoi	**10.14**	0.82
	Mrs. Usha G. Kandoi	**—**	0.02
	Mrs. Shikha P. Kandoi	**—**	0.24
	Voltas Limited	**150.96**	43.84
		171.24	71.02
4.	**Salary, Wages**		
	Mr. Gopal M. Kandoi	**—**	54.00
	Mr. Prashant G. Kandoi	**29.60**	57.25
		29.60	111.25
5.	**Incentive Remuneration Payable**		
	Mr. Gopal M. Kandoi	**—**	19.75
	Mr. Prashant G. Kandoi	**—**	19.75
		—	39.50
6	**Contribution to Provident Fund**		
	Mr. Gopal M. Kandoi	**—**	4.32
	Mr. Prashant G. Kandoi	**3.15**	4.68
		3.15	9.00
7.	**Gratuity Paid/Payable**		
	Mr. Gopal M. Kandoi	**46.73**	—
	Mr. Prashant G. Kandoi	**19.41**	—
		66.14	—
8.	**Rent Paid**		
	Mr. Prashant G. Kandoi	**80.85**	81.60
	Mrs. Usha G. Kandoi	**9.20**	9.60
	Mrs. Shikha P.Kandoi	**9.60**	9.60
	Voltas Limited	**1.18**	—
		100.83	100.80
9.	**Legal and Professional Charges**		
	Voltas Limited	**3.00**	3.00

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

	₹ in Lakhs	₹ in Lakhs
(C) Related Party Transaction Details (contd.)	**Transaction Value 2010-11**	Transaction Value 2009-10
10. **Other Expenses Paid**		
Voltas Limited	**0.51**	—
11. **Purchase of Fixed Assets**		
Voltas Limited	**0.42**	—
12. **Loan Receipt**		
Mr. Gopal M. Kandoi	**250.00**	—
Mr. Prashant G. Kandoi	**250.00**	—
Voltas Limited	**1000.00**	1000.00
	1500.00	1000.00
13. **Loan Payment**		
Mr. Gopal M. Kandoi	—	534.42
Mr. Prashant G. Kandoi	**14.28**	43.27
Mrs. Usha G. Kandoi	—	2.12
Mrs. Shikha P. Kandoi	—	24.00
Voltas Limited	**500.00**	—
	514.28	603.81
14. **Debit Balance**		
Voltas Limited	**151.21**	155.98
15. **Credit Balance**		
Mr. Gopal M. Kandoi	**5.55**	80.09
Mr. Prashant G. Kandoi	**24.96**	80.09
Voltas Limited	**73.08**	—
	103.59	160.18
16. **Unsecured Loans**		
Mr. Gopal M. Kandoi	**250.00**	—
Mr. Prashant G. Kandoi	**377.57**	141.86
Voltas Limited	**1500.00**	1000.00
	2127.57	1141.86
17. **Warranty/Disclosure Amount received**		
Mr. Gopal M. Kandoi	**3.20**	18.71
Mr. Prashant G. Kandoi	**3.19**	18.70
	6.39	37.41

8. EARNINGS PER SHARE (EPS)

		2009-10
Profit or (Loss) after Tax (₹ in Lakhs)	**(3656.30)**	929.07
Weighted average number of Equity Shares Outstanding	**1825782**	1825782
Earnings per Share (₹) – Basic	**(200.26)**	50.89
(Face value of ₹ 10 per share)		

9. CONSTRUCTION CONTRACTS

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

	₹ in Lakhs	As at 31-3-2010 ₹ in Lakhs
Aggregate amount of costs incurred and recognised profits (Less recognised losses) up to 31st March, 2011 for all the contracts in progress	**26893.25**	18921.46
Advances received for such contracts in progress	**1568.26**	1633.04
The amount of retentions due for such contracts	**691.61**	841.12
The gross amount due from customers for such contracts	**4264.11**	2874.07
The gross amount due to customers for such contracts	**393.84**	210.45

10. 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, 2011 as follows :

			As at 31-3-2010
		₹ in Lakhs	₹ in Lakhs
1.	(a) Principal amount remaining unpaid to any supplier as on 31-3-2011	**122.34**	308.76
	(b) Interest on 1(a) above	**6.64**	2.45
2.	The amount of Interest paid along with the principal payment made to the supplier beyond the appointed date during 2010-11	**Nil**	Nil
3.	Amount of interest due and payable on delayed payments	**38.36**	13.29
4.	Amount of further interest remaining due and payable even in succeeding years (in case of entities registered prior to 31-3-2010)	**23.49**	7.75
5.	Total outstanding dues of Micro and Small Enterprises		
	- Principal	**122.34**	308.76
	- Interest	**68.49**	23.49

11. SALES AND SERVICES

With regard to long-term construction contracts undertaken, the amount of net revenue recognised is ₹ 11953.93 Lakhs. (31st March, 2010: ₹16139.21 Lakhs)

12. MANAGERIAL REMUNERATION

		As at 31-3-2010
	₹ in Lakhs	₹ in Lakhs
As Salary, Wages and Bonus	**29.60**	111.25
As Provident Fund	**3.15**	9.00
As Incentive Remuneration	**Nil**	39.50
	32.75	159.75

Notes :

1. The above figures exclude retirement benefits paid to the former Executive Director.
2. Managerial remuneration of ₹ Nil in previous year (₹ 30.08 Lakhs in 2009-10) is in excess of limit prescribed under the Companies Act, 1956 is subject to the approval of Central Government.

13. AUDITORS' REMUNERATION

		2009-10
	₹ in Lakhs	₹ in Lakhs
Audit Fees	**10.00**	8.00
Tax Audit Fees	**3.00**	2.40
Other Services	**4.00**	2.20
Out of Pocket Expenses	**0.13**	0.08
Service Tax not claimed as set off	**0.04**	0.39
[Excluding Service Tax set off of ₹ 0.04 Lakh (2009-10: ₹ 0.39 Lakh)]		
	17.17	13.07

14. Information in regard to Purchases (Other than Raw Materials and Components), Sales, Opening Stocks and Closing Stocks:

Class of Goods	Unit of Measurement	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value (₹ in Lakhs)	Quantity	Value (₹ in Lakhs)	Quantity	Value (₹ in Lakhs)	Quantity	Value (₹ in Lakhs)
1. Transformer	Number	**—**	**—**	**14**	**418.32**	**14**	**509.38**	**—**	**—**
		—	*—*	*5*	*56.98*	*5*	*62.58*	*—*	*—*
2. Others	Lump sum	**—**	**174.30**	**—**	**3968.34**	**—**	**3730.24**	**—**	**727.59**
		—	*172.33*	*—*	*4330.52*	*—*	*5188.00*	*—*	*174.30*
TOTAL		**—**	**174.30**	**—**	**4386.66**	**—**	**4239.62**	**—**	**727.59**
		—	*172.33*	*—*	*4387.50*	*—*	*5250.58*	*—*	*174.30*

Previous year figures are in italics

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

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

For and on behalf of the Board

Chairman	**P. N. Dhume**
Directors	**Prashant G. Kandoi**
	A. K. Joshi
	M. Gopikrishna
	M. M. Miyajiwala

Mumbai, 3rd May, 2011

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

I. Registration Details :

Registration No. :	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 (Date) 0 3 (Month) 2 0 1 1 (Year)

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

Total Liabilities :	7 5 2 4 9 9	Total Assets :	7 5 2 4 9 9
Sources of Funds			
Paid-up Capital :	1 8 2 5 8	Reserves and Surplus :	2 5 4 6 1 9
Secured Loans :	2 6 6 8 6 5	Unsecured Loans :	2 1 2 7 5 7
Application of Funds			
Net Fixed Assets :	1 7 8 5 6	Investments :	N I L
Net Current Assets :	5 0 1 7 7 8	Misc. Expenditure :	N I L
Accumulated Losses :	2 3 2 8 6 5		

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

Turnover :	1 6 1 9 3 5 5	Total Expenditure :	1 9 7 2 2 2 8
Profit/Loss Before Tax :	+ [ ] – [✓] 3 5 2 8 7 3	Profit/Loss After Tax :	+ [ ] – [✓] 3 6 5 6 3 0
Earnings Per Share (in ₹) :	(–) 2 0 0 . 2 6	Dividend Rate (%) :	N I L

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

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

WEATHERMAKER LIMITED

Directors:

P. N. Dhume
A. K. Joshi
M. M. Miyajiwala
Shaukat Ali Mir

DIRECTORS' REPORT

TO THE MEMBERS

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

2. The economic slowdown in Dubai market continued throughout the year. As a result, the Company has recorded lower turnover of AED 27.659 million for the year ended 31st December, 2010, as compared to AED 33.423 million in the previous year. The profit for the year under review was AED 3.882 million as compared to AED 5.053 million in the previous year. Although the Company operated under challenging market conditions, it managed the available resources well to achieve profitability close to the budgeted levels. As the market conditions in Dubai are unlikely to change during the next fiscal year, the Company has commenced manufacturing and marketing of speciality air distribution products to explore opportunities in Abu Dhabi and other GCC countries. The new product range is expected to contribute significantly in the performance of the Company in future.

3. The Directors recommend dividend of AED 5.250 million for the year ended 31st December, 2010 (previous year : Nil), partly from Retained Earnings.

4. M/s. PKF, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

Directors : **P. N. Dhume**
A. K. Joshi
M. M. Miyajiwala
Dubai, 6th April, 2011 **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, 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 information set out on pages 3 to 18.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 at 31st December, 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 the Isle of Man Companies Acts, 1931 to 2005.

PKF

Dubai, United Arab Emirates

10th January, 2011

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2010

	Notes	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
NON-CURRENT ASSETS					
Property, plant and equipment	6	**1528625**	1884076	**18665**	23947
CURRENT ASSETS					
Inventories	7	**6682340**	3437342	**81591**	43689
Trade and other receivables	8	**15897877**	13554852	**194113**	172282
Cash and cash equivalents	10	**7277047**	6939057	**88853**	88195
Other current financial assets	11	**415482**	414323	**5073**	5266
		30272746	24345574	**369630**	309432
TOTAL ASSETS		**31801371**	26229650	**388295**	333379
CURRENT LIABILITIES					
Acceptances		**842117**	1589951	**10282**	20208
Trade and other payables	12	**5964161**	3637199	**72823**	46229
		6806278	5227150	**83105**	66437
NON-CURRENT LIABILITIES					
Provision for staff end-of-service gratuity	13	**889921**	779194	**10866**	9904
SHAREHOLDERS' EQUITY FUNDS					
Share Capital	14	**1500000**	1500000	**18315**	19065
Retained Earnings		**22605172**	18723306	**276009**	237973
		24105172	20223306	**294324**	257038
TOTAL EQUITY AND LIABILITIES		**31801371**	26229650	**388295**	333379

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

Note : The Statement of Financial Position has been converted into Indian Rupees @ 1 AED = ₹ 12.21 being the exchange rate prevailing on 31st December, 2010. Previous year figures have been converted @ 1 AED = ₹ 12.71 being the exchange rate prevailing on 31st December, 2009.

Directors **P. N. Dhume**
A. K. Joshi
M. M. Miyajiwala
Dubai, 6th April, 2011 **Shaukat Ali Mir**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	AED	2009 AED	₹ in '000s	2009 ₹ in '000s
Revenue		**27658687**	33422529	**344627**	433156
Cost of sales	16	**(21910404)**	(25307693)	**(273004)**	(327988)
Gross Profit		**5748283**	8114836	**71623**	105168
Other operating income	17	**726609**	361683	**9054**	4687
Distribution costs	18	**(653866)**	(646016)	**(8147)**	(8372)
Administrative expenses	19	**(2223435)**	(2877603)	**(27704)**	(37294)
Profit from Operating Activities		**3597591**	4952900	**44826**	64189
Interest expense on bank overdraft		**(4081)**	(877)	**(51)**	(11)
Interest income on bank deposits		**288356**	100661	**3593**	1305
Profit for the year		**3881866**	5052684	**48368**	65483
Other comprehensive income		—	—	—	—
Total Comprehensive Income for the year		**3881866**	5052684	**48368**	65483

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

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 AED = ₹ 12.46 being the average of the exchange rates prevailing on 31st December, 2009 (1 AED = ₹ 12.71) and as on 31st December, 2010 (1 AED = ₹ 12.21). Previous year figures have been converted @ 1 AED = ₹12.96 being the average of the exchange rates prevailing on 31st December, 2008 (1 AED = ₹ 13.22) and as on 31st December, 2009 (1 AED = ₹ 12.71).

Directors **P. N. Dhume**
A. K. Joshi
M. M. Miyajiwala
Dubai, 6th April, 2011 **Shaukat Ali Mir**

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

	Share Capital		Retained Earnings		Total	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
As at 31-12-2008	1500000	19830	13670622	180726	15170622	200556
Total Comprehensive income for the year	—	—	5052684	65483	5052684	65483
As at 31-12-2009	1500000	19065	18723306	237973	20223306	257038
Total Comprehensive income for the year	—	—	3881866	48368	3881866	48368
As at 31-12-2010	**1500000**	**18315**	**22605172**	**276009**	**24105172**	**294324**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes		2009		2009
		AED	AED	**₹ in '000s**	₹ in '000s
Cash generated from operating activities					
Cash generated from operations	21	**236342**	6376716	**2945**	82642
Interest paid		**(4081)**	(877)	**(51)**	(11)
Net cash from operating activities (A)		**232261**	6375839	**2894**	82631
Cash flow from investing activities					
Proceeds on disposal of property, plant and equipment		**90900**	—	**1133**	—
Purchase of property, plant and equipment		**(273527)**	(273907)	**(3340)**	(3481)
Interest received		**288356**	100661	**3593**	1305
Net cash from/(used in) investing activities (B)		**105729**	(173246)	**1386**	(2176)
Cash flow from financing activities					
Dividends paid		**—**	(2000000)	**—**	(25420)
Net cash used in financing activities (C)		—	(2000000)	—	(25420)
Net increase in cash and cash equivalents (A+B+C)		**337990**	4202593	**658**	52019
Cash and cash equivalents at beginning of year		**6939057**	2736464	**88195**	36176
Cash and cash equivalents at end of year	10	**7277047**	6939057	**88853**	88195

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

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

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 Light Industrial Unit (LIU) in JAFZA Free Zone.

(c) The parent company and the ultimate parent company is Voltas Limited, India.

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, 2010, and the requirements of Isle of Man Companies Acts, 1931 to 2005.

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

(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 de-recognised, 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 depreciation method, useful lives and residual values are undertaken at each reporting 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 reporting 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 profit or loss 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 reporting date.

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

(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 recognized when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized 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-recognized 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 recognized in profit or loss.

Current financial liabilities, which comprise 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 Judgements Employed in Applying Accounting Policies

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

Impairment

At each reporting 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 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 reporting 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 5170664 (₹ 63133807) [previous year: AED 3273396 (₹ 41604863)] 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 889921 (₹ 10865935) [previous year: AED 779194 (₹ 9903556)] assuming that all employees were to leave as of the reporting 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:

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)

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:

IFRS 9: Financial Instruments (1st January, 2013)

IAS 24: Related Party Disclosures (1st January, 2011)

Improvements to IFRS

IFRS 7: Financial Instruments: Disclosures (1st January, 2011)

IAS 1: Presentation of Financial Statements (1st January, 2011)

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

6. PROPERTY, PLANT AND EQUIPMENT

	Factory buildings		Plant & Machinery and Equipment		Furniture & Fixture and Office equipment		Motor vehicles		Total	
	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s
Cost										
As at 1-1-2009	901083	11912	4191939	55418	455509	6022	483462	6391	6031993	79743
Additions	—	—	88316	1122	7591	96	178000	2262	273907	3481
Disposals	—	—	(26287)	(334)	(8926)	(113)	—	—	(35213)	(447)
As at 31-12-2009	901083	11453	4253968	54068	454174	5773	661462	8407	6270687	79701
Additions	—	—	83887	1024	28940	353	160700	1962	273527	3340
Assets written off	—	—	(25100)	(307)	(15662)	(191)	—	—	(40762)	(498)
Disposals	—	—	—	—	—	—	(200700)	(2451)	(200700)	(2451)
As at 31-12-2010	**901083**	**11002**	**4312755**	**52659**	**467452**	**5708**	**621462**	**7588**	**6302752**	**76957**
Accumulated depreciation and impairment losses										
As at 1-1-2009	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)
As at 31-12-2009	856536	10887	2720875	34582	320793	4077	488407	6208	4386611	55754
Depreciation	22273	278	392272	4888	71977	897	73500	916	560022	6979
Adjustment on assets written off	—	—	(14844)	(181)	(15662)	(191)	—	—	(30506)	(372)
Adjustment on disposal	—	—	—	—	—	—	(142000)	(1734)	(142000)	(1734)
As at 31-12-2010	**878809**	**10730**	**3098303**	**37830**	**377108**	**4605**	**419907**	**5127**	**4774127**	**58292**
Net book values										
As at 1-1-2009	66820	883	1840326	24329	217270	2873	12100	160	2136516	28245
As at 31-12-2009	44547	566	1533093	19486	133381	1696	173055	2199	1884076	23947
As at 31-12-2010	**22274**	**272**	**1214452**	**14829**	**90344**	**1103**	**201555**	**2461**	**1528625**	**18665**

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

	AED	As at 31-3-2009 AED	**₹ in '000s**	As at 31-3-2009 ₹ in '000s
7. INVENTORIES				
Raw materials	**3766585**	2203820	**45990**	28011
Less: Provision for slow moving inventory	**(68977)**	(41316)	**(842)**	(525)
	3697608	2162504	**45148**	27486
Consumables	**1404079**	1069576	**17144**	13594
Goods in transit	**1580653**	205262	**19299**	2609
	6682340	3437342	**81591**	43689

			As at 31-3-2009		As at 31-3-2009
		AED	AED	**₹ in '000s**	₹ in '000s
8.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**15603073**	13616444	**190514**	173065
	Less: Provision for doubtful accounts	**(133780)**	(533780)	**(1633)**	(6784)
		15469293	13082664	**188881**	166281
	Advances	**23436**	82334	**286**	1046
	Prepayments	**288922**	241762	**3528**	3073
	Other receivables	**16323**	22515	**199**	286
	Deposits	**99903**	125577	**1219**	1596
		15897877	13554852	**194113**	172282

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

Opening balance	**533780**	18853	**6784**	249
Provision no longer required	**(400000)**	—	**(4984)**	—
Provisions made during the year	**—**	514927	**—**	6545
Closing balance	**133780**	533780	**1633**	6784

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

6 months to 1 year	**1566601**	3831769	**19128**	48702
Over 1 year	**3109893**	306658	**37972**	3898

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

Gross Value	**133780**	533780	**1633**	6784
Provision	**133780**	533780	**1633**	6784
Carrying value	**—**	—	**—**	—
Trade receivables not past due and not impaired	**10792799**	8944237	**131780**	113681

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 and companies under common ownership and/or common management control.

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

		As at 31-12-2009		As at 31-12-2009
	AED	AED	**₹ in '000s**	₹ in '000s
Included in trade and other receivables	**6913530**	3431419	**84414**	43613
Included in trade and other payables	**—**	271127	**—**	3446

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 22.

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

		As at 31-12-2009		As at 31-12-2009
	AED	AED	**₹ in '000s**	₹ in '000s
Sales	**7810487**	9560505	**97319**	123904
Purchases	**567200**	3767718	**7067**	48829
Expenses charged to a related party	**17256**	—	**215**	—
Expenses re-charged by a related party	**24140**	—	**301**	—
Rental income on machinery	**36563**	—	**456**	—
Purchase of property, plant and equipment	**—**	22750	**—**	289

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

	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
10. CASH AND CASH EQUIVALENTS				
Cash on hand	**7935**	12000	**97**	152
Bank balances in Current Account	**527349**	383857	**6439**	4879
Bank balances in Fixed Deposits	**6741763**	6543200	**82317**	83164
	7277047	6939057	**88853**	88195

	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
11. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits	**415482**	414323	**5073**	5266

	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
12. TRADE AND OTHER PAYABLES				
Trade payables	**5093964**	2703773	**62197**	34365
Advance from customers	**97762**	20080	**1194**	255
Accruals	**772435**	913346	**9432**	11609
	5964161	3637199	**72823**	46229

All trade and other payables are due for payment in the next one year.

	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
13. PROVISION FOR STAFF END-OF-SERVICE GRATUITY				
Opening balance	**779194**	734129	**9904**	9705
Provision for the year	**227758**	126082	**2781**	1603
Paid during the year	**(117031)**	(81017)	**(1429)**	(1030)
Closing balance	**889921**	779194	**10866**	9904

	AED	As at 31-12-2009 AED	₹ in '000s	As at 31-12-2009 ₹ in '000s
14. SHARE CAPITAL				
Authorised				
500000 shares of USD 1 each converted at USD 1 = AED 3.6725	**1836250**	1836250	**22421**	23339
Issued and paid up				
408441 shares of USD 1 each converted at USD 1 = AED 3.6725	**1500000**	1500000	**18315**	19065

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as 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 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 are retained in the business, according to the business requirements and maintain capital at desired levels.

		2009		2009
	AED	AED	**₹ in '000s**	₹ in '000s
16. COST OF SALES				
Materials consumed and sub-contract costs	**17388726**	20486390	**216664**	265504
Wages and benefits	**3019858**	2996588	**37627**	38836
Staff end-of-service gratuity	**157346**	75249	**1961**	975
Depreciation (Note 20)	**473878**	422767	**5905**	5479
Rent	**61900**	61900	**771**	802
Other direct costs	**808696**	1264799	**10076**	16392
	21910404	25307693	**273004**	327988

		2009		2009
	AED	AED	**₹ in '000s**	₹ in '000s
17. OTHER OPERATING INCOME				
Scrap sales	**257414**	281145	**3208**	3644
Write back of provision for doubtful recoveries	**400000**	—	**4984**	—
Rental income on machinery	**36607**	—	**456**	—
Profit on sale of property, plant and equipment	**32200**	—	**401**	—
Exgratia provision written back	**—**	72750	**—**	943
Exchange gain	**388**	490	**5**	6
Write back of inventory provisions	**—**	7138	**—**	92
Miscellaneous income	**—**	160	**—**	2
	726609	361683	**9054**	4687

		2009		2009
	AED	AED	**₹ in '000s**	₹ in '000s
18. DISTRIBUTION COSTS				
Staff salaries and benefits	**155556**	173769	**1938**	2252
Staff end-of-service gratuity	**9993**	5800	**124**	75
Depreciation (Note 20)	**14167**	—	**177**	—
Other distribution costs	**474150**	466447	**5908**	6045
	653866	646016	**8147**	8372

		2009		2009
	AED	AED	**₹ in '000s**	₹ in '000s
19. ADMINISTRATIVE EXPENSES				
Write off of property, plant and equipment	**10256**	1785	**127**	23
Staff salaries, benefits and rent	**1292519**	1439932	**16105**	18662
Staff end-of-service gratuity	**60419**	45033	**753**	584
Rent	**91003**	172347	**1134**	2234
Depreciation (Note 20)	**71977**	101795	**897**	1319
Provision for inventories	**27661**	—	**345**	—
Provision for doubtful accounts	**—**	514927	**—**	6673
Other administrative expenses	**669600**	601784	**8343**	7799
	2223435	2877603	**27704**	37294

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

	AED	2009 AED	₹ in '000s	2009 ₹ in '000s
20. DEPRECIATION				
Disclosed under cost of sales (Note 16)	**473878**	422767	**5905**	5479
Disclosed under distribution cost (Note 18)	**14167**	—	**177**	—
Disclosed under administrative cost (Note 19)	**71977**	101795	**897**	1319
	560022	524562	**6979**	6798

	AED	2009 AED	₹ in '000s	2009 ₹ in '000s
21. CASH GENERATED FROM OPERATIONS				
Profit for the year	**3881866**	5052684	**48368**	65483
Adjustments for:				
Depreciation of property, plant and equipment	**560022**	524562	**6979**	6798
Interest paid	**4081**	877	**51**	11
Interest income	**(288356)**	(100661)	**(3593)**	(1305)
Profit on sale of property, plant and equipment	**(32200)**	—	**(401)**	—
Write off of property, plant and equipment	**10256**	1785	**126**	23
Operating profit before changes in operating assets and liabilities	**4135669**	5479247	**51530**	71011
(Increase)/decrease in inventories	**(3244998)**	5661658	**(37902)**	76600
(Increase)/decrease in trade and other receivables	**(2343025)**	3510877	**(21831)**	53327
Decrease in amounts due from related parties	**—**	5384883	**—**	71188
Increase/(decrease) in trade and other payables	**2326962**	(6610724)	**26594**	(89249)
Increase in staff gratuity provision	**110727**	45065	**962**	199
Decrease in acceptances	**(747834)**	(7087820)	**(9926)**	(94512)
Increase in other current financial assets	**(1159)**	(6470)	**(193)**	(126)
	236342	6376716	**2945**	82642

22. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows

	Loans and Receivables				Financial Liabilities			
	AED	2009 AED	₹ in '000s	2009 ₹ in '000s	AED	2009 AED	₹ in '000s	2009 ₹ in '000s
Trade and other receivables	**15586516**	13257090	**190311**	168498	**—**	—	**—**	—
Cash and cash equivalents	**7277047**	6939057	**88853**	88195	**—**	—	**—**	—
Other current financial assets	**415482**	414323	**5073**	5266	**—**	—	**—**	—
Acceptances	**—**	—	**—**	—	**842117**	1589951	**10282**	20208
Trade and other payables	**—**	—	**—**	—	**5522433**	3369839	**67429**	42831
	23279045	20610470	**284237**	261959	**6364550**	4959790	**77711**	63039

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 risks, liquidity risks and market risks (including exchange and fair value interest rate risks).

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-ups. 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 minimized 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 it 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. At the reporting date, there was a significant concentration of credit risk from two customers amounting to AED 4777780 (₹58336694) [previous year: due from other customers amounting to AED 7279471 (₹ 92522076)].

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 financial instrument is the amount for which an asset could be exchanged, or 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 amortizing cost approximate to their carrying values.

23. 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	2009 AED	**₹ in '000s**	2009 ₹ in '000s
Not later than one year	**61900**	61900	**771**	802
Between one and five years	**247600**	247600	**3085**	3209
Later than five years	**428142**	490042	**5335**	6351

24. CONTINGENT LIABILITIES

	AED	2009 AED	**₹ in '000s**	2009 ₹ in '000s
Bankers letters of guarantee	**689585**	836602	**8592**	10842
Unutilized balances of commercial letters of credit	**4816288**	1619977	**60011**	20995

25. TAXATION

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

Directors **P. N. Dhume**
A. K. Joshi
M. M. Miyajiwala
Shaukat Ali Mir

Dubai, 6th April, 2011

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

Director :
Mohammed Hanif Patvi

Supervisory Board :
P. N. Dhume
A.K. Joshi
M. M. Miyajiwala
Shaukat Ali Mir
B. G. Prabhuajgaonkar

DIRECTORS' REPORT

TO THE MEMBERS

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

2. The Company recorded lower turnover of SR 2.882 million for the year ended 31st December, 2010 mainly on account of slow down in order booking during the first half of the financial year 2010, pending completion of the financial restructuring and rehabilitation process. The Company has, however, recorded net profit of SR 3.185 million for the year under review on account of reversal of certain provisions earlier made as a result of the favourable arbitration award in favour of the Company. In view of the carried forward losses, no provision towards Zakat and income tax under the local laws was required.

3. The financial re-structuring and rehabilitation of the Company is almost complete and the Management had commenced the marketing activities to exploit business opportunities in Kingdom of Saudi Arabia (KSA). Tendering for new projects was implemented vigorously with active participation and support from the marketing team of Voltas Limited, the holding company. The Company succeeded in securing few orders and the Management is expecting to garner a comfortable order book position during the financial year 2011.

4. M/s. Deloitte & Touche Bakr Abulkhair & Co., Public Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

Mohammed Hanif Patvi

Jeddah, 6th April, 2011 *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, 2010, and the related statements of income, shareholders' equity / (deficit) and cash flows for the year then ended, and Notes 1 to 21 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations 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 auditing standards generally accepted in the Kingdom of Saudi Arabia. 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 accumulated 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 when the accumulated losses of a company exceed one half of the share capital. As of 31st December, 2010, the Company had not complied with these statutory requirements.

Qualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31st December, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia 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 relate to the preparation and presentation of these financial statements.

Other Matters

Without qualifying our opinion, we draw attention to the fact that the Company's ability to continue as a going concern is dependent on the continuous financial support from its shareholders.

Deloitte & Touche Bakr Abulkhair & Co.

Al-Mutahhar Y. Hamiduddin
Jeddah, 7th April, 2011 Licence No. 296

BALANCE SHEEET AS AT 31ST DECEMBER, 2010

	Notes	SR	As at 31-12-2009 SR	₹ in '000s	As at 31-12-2009 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	3	**1241401**	605510	**14847**	7539
Accounts receivable	4	**5443047**	1962287	**65099**	24430
Contract retentions	4	**1072330**	1898341	**12825**	23634
Advances, prepayments and deposits	4	**134934**	277450	**1614**	3454
Unbilled revenue	4	**214974**	525981	**2571**	6549
Total current assets		**8106686**	5269569	**96956**	65606
NON-CURRENT ASSETS					
Property and equipment	5	**101958**	116000	**1219**	1444
TOTAL ASSETS		**8208644**	5385569	**98175**	67050
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)					
CURRENT LIABILITIES					
Accounts payable, accrued and other liabilities	6	**4300561**	4215306	**51435**	52480
Contract advances		**66325**	550342	**793**	6852
Retentions payable		**268486**	268486	**3211**	3343
Total current liabilities		**4635372**	5034134	**55439**	62675
NON-CURRENT LIABILITIES					
End-of-service indemnities	7	**1528428**	1491378	**18280**	18568
SHAREHOLDERS' EQUITY/(DEFICIT)					
Share Capital	1	**2600000**	2600000	**31096**	32370
Statutory Reserve	8	**959649**	959649	**11477**	11947
Accumulated Losses		**(25065672)**	(28250459)	**(299785)**	(351718)
Subordinated loan for losses	15	**23550867**	23550867	**281668**	293208
Total shareholders' equity/(deficit)		**2044844**	(1139943)	**24456**	(14193)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY / (DEFICIT)		**8208644**	5385569	**98175**	67050

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) = ₹ 11.96 being the exchange rate prevailing as on 31st December, 2010. Previous year figures have been converted @ 1 SR = ₹ 12.45 being the exchange rate prevailing as on 31st December, 2009.

Jeddah, 6th April, 2011 *Director* **Mohammed Hanif Patvi**

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

	Notes		2009		2009
		SR	SR	**₹ in '000s**	₹ in '000s
Contract Revenues	14	**2882160**	10247946	**35162**	130046
Contract Costs	11	**(3543850)**	(8674863)	**(43235)**	(110084)
Gross (Loss)/Profit		**(661690)**	1573083	**(8073)**	19962
General and administrative expenses	12	**(933925)**	(2666092)	**(11394)**	(33833)
Reversal of allowance for doubtful debts	4	**4714381**	214957	**57515**	2728
Operating Profit / (Loss)		**3118766**	(878052)	**38048**	(11143)
Finance charges		**(5237)**	(148724)	**(64)**	(1887)
Other income	13	**71258**	1136024	**869**	14416
NET INCOME		**3184787**	109248	**38853**	1386

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

Note: The Profit and Loss Account have been converted into Indian Rupees @ 1 SR = ₹ 12.20 being the average of the exchange rates prevailing as on 31st December, 2009 (1 SR = ₹ 12.45) and as on 31st December, 2010 (1 SR = ₹ 11.96). Previous year figures have been converted into Indian Rupees @ 1 SR = ₹ 12.69 being the average of the exchange rates prevailing as on 31st December, 2008 (1 SR = ₹ 12.93) and as on 31st December, 2009 (1 SR = ₹ 12.45).

Jeddah, 6th April, 2011 *Director* **Mohammed Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2010

		Share Capital		**Statutory Reserve**		**Accumulated Losses**		**Subordinated loan for losses**		**Total**	
	Notes	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
1st January, 2009		2600000	33618	959649	12408	(28313990)	(366100)	12500000	161625	(12254341)	(158449)
Additions during the year		—	—	—	—	—	—	11050867	137583	11050867	137583
Net loss for 2009		—	—	—	—	109248	1386	—	—	109248	1386
Zakat and income tax	9	—	—	—	—	(45717)	(580)	—	—	(45717)	(580)
31st December, 2009		2600000	32370	959649	11947	(28250459)	(351718)	23550867	293208	(1139943)	(14193)
Net Income for 2010		—	—	—	—	3184787	38854	—	—	3184787	38854
Income Tax	9	—	—	—	—	—	—	—	—	—	—
31st December, 2010		**2600000**	**31096**	**959649**	**11477**	**(25065672)**	**(299785)**	**23550867**	**281668**	**2044844**	**24456**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net income	**3184787**	109248	**38854**	1386
Adjustments for:				
Depreciation	**26432**	56982	**323**	723
Gain on sale of property and equipment	**(11500)**	(31350)	**(140)**	(398)
Reversal of allowance for doubtful debts	**(4714381)**	(214957)	**(57515)**	(2728)
Long outstanding liabilities written-off	—	(335519)	—	(4258)
Discount from suppliers on final settlement	**(2865)**	(605473)	**(35)**	(7683)
Provision for warranty written-off	—	(123710)	—	(1570)
End-of-service indemnities	**141430**	150057	**1725**	1904
Finance charges	**5237**	148724	**64**	1887
Changes in operating assets and liabilities:				
Accounts receivable	**(1452711)**	102535	**(15419)**	511
Contract retentions	**826011**	(281694)	**10809**	(2731)
Advances, prepayments and deposits	**142516**	19863	**1840**	391
Unbilled revenue	**2997339**	(219922)	**3978**	(2592)
Accounts payable, accrued and other liabilities	**88120**	(2898232)	**1046**	(63700)
Contract advances	**(484017)**	52360	**(6059)**	413
Retentions payable	—	20293	—	134
Cash from / (used in) operations	**746398**	(4050795)	**8927**	(50432)
Finance charges paid	**(5237)**	(144886)	**(64)**	(1839)
End-of-service indemnities paid	**(104380)**	(337141)	**(1273)**	(4278)
Net cash from/(used in) operating activities	**636781**	(4532822)	**7590**	(56549)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(12390)**	(71181)	**(148)**	(886)
Proceeds from sale of property and equipment	**11500**	31350	**140**	390
Net cash used in investing activities	**(890)**	(39831)	**(8)**	(496)
FINANCING ACTIVITIES				
Short-term debts	—	(8607)	—	(107)
Long-term debt	—	(3758334)	—	(46791)
Subordinated loan for losses	—	8500000	—	105825
Zakat and income tax paid	—	(45717)	—	(580)
Net cash from financing activities	—	4687342	—	58347
Net change in cash and cash equivalents	**635891**	114689	**7308**	1193
Cash and cash equivalents, 1st January	**605510**	490821	**7539**	6346
Cash and cash equivalents, 31st December	**1241401**	605510	**14847**	7539

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

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

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 Dhual-Qa'dah, 1398 (19th October, 1978) under Commercial Registration No. 4030016635. The Share Capital of the Company, amounting to SR 2 million, was divided into 20,000 shares of SR 100 each. The Share Capital of the Company was further increased by SR 600,000 by capitalizing the unpaid dividend and the relevant increase was published in the Official Gazette on 1 Muharram, 1424 (4th March, 2003).

The Company is owned 39% by Metrovol FZE, a wholly owned subsidiary of Voltas Limited, registered in United Arab Emirates and 61% by Voltas Limited, a company registered in India. As of 31st December, 2010, Metrovol FZE was under voluntary liquidation in United Arab Emirates. Voltas Limited has initiated the legal process in the Kingdom of Saudi Arabia to transfer the shareholding held by Metrovol FZE to another subsidiary of 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.

Article 180 of the Regulations for Companies requires that once the losses of a Company exceed 50% of its share capital, a shareholders' meeting should be called to decide on whether to continue the operations of the Company or not. Further as required by Article 164, this resolution should be published in the official gazette.

As on 31st December, 2010, the accumulated losses of the Company exceeded 50% of the share capital of the Company. These financial statements are prepared on a going concern basis since the shareholders in their meeting dated 6th April, 2011 decided to continue the business and to provide financial support to the Company. However, the shareholders' meeting and consequently the publication of the resolution in the official gazette was not made within 30 days as required by Article 180.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia 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 accounting standards generally accepted in the Kingdom of Saudi Arabia. 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 straightline 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 Labor Law, are provided in the financial statements based on the employees' length of service.

(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.

(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 income 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 are 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 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.

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances (Note 3.1)	**1241401**	605510	**14847**	7539

3.1 This includes cash margin of SR 0.25 million (₹ 29.87 Lakhs) restricted against letters of guarantee (Note 18).

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

	2010					
	Gross		**Allowance for doubtful assets**		**Net**	
	SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
Accounts receivable	**5443047**	**65099**	—	—	**5443047**	**65099**
Contract retentions	**1072330**	**12825**	—	—	**1072330**	**12825**
Advances, prepayments and deposits	**134934**	**1614**	—	—	**134934**	**1614**
Unbilled revenue	**214974**	**2571**	—	—	**214974**	**2571**
	6865285	**82109**	—	—	**6865285**	**82109**
	2009					
	Gross		Allowance for doubtful assets		Net	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s
Accounts receivable	3990336	49680	(2028049)	(25250)	1962287	24430
Contract retentions	2635264	32809	(736923)	(9175)	1898341	23634
Advances, prepayments and deposits	277450	3454	—	—	277450	3454
Unbilled revenue	5218322	64968	(4692341)	(58419)	525981	6549
	12121372	150911	(7457313)	(92844)	4664059	58067

The movement in Allowance for doubtful assets is as follows:

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**7457313**	22073650	**92844**	285412
Reversal of Allowance for doubtful assets	**(4714381)**	(214957)	**(57515)**	(2728)
Write-offs	**(2742932)**	(14401380)	**(33464)**	(182754)
31st December	—	7457313	—	92844

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

5. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposal		**31st December**	
Cost:		₹ in '000s		₹ in '000s		₹ in '000s		**₹ in '000s**
Machinery	502880	6261	—	—	—	—	**502880**	**6014**
Furniture and fixtures	372614	4639	—	—	—	—	**372614**	**4456**
Office equipment	855686	10653	12390	148	—	—	**868076**	**10382**
Vehicles	931806	11601	—	—	(175860)	(2103)	**755946**	**9041**
Portacabins	55630	693	—	—	—	—	**55630**	**665**
Total Cost	2718616	33847	12390	148	(175860)	(2103)	**2555146**	**30558**
Depreciation:								
Machinery	502555	6257	325	4	—	—	**502880**	**6014**
Furniture and fixtures	372614	4639	—	—	—	—	**372614**	**4456**
Office equipment	745917	9287	24907	304	—	—	**770824**	**9219**
Vehicles	931806	11601	—	—	(175860)	(2103)	**755946**	**9041**
Portacabins	49724	619	1200	15	—	—	**50924**	**609**
Total Depreciation	2602616	32403	26432	323	(175860)	(2103)	**2453188**	**29339**
Net Book Value at 1st January	116000	1444						
Net Book Value at 31st December							**101958**	**1219**

6. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts payable	**2342148**	2620203	**28012**	32622
Accrued Liabilities	**1708947**	1345637	**20439**	16752
Due to related parties (Note 10)	**249466**	249466	**2984**	3106
Zakat and tax liabilities (Note 9)	**—**	—	**—**	—
	4300561	4215306	**51435**	52480

7. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**1491378**	1678462	**18568**	21703
Provision for the year	**141430**	150057	**1725**	1904
Payments during the year	**(104380)**	(337141)	**(1273)**	(4278)
31st December	**1528428**	1491378	**18280**	18568

8. 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.

9. INCOME TAX

The movement in zakat and income tax provision is as follows:

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Zakat:				
1st January	—	—	—	—
Under provision for previous years	—	21769	—	276
Payments made during the year	—	(21769)	—	(276)
31st December	—	—	—	—
Income Tax:				
1st January	—	—	—	—
Under provision for previous years	—	23948	—	304
Payments made during the year	—	(23948)	—	(304)
31st December	—	—	—	—

The Company had taxable losses during the years 2008, 2009 and 2010. Accordingly, no provisions for income tax were made for the said years. Before 2008, the Company was subject to zakat being a mixed company.

During 2009, 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 0.49 million (₹ 61.28 Lakhs). The Company paid SR 0.05 million (₹ 5.80 Lakhs) 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 returns for the years 2008 and 2009 are under review by the DZIT.

10. RELATED PARTY TRANSACTIONS

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

Names	**Relationship**
Voltas Limited	Shareholder
Metrovol FZE	Shareholder
Voltas Netherlands B.V. (formerly VIL Overseas Enterprises B.V.)	Affiliate

The significant transactions and related approximate amounts are as follows:

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Subordinated loan (Note 15)	—	11050867	—	137583
Expenses	—	301500	—	3826

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

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Voltas Limited	**195000**	195000	**2332**	2428
Voltas Netherlands B.V. (formerly VIL Overseas Enterprises B.V.)	**54466**	54466	**651**	678
	249466	249466	**2983**	3106

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

11. CONTRACT COSTS

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Material Cost	**2268938**	5839479	**27681**	74103
Sub-contractor cost	**729108**	955635	**8895**	12127
Salaries and benefits	**539413**	1875850	**6581**	23805
Other expenses	**6391**	3899	**78**	49
	3543850	8674863	**43235**	110084

12. GENERAL AND ADMINISTRATIVE EXPENSES

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Salaries and benefits	**40049**	1362401	**489**	17289
Rent	**300515**	539220	**3666**	6843
(Reversal of) / Allowance for doubtful debts and write offs	**15800**	—	**193**	—
Vehicle expenses	**63950**	134548	**780**	1707
Communication, travel and insurance	**48614**	92252	**593**	1171
Office expenses	**174283**	286361	**2126**	3634
Depreciation	**26432**	56982	**322**	723
Other expenses	**264282**	495828	**3225**	6292
Expenses recovered from a shareholder (Note 10)	**—**	(301500)	**—**	(3826)
	933925	2666092	**11394**	33833

13. OTHER INCOME

	SR	2009 SR	₹ in '000s	2009 ₹ in '000s
Gain on Sale of Property and equipment	**14500**	31350	**177**	398
Long outstanding liabilities written back	**—**	335519	**—**	4258
Discount from suppliers on final settlement	**2865**	605473	**35**	7683
Provision of warranty written back	**—**	123710	**—**	1570
Others	**53893**	39972	**657**	507
	71258	1136024	**869**	14416

14. TRANSACTIONS WITH MAJOR CUSTOMER

Contract revenue from one (2009: three) customer amounted to approximately SR 2.26 million (₹ 275.72 lakhs) [2009: SR 8.72 million (₹ 1106.57 lakhs)], which represents approximately 78% (2009: 85%) of the total contract revenue.

15. SUBORDINATED LOAN FOR LOSSES

During 2006, the shareholders resolved to provide an interest free loan to the Company amounting to SR 3.25 million (₹ 388.70 Lakhs) as a subordinated loan for losses as the accumulated losses exceeded one-half of the Company's capital. During the years 2007, 2008 and 2009, the shareholders provided additional amounts of SR 0.25 million (₹ 29.90 Lakhs), SR 9 million (₹ 1076.40 Lakhs) and SR 8.50 million (₹ 1016.60 Lakhs), respectively.

Further, during 2009, an amount of SR 1.74 million (₹ 208.10 Lakhs) was transferred from short-term debts to subordinated loans and the shareholders waived a balance of SR 0.81 million (₹ 96.98 Lakhs) due to them. The subordinated loan is not repayable until the accumulated losses are recovered from future profits.

16. CREDIT RISK

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

The Company's credit risk is primarily attributable to its accounts receivable, 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, two customers represent 80% of total contract receivables.

17. OPERATING LEASE ARRANGEMENTS

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**300515**	539220	**3666**	6843

Operating lease payments represent rentals payable by the Company for certain office properties and accommodation under annual renewable contracts.

18. CONTINGENCIES

As of 31st December, 2010, the Company has outstanding letters of bank guarantee amounting to SR 0.25 million (₹ 29.87 Lakhs) [2009: SR 0.25 million (₹ 31.10 Lakhs)], which were issued in the normal course of business.

19. NON-CASH OPERATING AND FINANCING ACTIVITIES

		2009		2009
	SR	SR	**₹ in '000s**	₹ in '000s
Discount from a supplier	**2865**	—	**35**	—
Asset sold to an ex-employee in lieu of his end-of-service	**3000**	—	**37**	—
Due to shareholders waived and transferred to subordinated loan for losses	**—**	810867	**—**	10095
Short-term debts transferred to subordinated loan for losses	**—**	1740000	**—**	21633

20. FAIR VALUES

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

21. COMPARATIVE FIGURES

Certain figures for 2009 have been reclassified to conform with the presentation in current year.

Jeddah, 6th April, 2011 *Director* **Mohammed Hanif Patvi**

LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.

Directors :

P. N. Dhume *(Chairman)*
Shaukat Ali Mir
Issa Lalbuksh Al Raisi

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their Annual Report and the Accounts for the period ended 31st December, 2010.

2. The financial year of the Company was 1st April to 31st March, each year. In line with the local practice followed by companies in Sultanate of Oman to have calendar year as its financial year, the Company has during the year under review, changed its financial year to coincide with the calendar year. Accordingly, the accounts/ financial statements are for a period of nine months, between 1st April, 2010 and 31st December, 2010. During the period under review, the Company recorded turnover of Omani Rial (RO) 2.208 million and Net Profit of RO 0.482 million. Due to slowdown in the economy, especially in Middle East, execution of the projects were delayed by the Clients, which had an adverse impact on the performance of the Company. Moreover, certain major tenders for projects in Water Management segment were deferred. The situation is now improving and the Company is well poised to have an improved order book position in the near future.

3. The present share capital of the Company is RO 150,000. Consequent upon purchase of 11% shareholding of the Company by Voltas, through inter-se transfer of shares amongst the joint venture partners (Voltas Limited and Lalbuksh Contracting & Trading Establishment LLC), Voltas Group has increased its shareholding in the Company from 49% to 60%. The Ministry of Commerce & Industries, Sultanate of Oman has taken on record the change in shareholding and issued the amended Commercial Registration Certificate as on 31st March, 2011. Accordingly, the Company has become a subsidiary of Voltas Limited effective that date. Mr. Shaukat Ali Mir, EVP & Chief Operating Officer – Electrical & Mechanical Division, senior executive of Voltas Limited has been inducted as a Director on the Board of the Company.

4. The Board has at its Meeting held on 7th April, 2011, decided to increase the paid-up capital of the Company from RO 150,000 to RO 250,000 by capitalizing RO 100,000 from the Reserves. This would allow the Company to secure classification of 'Excellent' grade contractor and facilitate the Company to bid for larger value projects in Water Management segment.

5. The Directors recommend dividend of RO 1.519 million (previous year : RO 0.225 million) for the period ended 31st December, 2010, partly from Retained Earnings.

6. M/s. RSM & Co., Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Muscat, 7th April, 2011

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.

Report on the Financial Statements

We have audited the accompanying financial statements of **LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.**, which comprise the statement of financial position as at 31st December, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information set out on pages 2 to 21.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 present fairly, in all material respects, the financial position of LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C. as of 31st December, 2010, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

For **RSM & Co.**
Chartered Accountants

Percy R. Bhaya
Sultanate of Oman

Muscat, 30th January, 2011

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2010

	Notes	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 '₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**235980**	281528	**27466**	32998
CURRENT ASSETS					
Inventories	4	**75529**	63953	**8791**	7496
Trade and other receivables	5	**3437757**	3621572	**400121**	424484
Amounts due from customers for contract work	6	**70509**	31004	**8207**	3634
Amounts due from related parties	7	**9438**	4172	**1098**	489
Cash and cash equivalents	8	**487623**	296202	**56754**	34718
Other current financial assets	9	**1673390**	1627230	**194766**	190728
		5754246	5644133	**669737**	661549
TOTAL ASSETS		**5990226**	5925661	**697203**	694547
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share Capital	10	**150000**	150000	**17458**	17582
Legal Reserve		**50000**	50000	**5820**	5861
General Reserve		**850000**	850000	**98932**	99628
Accumulated Profits		**2896033**	2639341	**337069**	309357
Equity Funds		**3946033**	3689341	**459279**	432428
NON-CURRENT LIABILITIES					
Staff end-of-service gratuity		**235243**	212435	**27380**	24900
CURRENT LIABILITIES					
Trade and other payables	11	**998501**	1431496	**116216**	167785
Amounts due to customers for contract work	6	**226928**	75820	**26412**	8887
Amounts due to a related party	12	—	911	—	107
Provision for tax		**583521**	515658	**67916**	60440
		1808950	2023885	**210544**	237219
TOTAL EQUITY AND LIABILITIES		**5990226**	5925661	**697203**	694547

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

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Omani Riyal (RO) = ₹ 116.39 being the exchange rate prevailing on 31st December, 2010. Previous year figures have been converted @ 1 RO = ₹ 117.21 being the exchange rate prevailing on 31st March, 2010.

Directors **P. N. Dhume**
Issa Lalbuksh Al Raisi

Muscat, 7th April, 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010

	Notes	RO	2009-10 RO	₹ in '000s	2009-10 ₹ in '000s
REVENUE		**2207635**	6023527	**257852**	751947
Cost of works executed	13	**(1342200)**	(3715397)	**(156769)**	(463812)
GROSS PROFIT		**865435**	2308130	**101083**	288135
Other operating income	14	**10462**	88994	**1222**	11110
Staff costs		**(77587)**	(193813)	**(9063)**	(24195)
Director's remuneration		**(5800)**	(8700)	**(677)**	(1086)
Depreciation		**(91036)**	(113531)	**(10633)**	(14172)
Provision for doubtful debts		**(24619)**	(217236)	**(2875)**	(27119)
Other operating expenses	15	**(149975)**	(144246)	**(17517)**	(18007)
PROFIT FROM OPERATING ACTIVITIES		**526880**	1719598	**61540**	214666
Interest income		**29553**	51693	**3452**	6453
Finance costs	16	**(6878)**	(9065)	**(803)**	(1131)
NET PROFIT FOR THE PERIOD BEFORE TAX		**549555**	1762226	**64189**	219988
Income tax expense for current period		**(67863)**	(227714)	**(7926)**	(28427)
Income tax expense for earlier years		**—**	(6378)	**—**	(796)
NET PROFIT FOR THE PERIOD AFTER TAX		**481692**	1528134	**56263**	190765
Other comprehensive income for the period		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**481692**	1528134	**56263**	190765

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

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 Omani Riyal (RO) = ₹ 116.80 being the average of the exchange rates prevailing on 31st March, 2010 (1 RO = ₹ 117.21) and as on 31st December, 2010 (1 RO = ₹ 116.39). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 124.835 being the average of the exchange rates prevailing on 31st March, 2009 (1 RO = ₹ 132.46) and as on 31st March, 2010 (1 RO = ₹ 117.21).

Directors **P. N. Dhume**

Muscat, 7th April, 2011 **Issa Lalbuksh Al Raisi**

STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010

	Share Capital		Legal Reserve		General Reserve		Accumulated Profits		Total	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 1st April, 2009	150000	19869	50000	6623	700000	92722	1471207	194876	2371207	314090
Total comprehensive income for the period	—	—	—	—	—	—	1528134	190765	1528134	190765
Transfer to General Reserve	—	—	—	—	150000	18725	(150000)	(18725)	—	—
Dividends paid	—	—	—	—	—	—	(210000)	(26215)	(210000)	(26215)
As at 31st March, 2010	150000	17582	50000	5861	850000	99628	2639341	309357	3689341	432428
Total comprehensive income for the period after tax	—	—	—	—	—	—	481692	56263	481692	56263
Dividends paid	—	—	—	—	—	—	(225000)	(26280)	(225000)	(26280)
As at 31st December, 2010	**150000**	**17458**	**50000**	**5820**	**850000**	**98932**	**2896033**	**337069**	**3946033**	**459279**

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

CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010

	RO	2009-10 RO	₹ in '000s	2009-10 ₹ in '000s
Cash flow from operating activities				
Net profit for the period before tax	**549555**	1762226	**64189**	219988
Adjustments for:				
Depreciation	**91036**	113531	**10633**	14172
Profit on disposal of property, plant and equipment	**(8410)**	(3308)	**(979)**	(388)
Interest income	**(29553)**	(51693)	**(3452)**	(6453)
Finance costs	**6878**	9065	**803**	1131
Operating profit before changes in operating assets and liabilities	**609506**	1829821	**71194**	228450
Decrease/(increase) in trade and other receivables	**411529**	(815475)	**50631**	(57179)
Increase/(decrease) in due to/from customers for contract work (net)	**111603**	(105308)	**12952**	(14632)
Increase in inventories	**(11576)**	(18576)	**(1295)**	(1486)
Decrease/(increase) in trade and other payables	**(432995)**	124693	**(51570)**	5313
Increase in staff-end-of service gratuity	**22808**	26824	**2480**	314
Related parties balances	**(6177)**	(8293)	**(716)**	(1049)
Cash from operating activities	**704698**	1033686	**82020**	121158
Taxes paid	**(227714)**	(98685)	**(28427)**	(11567)
Net cash from operating activities (A)	**476984**	935001	**55516**	109591
Cash flow from investing activities				
Interest received	**29553**	51693	**3452**	6453
Increase in time deposit	**(46160)**	(460331)	**(4038)**	(36160)
Purchase of property, plant and equipment	**(45493)**	(58253)	**(5313)**	(7272)
Proceeds from disposal of property, plant and equipment	**8415**	3311	**983**	413
Net cash (used in) investing activities (B)	**(53685)**	(463580)	**(6248)**	(54336)
Cash flow from financing activities				
Finance costs paid	**(6878)**	(9065)	**(803)**	(1131)
Dividends paid	**(225000)**	(210000)	**(26280)**	(26215)
Net cash (used in) financing activities (C)	**(231878)**	(219065)	**(26988)**	(25677)
Net increase in cash and cash equivalents (A+B+C)	**191421**	252356	**22036**	28910
Cash and cash equivalents at beginning of period	**296202**	43846	**34718**	5808
Cash and cash equivalents at end of period	**487623**	296202	**56754**	34718

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010

1. LEGAL STATUS AND PRINCIPAL BUSINESS ACTIVITIES

(a) **LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.** is a limited liability company, registered under the commercial laws of the Sultanate of Oman.

(b) The parent company is Lalbuksh Contracting and Trading Establishment L.L.C.

(c) The Company is engaged in drilling, irrigation and landscaping activities and construction of water treatment plants.

(d) The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law. The significant accounting policies adopted, that have been consistently applied, are as follows:

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

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight-line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Porta cabins	15.00%
Capital equipment and accessories	15.00%
Furniture and fixtures	33.33%
Equipment	15.00%
Vehicles	33.33%

(b) **Impairment**

The carrying amounts of the financial and non-financial assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

(c) **Inventories**

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving inventories. Cost is determined on First-in First-out (FIFO) basis and comprises of invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

(d) **Trade receivable**

Bad debts are written off or fully provided for as they arise and provision is made for all doubtful debts.

(e) **Amounts due from/to customers for contract work**

Amounts due from/to customers for contract work is the net amount of :

(i) contract costs comprising of cost of materials, labour, sub-contract and attributable overheads, plus recognised profits, less

(ii) the sum of recognised losses and progress billings.

(f) **Cash and cash equivalents**

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

(g) **Trade and other payables**

Liabilities are recognised for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the Company.

(h) **Taxation**

Provision for income tax has been made on the basis of the Company's net taxable profit arrived at by making suitable adjustments for likely disallowances as per the past completed income tax assessments to the net profit as per the financial statements and applying the income tax rate specified in the Income Tax Law in Oman. Additional tax liability that may arise in future on completion of pending income tax assessments for the tax years 2006 to 2010 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the income tax assessments are completed.

(i) **Employees benefit costs**

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising of leave salary, passage and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability, which would arise if the employment of all staff were terminated at the year-end. The total expense recognised in the statement of comprehensive income for staff, end-of-service benefits amounts to RO 32860 (₹ 3824575) [previous year: RO. 51860 (₹ 6078511)].

(j) **Legal Reserve**

Legal Reserve is created by appropriating 10% of the net profit for the period as required by Article 154 of the Commercial Companies Law of Oman 1974. The Company has resolved to discontinue such annual transfers as the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

(k) **General Reserve**

General Reserve is created by appropriating a portion of the net profit for the period. The Reserve is available for distribution.

(l) **Revenue**

Revenue recognition on contracts

Contract revenues are recognised on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at period end. Contract billings are recorded on the basis of progress bills prepared by the Company's engineers and are considered as revenue to the extent that they are probable of being certified and recovered.

The stage of completion is determined on the basis of progress on each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by directors to be earned on completion of the contracts is considered by reference to the work completed at the period-end. Losses, if any, on jobs not completed are provided for when identified.

Sales

Sales represents net amount invoiced for goods delivered and services rendered during the period.

Interest

Interest income is recognised on a time proportion basis.

(m) **Finance costs**

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognised as an expense in the period in which they are incurred.

(n) **Foreign currencies**

Transactions in foreign currencies are translated into Rials Omani and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income.

(o) **Operating lease rentals**

Operating lease rentals are recognised as an expense on a straight-line basis over the lease term.

(p) **Financial instruments**

- Financial instruments of the Company comprise trade and other receivables, cash and cash equivalents, trade and other payables, amounts due from/to related parties and members, amounts due from/to customers for contract work, bank fixed deposits.
- 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, 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.
- Financial assets that have fixed or determinable payments and for which there is no active market, are 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 statement of comprehensive income.
- Financial liabilities, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

(q) **Significant judgements and key assumptions**

(i) The significant judgements 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 year end, 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, the assets are written down to their recoverable amount.

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of fixed assets are estimated based on intended use of assets and their economic lives. 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, in order to assess their likely realization proceeds, technological changes, age, likely obsolescence, the rate at which the materials are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the Company either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of confirmations, 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 liability to staff end-of-service gratuity assuming that all employees were to leave as at the year end. 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.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress is recognised only when the final outcome can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/subcontractors, work disputes, recovery of uncertified contract/variation work dues, expected costs during job warranty and defect liability period etc, that are subject to various sources of uncertainties and future negotiations. The management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

(r) **Adoption of new International Financial Reporting Standards**

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:

IAS 24: Related Party Disclosures (1st January, 2011)

IFRS 9: Financial Instruments (1st January, 2013)

Improvements to IFRS

- IFRS 7: Financial Instruments: Disclosures (1st January, 2011)
- IAS 1: Presentation of Financial Statements (1st January, 2011)

Amendments to IFRS 7: Disclosures – Transfers of Financial Assets (1st July, 2011)

3. PROPERTY, PLANT AND EQUIPMENT

	Porta Cabins		Capital equipment and accessories		Furniture, fixtures and equipment		Vehicles		Total	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
Cost										
As at 1st April, 2010	22237	2606	1214746	142380	80311	9413	548618	64304	1865912	218703
Additions	—	—	28238	3298	11404	1332	5851	683	45493	5313
Disposals	—	—	(12500)	(1460)	(385)	(45)	(19564)	(2285)	(32449)	(3790)
As at 31st December, 2010	**22237**	**2588**	**1230484**	**143216**	**91330**	**10630**	**534905**	**62258**	**1878956**	**218692**
Accumulated depreciation										
As at 1st April, 2010	20835	2442	1032076	120970	59343	6956	472130	55338	1584384	185706
Depreciation for the period	496	58	47660	5567	5556	649	37324	4359	91036	10633
Adjustment relating to disposals	—	—	(12499)	(1460)	(384)	(45)	(19561)	(2285)	(32444)	(3790)
As at 31st December, 2010	**21331**	**2483**	**1067237**	**124216**	**64515**	**7509**	**489893**	**57018**	**1642976**	**191226**
Net book value										
As at 31st March, 2010	1402	164	182670	21411	20968	2458	76488	8965	281528	32998
As at 31st December, 2010	**906**	**105**	**163247**	**19000**	**26815**	**3121**	**45012**	**5239**	**235980**	**27466**

Porta cabins and equipments are on land owned by the member company.

4. INVENTORIES

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
Materials	**148529**	136953	**17287**	16052
Less: Provision for slow moving inventories	**(73000)**	(73000)	**(8496)**	(8556)
	75529	63953	**8791**	7496

The movements in provision for slow moving inventories are as follows:

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
Opening balance	**73000**	73000	**8496**	8556
Provision made	**—**	—	**—**	—
Closing balance	**73000**	73000	**8496**	8556

5. TRADE AND OTHER RECEIVABLES

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
Contract debtors	**2913403**	3342443	**339091**	391768
Retentions	**337321**	282717	**39261**	33137
	3250724	3625160	**378352**	424905
Provision for doubtful debts	**(355734)**	(331115)	**(41404)**	(38810)
	2894990	3294045	**336948**	386095
Advances to staff	**8093**	5974	**942**	700
Prepaid expenses	**9625**	8871	**1120**	1040
Advance tax	**515600**	287886	**60011**	33743
Deposits	**4430**	3170	**516**	372
Interest accrued on bank fixed deposit	**5254**	21861	**612**	2562
Other receivables	**165**	165	**19**	19
	3438157	3621972	**400168**	424531
Provision for doubtful receivables	**(400)**	(400)	**(47)**	(47)
	3437757	3621572	**400121**	424484

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010 (contd.)

5. TRADE AND OTHER RECEIVABLES (contd.)

The movements in the provision for doubtful debts account are as follows:

	RO	As at 31-3-2010 RO	**₹ in '000s**	As at 31-3-2010 ₹ in '000s
Opening balance	**331115**	182349	**38810**	24154
Provision made during the period/year	**24619**	217236	**2875**	27119
Provision written back to statement of comprehensive income	**—**	(68470)	**—**	(8547)
Closing balance	**355734**	331115	**41404**	38810

There is no movement in provision for doubtful receivables account.

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

	RO	As at 31-3-2010 RO	**₹ in '000s**	As at 31-3-2010 ₹ in '000s
6 months to 1 period	**1134955**	83789	**132097**	9821
Over 1 period	**82510**	230223	**9603**	26984
	1217465	314012	**141700**	36805

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

	RO	As at 31-3-2010 RO	**₹ in '000s**	As at 31-3-2010 ₹ in '000s
Gross value	**355733**	331115	**41404**	38810
Provision	**355733**	331115	**41404**	38810
Carrying value	**—**	—	**—**	—
Trade receivables not past due and not impaired	**1677526**	2980033	**195247**	349290

	RO	2009-10 RO	**₹ in '000s**	2009-10 ₹ in '000s
6. CONTRACTS IN PROGRESS				
Contract costs incurred plus recognised profits less recognised losses	**1634430**	2640244	**190231**	309463
Progress billings	**1790849**	2685060	**208437**	314716
Retentions receivable	**74750**	114866	**8700**	13463

	RO	As at 31-3-2010 RO	**₹ in '000s**	As at 31-3-2010 ₹ in '000s
7. AMOUNTS DUE FROM RELATED PARTIES				
Lalbuksh Contracting & Trading Establishment L.L.C.	**9438**	4124	**1098**	483
Al-Salam Farm	—	48	—	6
	9438	4172	**1098**	489

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
8. CASH AND CASH EQUIVALENTS				
Bank balances:				
Current accounts	**486838**	294591	**56663**	34529
Smart card balances	**785**	1338	**91**	157
	487623	295929	**56754**	34686
Cash on hand	**—**	273	**—**	32
	487623	296202	**56754**	34718

The credit facilities from a bank are secured by way of:

(a) Lien on fixed deposits of RO 365907 (₹ 42587916) with the bank.

(b) Personal guarantees of RO 850000 (₹ 98931500) from the Legal heirs of Late Lalbuksh Essa Al Raisi (signed by power of attorney holder, Mr. Issa Lalbuksh Essa Al Raisi).

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
9. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits with banks	**1673390**	1627230	**194766**	190728

Fixed deposits of RO 365907 (₹ 42587916) [previous year: RO 121262 (₹ 14213119)] are pledged with banks as security against credit facilities.

10. SHARE CAPITAL

The share capital comprises 150000 shares of face value RO 1/- each, fully paid.

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
11. TRADE AND OTHER PAYABLES				
Trade payables	**580685**	718689	**67586**	84237
Accruals	**398008**	693269	**46324**	81258
Other payables	**19808**	19538	**2306**	2290
	998501	1431496	**116216**	167785

	RO	As at 31-3-2010 RO	₹ in '000s	As at 31-3-2010 ₹ in '000s
12. AMOUNTS DUE TO A RELATED PARTY				
Voltas Limited, India (member company)	**—**	911	**—**	107

	RO	2009-10 RO	₹ in '000s	2009-10 ₹ in '000s
13. COST OF WORKS EXECUTED				
Materials consumed	**411499**	1711396	**48063**	213642
Labour expenses	**479940**	754866	**56057**	94234
Sub contract expenses	**157837**	680148	**18435**	84906
Other direct expenses	**292924**	568987	**34214**	71030
	1342200	3715397	**156769**	463812

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010 (contd.)

	RO	2009-10 RO	**₹ in '000s**	2009-10 ₹ in '000s
14. OTHER OPERATING INCOME				
Excess provision for doubtful debts written back	**—**	68470	**—**	8548
Profit on disposal of property, plant and equipment	**8410**	3308	**982**	413
Miscellaneous income	**2052**	17216	**240**	2149
	10462	88994	**1222**	11110

	RO	2009-10 RO	**₹ in '000s**	2009-10 ₹ in '000s
15. OTHER OPERATING EXPENSES				
Rent	**25511**	18381	**2980**	2295
Repairs and maintenance	**17740**	11868	**2072**	1482
Insurance	**29420**	25496	**3436**	3183
Electricity and water charges	**12094**	15456	**1412**	1929
Telephones, fax and postage	**13621**	14977	**1591**	1870
Travelling and conveyance	**13652**	19695	**1595**	2459
Vehicle expenses	**1925**	1288	**225**	160
Advertisement and business promotion expenses	**4741**	6812	**554**	850
Miscellaneous expenses	**31271**	30273	**3652**	3779
	149975	144246	**17517**	18007

	RO	2009-10 RO	**₹ in '000s**	2009-10 ₹ in '000s
16. FINANCE COSTS				
Bank charges	**6878**	9065	**803**	1131

17. DIVIDENDS

Dividend paid of RO 225000 (₹ 26280000) [previous year: RO 210000 (₹ 26215350)] represents a dividend per share of RO 1.500 (previous period: RO 1.400).

Dividend proposed of RO 1518750 (₹ 177390000) for the current period represents dividend per share of RO 10.125.

18. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The management considers such transactions to be in the normal course of business. Related parties comprise parent company, companies under common ownership and/or common management control and members. The balances with related parties at the year end have been separately disclosed in the financial statements.

The nature of significant related party transactions and the amounts involved are as follows:

	Parent company RO	**Directors RO**	**Other related parties RO**	**1-4-2010 to 31-12-2010 Total RO**	2009-10 Total RO	**1-4-2010 to 31-12-2010 Total ₹ in '000s**	2009-10 Total ₹ in '000s
Rent expense	**—**	**12030**	**3706**	**15736**	15021	**1838**	1875
Purchase of materials and services	**—**	**—**	**—**	**—**	5268	**—**	658
Director's remuneration	**—**	**5800**	**—**	**5800**	8700	**677**	1086

19. TAXATION

The reconciliation between the income tax expense on the accounting profit and income tax expense in the statement of comprehensive income is as follows:

	RO	2009-10 RO	**₹ in '000s**	2009-10 ₹ in '000s
Tax on accounting profit of RO 549555 (₹ 64188024) [previous year: RO 1762226 (₹ 219987483)] at applicable tax rates	**64403**	207867	**7522**	25949
Add/less tax effect of:				
Expenses disallowable	**185**	168	**22**	21
Profit on sale of property, plant and equipment not considered as taxable income for tax purposes	**(1009)**	(397)	**(118)**	(50)
Provisions made/(reversed) (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**2954**	17852	**345**	2229
Depreciation adjustment based on depreciation rates as per tax law	**1330**	2224	**155**	278
Tax expense per statement of comprehensive income	**67863**	227714	**7926**	28427

20. FINANCIAL INSTRUMENTS

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 flows interest rate risks.

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 reputed financial institutions.

The Company buys goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani 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.

Exposures to the aforementioned risks are detailed below:

(a) Credit, interest rate and exchange rate risk exposures

Credit risk

Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, bank current, fixed and time deposit accounts, amounts due from related parties, and trade and other receivables. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets net of provisions.

The Company's bank current, fixed and time deposit accounts are placed with reputed financial institutions. Contract debtors are stated net of provision for doubtful debts. As at the period end, RO 2265955 (₹ 263734502) constituting 70% [previous year: RO 2878676 (₹ 337409614) constituting 79%] of contract debtors and retentions are due from two debtors (previous year: two debtors). As at period end, an amount of RO 1131119 (₹ 131650940) i.e. 19.60% [previous year: RO 926133 (₹ 108552049) i.e. 16.41%] of the current assets and RO 1029733 (₹ 119850624) i.e. 17.9% [previous year: RO 996664 (₹ 116818987) i.e. 17.66%] of the current assets is receivable from two reputed banks (previous year: two reputed banks) respectively who have confirmed their balances payable to the Company. There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors outside the industry and the country in which the Company operates.

Interest rate risk

The Company's fixed deposits are at interest rates of 0.5% to 3.13% per annum (previous year: 2% – 4.25% per annum). Most of the other financial assets and liabilities are non-interest bearing. Reasonably possible changes to interest rates at the period end are unlikely to have a significant impact on profit or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2010 (contd.)

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams/US Dollars to which the Rial Omani is fixed except for the following accounts:

Currency	Due to member company			
		As at 31-3-2010		As at 31-3-2010
	RO	RO	**₹ in '000s**	₹ in '000s
Indian Rupees	**Nil**	911	**Nil**	107

Reasonably possible changes to exchange rates at the period end are unlikely to have a significant impact on profit or equity.

(b) Fair values

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

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the Company's financial liabilities as at the period end is given below:

		As At 31-3-2010		As At 31-3-2010
	RO	RO	**₹ in '000s**	₹ in '000s
Other non-current liabilities	**235243**	212435	**27380**	24899
Trade and other payables	**998501**	1431496	**116216**	167786
Amounts due to customers for contract work	**226928**	75820	**26412**	8887
Amount due to a member	**—**	911	**—**	107
Provision for tax (net of advance tax)	**67921**	227772	**7905**	26697
	1528593	1948434	**177913**	228376

		As At 31-3-2010		As At 31-3-2010
	RO	RO	**₹ in '000s**	₹ in '000s
21. CONTINGENT LIABILITIES				
Banker's letters of guarantee	**1089586**	818279	**126817**	95910

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients/consultants relating to possible penalties for delays in job completion, claim of suppliers/subcontractors not accepted by the Company, work disputes, recovery of uncertified contract/variation work dues, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

22. CAPITAL RISK MANAGEMENT

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

23. COMPARATIVE FIGURES

Current period figures are for nine months only and therefore are not comparable with previous year's figures, which are for twelve months.

Directors **P. N. Dhume**

Muscat, 7th April, 2011 **Issa Lalbuksh Al Raisi**

SIMTO INVESTMENT COMPANY LIMITED

Directors :

Sanjay Johri
P. D. Karkaria
Anil George (w.e.f. 11-5-2011)
M. M. Miyajiwala (upto 10-5-2011)

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty-Seventh Annual Report and the Accounts for the year ended 31st March, 2011.

2. The Company has earned income of ₹ 126.71 lakhs and net profit of ₹ 76.19 lakhs for the year ended 31st March, 2011 as compared to income of ₹ 91.91 lakhs and net profit of ₹ 86.84 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, 2011 and of the profit of the Company for the year ended 31st March, 2011;

   (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. Mr. Anil George was appointed as a Director of the Company in the casual vacancy caused on the Board by resignation of Mr. M. M. Miyajiwala. In accordance with the provisions of the Companies Act, 1956, Mr. Anil George would hold office only till the date of the forthcoming Annual General Meeting and Notice under Section 257 has been received from a member proposing his appointment as Director of the Company.

6. 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.

7. 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

Sanjay Johri
P. D. Karkaria
Directors

Mumbai, 10th May, 2011

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, 2011. 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 20th April, 2010, 13th July, 2010, 14th October, 2010 and 14th January, 2011 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.

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, 2010 was held on 19th July, 2010 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. The Company has not issued any duplicate share certificates during the financial year.

13. The Company:

    (i) has delivered the certificate 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. Effective 20th April, 2010, Mr. Sanjay Johri was appointed as an Additional Director of the Company. Mr. A. Soni resigned as a Director of the Company effective 20th April, 2010.

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, 2011.

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
Mumbai,18th April, 2011 C.P.: 4197

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	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 ON 31ST MARCH, 2011.

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. 32	303	Changes in Directorate	19-5-2010	Yes	—
2.	Form No. 20B with Annual Return	159	For the year ended 31-3-2010	2-9-2010	Yes	—
3.	Form No. 23AC with Balance Sheet and Form No. 23ACA with Profit and Loss Account	220	-do-	18-8-2010	Yes	—
4.	Form No. 66 with Compliance Certificate	383A	-do-	18-8-2010	Yes	—
5.	Form No. 32	303	Appointment of a Director upon ceasing to be Additional Director at AGM	18-8-2010	Yes	—

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

Mumbai,18th April, 2011

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, 2011 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, 2011 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, 2011;

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

      (iii) in 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, 10th May 2011

ANNEXURE TO THE AUDITORS' REPORT

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

As required by the Companies (Auditors 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 the 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.
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, 2011 for a period exceeding six months from the date it became payable.
12. The Company has no accumulated loss as at 31st March, 2011. 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, 10th May 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	₹ in '000s	₹ in '000s	As at 31-3-2010 ₹ in '000s
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		**15299**	15299
2. RESERVES AND SURPLUS	B		**130256**	122637
	TOTAL		**145555**	137936
APPLICATION OF FUNDS				
3. INVESTMENTS	C		**145406**	135438
4. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
Balances with scheduled banks				
– Current accounts		**2306**		4586
(B) Loans and Advances				
(Unsecured, considered good)				
Payment against taxes (Net)		**—**		44
		2306		4630
5. LESS: CURRENT LIABILITIES AND PROVISIONS				
(A) Current Liabilities				
Unpaid Dividend		**2073**		2073
Sundry Creditors (other than micro and small enterprises)		**66**		59
Outstanding Liabilities		**3**		—
(B) Provisions				
Taxation (Net)		**15**		—
		2157		2132
NET CURRENT ASSETS			**149**	2498
	TOTAL		**145555**	137936

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

N. S. Buhariwalla
Partner
Membership No. 43963

Mumbai, 10th May, 2011

For and on behalf of the Board

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

Mumbai, 10th May, 2011

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

			₹ in '000s	2009-10 ₹ in '000s
1.	**INCOME**			
	(a)	Income from trade investments	**6071**	6020
	(b)	Income from other investments	**3329**	1608
	(c)	Other income	**16**	—
	(d)	Profit on sale of investments	**3255**	1563
			12671	9191
2.	**EXPENDITURE**			
	(a)	Salary	**258**	201
	(b)	Director's fees	**3**	2
	(c)	Audit fees	**25**	15
	(d)	Dimunition in investment	**4130**	—
	(e)	General expenses	**36**	33
			4452	251
3.	**PROFIT BEFORE TAXATION**		**8219**	8940
4.	**PROVISION FOR TAX**		**600**	240
5.	**EXCESS/ SHORT PROVISION ON ACCOUNT OF EARLIER YEARS**		**(7)**	—
6.	**SECURITIES TRANSACTION TAX**		**7**	16
7.	**PROFIT AFTER TAXATION**		**7619**	8684
8.	**TRANSFER TO SPECIAL RESERVE**		**1524**	1737
			6095	6947
9.	**BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR**		**16134**	9187
10.	**BALANCE CARRIED FORWARD**		**22229**	16134
	Basic and diluted earnings per share (in ₹) (Refer Note 6)		**4.98**	5.68

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

N. S. Buhariwalla
Partner
Membership No. 43963

Mumbai, 10th May, 2011

For and on behalf of the Board

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

Mumbai, 10th May, 2011

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

	₹ in '000s	₹ in '000s	2009-10 ₹ in '000s
Cash flow from operating activities			
Interest, commission and miscellaneous receipts	**16**		—
Operating expenses	**(322)**		(251)
Operating profit before changes in operating assets	**(306)**		(251)
Increase/(Decrease) in operating liabilities:			
Sundry Creditors and outstanding liabilities	**10**		(15)
Net cash from operating activities before income tax	**(296)**		(266)
Income tax paid	**(57)**		(39)
Net cash from operating activities		**(353)**	(305)
Cash flow from investing activities			
Dividends received	**9400**		7628
Proceeds from sale of investments	**263064**		36529
	272464		44157
Purchase of investments	**(273907)**		(42497)
	(1443)		1660
Securities Transaction Tax	**(7)**		(16)
Income tax paid	**(477)**		(190)
Net cash from investing activities		**(1927)**	1454
Cash flow from financing activities			
Dividend including Dividend Distribution Tax		**—**	(39)
Net cash from financing activities		**—**	(39)
Net increase/(decrease) in cash and cash equivalents		**(2280)**	1110
Cash and cash equivalents at beginning of period		**4586**	3476
Cash and cash equivalents at end of period		**2306**	4586

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

N. S. Buhariwalla
Partner
Membership No. 43963

Mumbai, 10th May, 2011

For and on behalf of the Board

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

Mumbai, 10th May, 2011

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

SCHEDULE 'A' : SHARE CAPITAL

		₹ in '000s	As at 31-3-2010 ₹ in '000s
(I)	AUTHORISED		
	2500000 (2009-10 : 2500000) Equity Shares of ₹ 10 each	**25000**	25000
	855000 (2009-10 : 855000) 14% Cumulative Redeemable Preference Shares of ₹ 100 each	**85500**	85500
		110500	110500
(II)	ISSUED, SUBSCRIBED AND PAID-UP		
	1529850 (2009-10 : 1529850) Equity Shares of ₹ 10 each	**15299**	15299
		15299	15299

SCHEDULE 'B' : RESERVES AND SURPLUS

		₹ in '000s	As at 31-3-2010 ₹ in '000s
(1)	Special Reserve	**59784**	58047
	Add : Transfer from Profit and Loss Account	**1524**	1737
		61308	59784
(2)	Capital Redemption Reserve	**28145**	28145
(3)	General Reserve	**18574**	18574
(4)	Balance in Profit and Loss Account	**22229**	16134
		130256	122637

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

	Nos.	Face Value per Share ₹	₹ in '000s	As at 31-03-2010 ₹ in '000s
1. LONG TERM INVESTMENTS				
A. TRADE INVESTMENTS				
Fully paid Equity Shares				
OMC Computers Limited	153562	10	**879**	879
Westerwork Engineers Limited	600	100	**754**	754
Industrial Estates Private Limited	1	1000	**1**	1
Brihat Trading Private Limited	3350	10	**34**	34
Tata Chemicals Limited	618000	10	**40930**	40930
Bank of Baroda (2184 shares sold during the year)	8500	10	**1955**	2457
GVK Power & Infrastructure Limited (sold during the year)	4600	10	**Nil**	143
Cairn India Limited (11000 shares sold during the year)	15250	10	**2440**	4200
ICRA Limited (sold during the year)	150	10	**Nil**	50
ICICI Bank Limited	10600	10	**9964**	9964
Bharat Earth Movers Limited	1675	10	**1801**	1801
Central Bank of India (sold during the year)	1524	10	**Nil**	155
Power Grid Corporation Limited	5091	10	**265**	265
Tata Motors Limited (Ordinary shares)	11295	10	**8520**	8520
Tata Motors Limited ('A' Ordinary shares)	1613	10	**492**	492
Reliance Power Limited	872	10	**245**	245
National Hydroelectric Power Corporation Limited	55000	10	**1731**	1731

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

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

	Nos.	Face Value per Share ₹	₹ in '000s	As at 31-03-2010 ₹ in '000s
B. OTHER INVESTMENTS				
(a) Fully paid Equity Shares				
Hitachi Home & Life Solutions (I) Limited	100	10	**2**	2
Carrier Airconditioning & Refrigeration Company Limited	400	10	**2**	2
Blue Star Limited	375	2	**2**	2
Agro Foods Punjab Limited (Beneficial rights in shares pending transfer)	280000	100	**280**	280
(b) Investments in Units of Mutual Funds				
Fidelity International Opportunities Fund	488998	10	**5000**	5000
ING Optimix Dynamic Multi Manager FOF Scheme (redeemed during the year)	500000	10	**Nil**	5000
Tata Indo Global Infrastructure Fund	500000	10	**5000**	5000
JM Agri & Infra Fund (Dividend Payout)	250000	10	**2500**	2500
2. CURRENT INVESTMENTS				
Investments in Units of Mutual Funds				
UTI Floating Rate Fund STP IP DDR (switched from UTI Liquid Fund Cash Plan IP DDR during the year)	10330	10	**10338**	Nil
Tata Floater Fund DDR (switched from Tata Liquid Fund SHIP DDR during the year)	1015048	10	**10187**	Nil
JM Money Manager Fund Regular Plan DDR (switched from JM Money Manager Fund Super Plan DDR during the year)	1025984	10	**10272**	Nil
ICICI Prudential Blended Plan B II DDR (purchased during the year)	1000703	10	**10015**	Nil
DWS Money Plus IP DDR (switched from DWS Treasury Fund Investment IP DDR during the year)	1011318	10	**10193**	Nil
Religare Ultra Short Term Fund IP DDR (purchased during the year)	10030	1000	**10047**	Nil
IDFC FMP Monthly Series 30 Dividend Payout (purchased during the year)	760000	10	**7600**	Nil
LICMF Savings Plus Fund Dividend (redeemed during the year)	761745	10	**Nil**	7618
Kotak Floater Long Term DDR (redeemed during the year)	946074	10	**Nil**	9537
IDFC Money Manager Investment Institutional Plan B (redeemed during the year)	1016474	10	**Nil**	10180
Reliance Medium Term Fund Daily Dividend (redeemed during the year)	582191	10	**Nil**	9953
Tata Floater Fund DDR (redeemed during the year)	962169	10	**Nil**	9656
TOTAL INVESTMENTS			**151449**	137351
Less : Provision for diminution in value			**6043**	1913
			145406	135438
Out of the above				
Quoted : Cost			**68348**	70957
: Market Value			**252987**	241041
Unquoted : Cost / Book Value			**77058**	64481

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

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

Note: Investments purchased and sold during the year

Mutual Funds	Number of Units	2009-10
LICMF Income Plus Fund DDR	**950000**	—
UTI Liquid Cash Plan IP DDR	**9809**	—
Religare Short Term Plan IP DDR	**497077**	—
HDFC Cash Mangement Fund Savings Plan DDR	**658117**	—
IDFC FMP Monthly Series 25 Dividend Payout	**1040036**	—
IDFC Money Manager Fund Plan B DDR	**1038487**	—
HDFC FMP 35 D September 2010 (2) Dividend	**700821**	—
JM High Liquidity Fund IP DDR	**998413**	—
HDFC FMP 35 D November 2010 (1) Dividend	**700821**	—
HDFC FRIF STF WP DDR	**695197**	—
LIC Interval Fund Series 1 Dividend	**965231**	—
JM Money Manager Fund Super Plan DDR	**1038930**	—
Kotak Quarterly Interval Plan Series 10 Dividend	**976335**	—
Reliance Monthly Interval Fund Series 1 Institutional Dividend	**1019127**	—
UTI Fixed Income Interval Fund	**1000344**	—
DWS Treasury Fund Investment IP Dividend	**1000000**	—
Tata Fixed Income Portfolio Fund Scheme A2 Dividend	**975576**	—
UTI Liquid Fund Cash Plan IP DDR	**10020**	—
Tata Liquid Fund SHIP DDR	**9043**	—
Religare Ultra Short Term Fund IP DDR	**100**	—
L&T FI STF IP DDR	**984717**	—
ICICI Prudential Interval Fund IV	**750000**	—
DWS Treasury Fund Investment IP DDR	**1002859**	—

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

₹ in '000s

Particulars	**31st March, 2011**		31st March, 2010	
	Amount outstanding	**Amount overdue**	Amount outstanding	Amount overdue
Liabilities side :				
(1) **Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid :**				
(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

Assets side :	**Amount outstanding**	31st March, 2010 Amount outstanding
(2) **Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
(a) Secured	**NIL**	NIL
(b) Unsecured	**NIL**	NIL

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

SCHEDULE 'D' : (contd.)

					Amount outstanding	31st March, 2010 Amount outstanding
(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities :**					
	(i)	Lease assets including lease rentals under sundry debtors :				
		(a)	Financial lease		**NIL**	NIL
		(b)	Operating lease		**NIL**	NIL
	(ii)	Stock on hire including hire charges under sundry debtors :				
		(a)	Assets on hire		**NIL**	NIL
		(b)	Repossessed Assets		**NIL**	NIL
	(iii)	Other loans counting towards AFC activities				
		(a)	Loans where assets have been repossessed		**NIL**	NIL
		(b)	Loans other than (a) above		**NIL**	NIL
(4)	**Break-up of Investments :**					
	Current Investments :					
	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		**68652**	46944
		(iv)	Government Securities		**NIL**	NIL
		(v)	Others (Please specify)		**NIL**	NIL
	Long Term Investments :					
	1.	Quoted :				
		(i)	Shares	(a) Equity	**67225**	70957
				(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	**37**	37
				(b) Preference	**NIL**	NIL
		(ii)	Debentures and Bonds		**NIL**	NIL
		(iii)	Units of Mutual Funds		**9492**	17500
		(iv)	Government Securities		**NIL**	NIL
		(v)	Others (Please specify)		**NIL**	NIL

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

SCHEDULE 'D' : (contd.)

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

		31st March, 2011 Amount net of provisions			31st March, 2010 Amount net of provisions		
	Category	**Secured**	**Unsecured**	**Total**	Secured	Unsecured	Total
1.	Related Parties *						
	(a) Subsidiaries	**NIL**	**NIL**	**NIL**	NIL	NIL	NIL
	(b) Companies in the same group	**NIL**	**NIL**	**NIL**	NIL	NIL	NIL
	(c) Other related parties	**NIL**	**NIL**	**NIL**	NIL	NIL	NIL
2.	Other than related parties	**NIL**	**NIL**	**NIL**	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 ₹ in '000s**	**Book Value (Net of Provisions) ₹ in '000s**	31st March, 2010 Market Value/ Break-up or Fair Value or NAV ₹ in '000s	31st March, 2010 Book Value (Net of Provisions) ₹ in '000s
1.	Related Parties *				
	(a) Subsidiaries	**NIL**	**NIL**	NIL	NIL
	(b) Companies in the same group	**NIL**	**NIL**	NIL	NIL
	(c) Other related parties	**NIL**	**NIL**	NIL	NIL
2.	Other than related parties	**252987**	**145406**	241041	135438
	Total	**252987**	**145406**	241041	135438

* As per Accounting Standard of ICAI

(7) **Other information :**

			31st March, 2010
(I)	Gross Non-Performing Assets		
	(a) Related parties	**Not Applicable**	Not Applicable
	(b) Other than related parties	**Not Applicable**	Not Applicable
(ii)	Net Non-Performing Assets		
	(a) Related parties	**Not Applicable**	Not Applicable
	(b) Other than related parties	**Not Applicable**	Not Applicable
(iii)	Assets acquired in satisfication of debt	**Not Applicable**	Not Applicable

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 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 :

		2009-10
Net Profit (in ₹)	**7619580**	8683426
Weighted average number of Equity Shares Outstanding	**1529850**	1529850
Basic and Diluted Earnings per Share (in ₹)	**4.98**	5.68
(Face value of ₹ 10 per Share)		

7. Auditors' Remuneration :

		2009-10
	₹ in '000s	₹ in '000s
Statutory Audit fees	**25**	15
Other Services	**6**	6
	31	21

8. Figures have been regrouped wherever necessary.

Signatures to Notes and Schedules 'A' to 'D'.

For and on behalf of the Board

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

Mumbai, 10th May, 2011

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

I. Registration Details :

Registration No.	U67120MH1983PLC031632
State Code	11
Balance Sheet Date	31 (Date) 03 (Month) 2011 (Year)

II. Capital raised during the year (Amount ₹ in '000s) :

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

III. Position of mobilisation and deployment of funds (Amount ₹ in '000s) :

Total Liabilities :	145555	Total Assets :	145555
Sources of Funds			
Paid-up Capital :	15299	Secured Loans :	NIL
Reserves and Surplus :	130256	Unsecured Loans :	NIL
Application of Funds			
Net Fixed Assets :	NIL	Investments :	145406
Net Current Assets	149	Misc. Expenditure :	NIL
Accumulated Losses :	NIL		

IV. Performance of the Company (Amount ₹ in '000s) :

Turnover / Total Income :	12671	Total Expenditure :	4452
Profit Before Tax :	8219	Profit After Tax :	7619
Earnings per Share :	4.98	Dividend Rate (%) :	NIL

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

Item Code No. (ITC Code) :	N.A.
Product Description :	INVESTMENT

VOLTAS NETHERLANDS B.V.

Directors :

P. N. Dhume *(Chairman)*
A. K. Joshi
Shaukat Ali Mir
B. G. Prabhuajgaonkar
Representative of
Tradman Netherlands B.V.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twelfth Annual Report and the Accounts for the year ended 31st March, 2011.

2. The Company earned profit of Euro 1.149 million for the year ended 31st March, 2011 as compared to Euro 0.671 million in the previous year. The Directors recommend dividend of 50% aggregating Euro 0.310 million for the year ended 31st March, 2011 (2009-10 : 25%). The name of the Company was changed to Voltas Netherlands B.V. to appropriately reflect the name of its parent company, Voltas.

3. The Company has during the year under review increased its shareholding from 29% to 40% in Lalbuksh Voltas Engineering Services & Trading LLC (Lalbuksh Voltas), a joint venture company of Voltas Limited, (holding company), in Sultanate of Oman, by acquiring 11% at a consideration of Euro 1.137 million.

4. The Company also made an investment of Euro 0.637 million representing 65% of the share capital of a newly established joint venture company – Voltas Oman LLC, incorporated on 15th February, 2011 in Sultanate of Oman pursuant to a joint venture agreement between Voltas and Mustafa Sultan Group to carry out the business of undertaking electro-mechanical projects and services in Sultanate of Oman. Upon allotment of shares to the Company on 27th March, 2011, Voltas Oman LLC became a subsidiary of the Company and in turn of Voltas Limited (the parent company) effective that date.

5. M/s. PKF Wallast, Accountants & Business Advisors, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Abu Dhabi, 25th April, 2011

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
VOLTAS NETHERLANDS B.V.

Report on the financial statements

We have audited the accompanying financial statements for consolidation purposes of **Voltas Netherlands B.V.,** Delft, the Netherlands for the year ended 31st March, 2011, which have been prepared for incorporation in the consolidated financial statements of Voltas Limited.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of the financial statements for consolidation purposes in accordance with the accounting principles of the parent company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the financial statements for consolidation purpose based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements for consolidation purposes are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements for consolidation purposes. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements for consolidation purposes, 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 for consolidation purposes 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 for consolidation purposes.

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 for consolidation purposes give a true and fair view of the financial position of Voltas Netherlands B.V., Delft as at 31st March, 2011, and of its 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, 21st April, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Euro	As at 31-3-2010 Euro	₹ in '000s	As at 31-3-2010 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**618729**	618729	**39091**	37415
Reserves and Surplus	**2684937**	1690285	**169634**	102211
Shareholders' Funds	**3303666**	2309014	**208725**	139626
APPLICATION OF FUNDS				
Participations (at cost)				
Voice Antilles N.V.	**414661**	414661	**26198**	25075
Saudi Ensas Company for Engineering Services W.L.L.	**160788**	160788	**10159**	9723
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1159588**	25934	**73263**	1568
Voltas Oman L.L.C.	**636945**	—	**40242**	—
	2371982	601383	**149862**	36366
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(160788)**	(160788)	**(10159)**	(9723)
	2211194	440595	**139703**	26643
CURRENT ASSETS, LOANS AND ADVANCES				
Receivables from group companies	**1241801**	1365095	**78457**	82547
Bank Balances	**14468**	544324	**914**	32915
Less: Current Liabilities	**(163797)**	(41000)	**(10349)**	(2479)
Net Current Assets	**1092472**	1868419	**69022**	112983
	3303666	2309014	**208725**	139626

Note : The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 63.18 being the exchange rate prevailing as on 31st March, 2011. Previous year figures have been converted into Indian Rupees @ 1 Euro = ₹ 60.47 being the exchange rate prevailing as on 31st March, 2010.

Directors **P. N. Dhume**

Abu Dhabi, 25th April, 2011 **Shaukat Ali Mir**

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

	Euro	2009-10 Euro	₹ in '000s	2009-10 ₹ in '000s
OTHER INCOME				
Dividends from participations	**1204708**	707008	**74481**	45309
EXPENSES				
Operating and Administrative Expenses	**(78134)**	(41910)	**(4831)**	(2686)
Financial results	**22760**	5911	**1407**	379
	(55374)	(35999)	**(3424)**	(2307)
Profit before extraordinary items and taxation	**1149334**	671009	**71057**	43002

Note : The Profit and Loss Account have been converted into Indian Rupees @ 1 Euro = ₹ 61.825 being the average of the exchange rates prevailing as on 31st March, 2010 (1 Euro = ₹ 60.47) and as on 31st March, 2011 (1 Euro = ₹ 63.18). Previous year figures have been converted into Indian Rupees @ 1 Euro = ₹ 64.085, being the average of the exchange rates prevailing as on 31st March, 2009 (1 Euro = ₹ 67.70) and as on 31st March, 2010 (1 Euro = ₹ 60.47).

Directors **P. N. Dhume**

Abu Dhabi, 25th April, 2011 **Shaukat Ali Mir**

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 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, 2010 upto and including 31st March, 2011.

Participations

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

		Acquisition costs	
	%	**Euro**	**₹ in '000s**
Voice Antilles N.V.	**100**	**414661**	**26198**
Saudi Ensas Company for Engineering Services W.L.L.	**39**	**160788**	**10159**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**1159588**	**73263**
Voltas Oman L.L.C.	**65**	**636945**	**40242**
Total acquisition costs		**2371982**	**149862**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(160788)**	**(10159)**
		2211194	**139703**

The participations are carried at acquisition costs.

Share Capital

The entire paid up share capital of the company, consist of 13,635 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, Book 2 of the Netherlands Civil Code.

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2010	**1690285**	**102211**
Profit for the year ended 31st March, 2011	**1149334**	**71057**
Dividend bookyear 2009/2010	**(154682)**	**(9773)**
Balance as per 31st March, 2011	**2684937**	**169634**

Receivables from group companies

	Euro	**₹ in '000s**
Loan to Saudi Ensas Company for Engineering Services W.L.L.	**177896**	**11239**
Dividend to be received from Voice Antilles N.V.	**1063905**	**67218**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43068**	**2721**
Less: Provision on Dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43068)**	**(2721)**
Balance as per 31st March, 2011	**1241801**	**78457**

The Loan to Saudi Ensas Company for Engineering Services W.L.L. will be converted into Equity Capital in future. Therefore, no interest is calculated.

Current Liabilities

	Euro	**₹ in '000s**
Other Payable	**14000**	**885**
Creditors	**10582**	**669**
Dividend to be paid	**139215**	**8795**
Balance as per 31st March, 2011	**163797**	**10349**

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

Abu Dhabi, 25th April, 2011

VOICE ANTILLES N.V.

Directors :

P. N. Dhume *(Chairman)*
Shaukat Ali Mir
Representative of
CTM Corporation N. V.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twelfth Annual Report and the Accounts for the year ended 31st March, 2011.

2. The Company earned higher income of USD 1.760 million and after meeting its operating and administrative expenses, reported net profit of USD 1.728 million for the year under review as compared to USD 0.489 million in the previous year. The Directors recommend dividend of 375% for the year ended 31st March, 2011 aggregating USD 1.500 million (2009-10 : 200%).

3. The Company is a wholly owned subsidiary of Voltas Netherlands B.V. (formerly VIL Overseas Enterprises B.V.), which in turn is a subsidiary of Voltas Limited, the ultimate holding company. As reported last year, it has been decided to close Voice Antilles N.V. After careful evaluation, the legal process for closure of the Company through voluntary liquidation was initiated and expected to be completed by July 2011.

4. In accordance with Dutch GAPP, entities which are planned to be closed by voluntary liquidation, are required to revaluate all its assets and liabilities at 'fair value'. The investments made by the Company in Universal Voltas LLC, which were hitherto reflected at the original cost of acquisition of USD 390,000, was revalued based on net asset value of Universal Voltas LLC as on 31st December, 2010. Accordingly, Revaluation Reserve of USD 2.134 million was created and the investment in Universal Voltas LLC, was reflected at USD 2.524 million in the Balance Sheet as on 31st March, 2011. In view of the proposed closure of the Company in next few months, this investment is carried in the Balance Sheet as Current Assets (investment in associate held for sale), instead of Financial Fixed Assets.

5. M/s. Deloitte Dutch Caribbean (formerly known as M/s. Deloitte & Touche), the retiring Auditors, being eligible, offer themselves for reappointment, till the closure of the Company in 2011-12.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Abu Dhabi, 25th April, 2011

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
VOICE ANTILLES N.V.

We have audited the accompanying financial statements of **Voice Antilles N.V.,** established in Curacao, which comprise the balance sheet as at 31st March, 2011, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Book 2 of the Curacao Civil Code and Accounting Guidelines as promulgated by the Dutch Accounting Standards Board for Small Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Voice Antilles N.V. as at 31st March, 2011, and of its financial performance and its cash flows for the year then ended in accordance with Book 2 of the Curacao Civil Code and with the Accounting Guidelines as promulgated by the Dutch Accounting Standards Board for Small Entities.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1.1 in the financial statements which indicates that management has decided to cease operations of the Company and liquidate the Company in subsequent year. These conditions, along with other matters as set forth in Note 1.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Consequently the assets and liabilities are adjusted and stated at their liquidation values.

Deloitte Dutch Caribbean
Drs. A. J. Delger RA
Curacao, 29th April, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Notes	USD	As at 31-3-2010 USD	₹ in '000s	As at 31-3-2010 ₹ in '000s
ASSETS					
Financial Fixed Assets					
Investment in Associate	3	—	390000	—	17601
CURRENT ASSETS					
Investment in Associate held for sale	3	**2524466**	—	**112818**	—
Time Deposits	4	**183945**	683939	**8221**	30866
Dividend Receivable	5	—	500340	—	22580
Cash at Bank	6	**1782376**	639769	**79654**	28873
Total Current Assets		**4490787**	1824048	**200693**	82319
Total Assets		**4490787**	2214048	**200693**	99920
SHAREHOLDERS' EQUITY					
Share Capital	7	**400000**	400000	**17876**	18052
Revaluation Reserve		**2134466**	—	**95389**	—
Retained Earnings		**1928703**	200330	**86194**	9041
Total Shareholders' equity		**4463169**	600330	**199459**	27093
CURRENT LIABILITIES					
Accounts Payable		**6584**	5559	**294**	251
Provision for profit taxes		**21034**	8159	**940**	368
Dividend Payable	8	—	1600000	—	72208
Total Current Liabilities		**27618**	1613718	**1234**	72827
Total Shareholders' equity and liabilities		**4490787**	2214048	**200693**	99920

Note : The Balance Sheet has been converted into Indian Rupees @ 1 USD = ₹ 44.69 being the exchange rate prevailing as on 31st March, 2011. Previous year figures have been converted @ 1 USD = ₹ 45.13 being the exchange rate prevailing as on 31st March 2010.

Directors **P. N. Dhume**

Abu Dhabi, 25th April, 2011 **Shaukat Ali Mir**

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

	Notes	USD	2009-10 USD	₹ in '000s	2009-10 ₹ in '000s
FINANCIAL INCOME / (EXPENSES)					
Net Dividend Income	5	**1760000**	500340	**79042**	24059
Other Income		**379**	4761	**17**	229
Total Income		**1760379**	505101	**79059**	24288
GENERAL AND ADMINISTRATIVE EXPENSES					
Management Fee		**1485**	1485	**67**	71
Audit Fee		**5733**	2700	**257**	130
Time spent		**7076**	5933	**318**	285
Administration services		**500**	500	**22**	24
Tax services		**350**	1100	**16**	53
Bank charges		**890**	208	**40**	10
Exchange currency differences		**373**	171	**17**	8
Miscellaneous expenses		**325**	510	**15**	25
		16732	12607	**752**	606
Gross Profit		**1743647**	492494	**78307**	23682
Previous year costs		**(2400)**	—	**(108)**	—
Profit tax		**(12874)**	(3558)	**(578)**	(171)
Net Profit		**1728373**	488936	**77621**	23510

Note : The Profit and Loss Account have been converted into Indian Rupees @ 1USD = ₹ 44.91 being the average of the exchange rates prevailing as on 31st March, 2010 (1 USD = ₹ 45.13) and as on 31st March, 2011 (1 USD= ₹ 44.69). Previous year figures have been converted into Indian Rupees @ 1 USD = ₹ 48.085 being the average of the exchange rates prevailing as on 31st March, 2009 (1 USD = ₹ 51.04) and as on 31st March, 2010 (1 USD = ₹ 45.13).

Directors **P. N. Dhume**

Abu Dhabi, 25th April, 2011 **Shaukat Ali Mir**

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

	USD	2009-10 USD	₹ in '000s	2009-10 ₹ in '000s
OPERATING ACTIVITIES				
Net Profit	**1728373**	488936	**77621**	23510
Adjustment for :				
Revaluation Reserve	**2134466**	—	**95389**	—
Changes in current assets / liabilities				
Increase / (Decrease) in Dividend Payable	**(1600000)**	800000	**(72208)**	40832
Increase / (Decrease) in Time Deposit	**499994**	(644762)	**22645**	(31003)
Increase in Dividend Receivable	**500340**	140310	**22580**	6747
Increase / (Decrease) in Accounts Payable	**1025**	(1010)	**43**	(49)
Increase / (Decrease) in Profit Tax Payable	**12875**	(910)	**572**	(44)
Net Cash from / (used in) Operating Activities	**3277073**	782564	**146642**	39994
INVESTING ACTIVITIES				
Investment in associates held for sale	**(2524466)**	—	**(112818)**	—
Paid Dividend	**—**	(800000)	**—**	(36104)
Decrease in Investments	**390000**	—	**17601**	—
Net cash used in Investing Activities	**(2134466)**	(800000)	**(95217)**	(36104)
Net Increase / (Decrease) in Cash	**1142607**	(17436)	**50781**	(4671)
Cash at the beginning of the year	**639769**	657205	**28873**	33544
Cash at the end of the year	**1782376**	639769	**79654**	28873

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.

These Financial statements are approved by the Board of Directors on 25th April, 2011.

Voice Antilles N.V. (the Company) is part of the Tata Group Company. It is 100% owned by Voltas Netherlands B.V. (formerly VIL Overseas Enterprises B.V.).

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

1.1 Going Concern

The Board of Directors has decided to cease the operations of the Company in subsequent year. Consequently, the Company will be liquidated in subsequent year. The assets and liabilities of the Company have been stated at their liquidation values.

2. Accounting principles

These Financial statements are prepared based on Book 2 of the Civil Code of Curacao and based on Accounting Guidelines as promulgated by the Dutch Accounting Standards Board for Small Entities.

Assets and liabilites 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. The nominal values approach their liquidation values.

2.1 Foreign Currencies

Transactions in currencies other than US Dollar are recorded at the rates of exchange prevailing on the dates 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 390,000 from Omega Limited.

The participation is carried at equity value and presented as current assets, since management has decided to liquidate the Company and sell this investment in associate. Until the beginning of this fiscal year, this participation was presented as Financial Fixed Assets.

	% of holding	USD	As at 31-3-2010 USD	₹ in '000s	As at 31-3-2010 ₹ in '000s
Universal Voltas LLC, U.A.E.	49	**2524466**	390000	**112818**	17601

4. Time Deposit

Time deposit comprise one short-term bank deposit with maturity date of 20th April, 2011 with an interest rate on time deposits of 0.17% p.a.

	USD	As at 31-3-2010 USD	₹ in '000s	As at 31-3-2010 ₹ in '000s
Time deposit	**183945**	683939	**8221**	30866

5. Dividend Receivable

Dividend receivable is recognized when declared.

	USD	As at 31-3-2010 USD	₹ in '000s	As at 31-3-2010 ₹ in '000s
Opening balance	**500340**	640650	**22580**	32699
Received payement	**(500340)**	(640244)	**(22580)**	(29098)
Dividend declared	**1760000**	1247363	**78654**	59980
Techanical service fee Voltas Limited, Mumbai	**—**	(747429)	**—**	(35921)
Dividend Paid	**(1760000)**	—	**(78654)**	—
Closing balance	**—**	500340	**—**	22580

6. Cash at bank

	USD	As at 31-3-2010 USD	₹ in '000s	As at 31-3-2010 ₹ in '000s
First Caribbean International Bank	**1782376**	639769	**79654**	28873

7. Shareholders' equity

	Issued and Paid up capital		Retained Earnings		Revaluation Reserve		Total	
	USD	**₹ in '000s**	**USD**	**₹ in '000s**	**USD**	**₹ in '000s**	**USD**	**₹ in '000s**
Originally presented balance as of 1-4-2009	400000	20416	511394	26102	—	—	911394	46518
Dividend declared	—	—	(800000)	(36104)	—	—	(800000)	(36104)
Result 2009/2010	—	—	488936	22066	—	—	488936	22066
Balance as of 31-3-2010	400000	18052	200330	9041	—	—	600330	27093
Balance as of 1-4-2010	400000	18052	200330	9041	—	—	600330	27093
Revaluation of investment in associate	—	—	—	—	2134466	95389	2134466	95389
Balance as of March 31-3-2011	—	—	1728373	77621	—	—	1728373	77621
	400000	**17876**	**1928703**	**86194**	**2134466**	**95389**	**4463169**	**199459**

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 Voltas Netherlands B.V. (formerly VIL Overseas Enterprises B.V.).

8. Other Information

Statutory policy concerning appropriation of result

In the Company statutory regulations the following has been presented concerning the appropriation of result:

8.1 Proposed appropriation of result for the financial year 2011

The Board of Directors proposes, with the approval of the Supervisory Board, that the result for the financial year 2011 amounting to USD 1728373 (₹ 77621231) should be allocated to the retained earnings.

8.2 Dividend

During the book year, the Board of Directors' prepared and approved a board resolution dated 6th April, 2011 and declared a dividend amounting to USD 1500000 (₹ 67035000).

8.3 Subsequent events

The Board of Directors has decided to discontinue the operations of the Company in subsequent year and to liquidate the Company. Consequently the assets and liabilities in these financial statements have been stated at their liquidation values. There are no other events after balance sheet date that has an impact on these financial statements.

Directors **P. N. Dhume**

Abu Dhabi, 25th April, 2011 **Shaukat Ali Mir**

AUTO AIRCON (INDIA) LIMITED

Directors :

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Sixteenth Annual Report and Accounts for the year ended 31st March, 2011.

2. The Company has reported a loss of ₹ 4.56 lakhs for the year ended 31st March, 2011. 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, 2011 and of the loss of the Company for the year ended 31st March, 2011.

   (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. V. P. Malhotra retires by rotation and being eligible, offers himself for reappointment.

5. 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, 10th May, 2011

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, 2011 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. 2(a) 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 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 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, 2011 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, 2011;
      (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, 10th May, 2011

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 Sections 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, 2011 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 & Excise Duty are as under:

Name of the Statute	Nature of the dues	Amount (₹ 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 50 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, 10th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	₹ in '000s	As At 31-3-2010 ₹ in '000s
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	**113000**	113000
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	B	**2999**	2999
(b) Less: Depreciation		**2996**	2996
		3	3
2. CURRENT ASSETS, LOANS & ADVANCES			
(A) Current Assets			
(a) Sundry Debtors	C	**—**	—
(b) Cash and Bank Balances	D	**12**	26
(B) Loans and Advances	E	**3544**	3897
		3556	3923
3. LESS: CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	F	**11403**	11314
(b) Provisions		**—**	—
		11403	11314
4. NET CURRENT ASSETS (2-3)		**(7847)**	(7391)
5. PROFIT AND LOSS ACCOUNT		**120844**	120388
		113000	113000
NOTES TO ACCOUNTS	H		

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

	Schedule	₹ in '000s	2009-10 ₹ in '000s
1. INCOME			
Sales		**—**	—
2. EXPENDITURE			
Administrative and Finance Expenses	G	**456**	21
3. DEPRECIATION	B	**—**	—
		456	21
4. PROFIT/(LOSS) BEFORE TAX		**(456)**	(21)
5. PROVISION FOR TAX		**—**	—
6. PROFIT/(LOSS) AFTER TAX		**(456)**	(21)
7. (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		**(120388)**	(120367)
8. (LOSS) CARRIED FORWARD TO BALANCE SHEET		**(120844)**	(120388)
BASIC AND DILUTED EARNINGS PER SHARE (in ₹)	H	**(0.04)**	(0.00)

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

As per our report of even date attached.

For **DAMJI MERCHANT & CO.**
Chartered Accountants

Ambrish Mehta
Partner
Membership No. 16086

Mumbai, 10th May, 2011

For and on behalf of the Board

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

Mumbai, 10th May, 2011

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011

			2009-10
		₹ in '000s	₹ in '000s
A.	**CASH FLOW FROM OPERATING ACTIVIES**		
	Net Profit/(Loss) before Taxation	**(456)**	(21)
	Add-Adjustment for		
	Depreciation	**—**	—
	Operating Profit before Working Capital Changes	**(456)**	(21)
	Less-Adjustments for		
	Increase/(Decrease) in Loans and Advances	**(353)**	—
	Decrease/(Increase) in Trade Payables	**(89)**	(16)
	Cash generated from Operations	**(442)**	(16)
	NET CASH FROM/(USED IN) OPERTAING ACTIVITIES	**(14)**	(5)
B.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(14)**	(5)
	CASH AND CASH EQUIVALENTS AS AT 1-4-2010 (See Schedule 'D')	**26**	31
	CASH AND CASH EQUIVALENTS AS AT 31-3-2011 (See Schedule 'D')	**12**	26

As per our report of even date attached
For **DAMJI MERCHANT & CO.**
Chartered Accountants

For and on behalf of the Board

Ambrish Mehta
Partner
Membership No. 016086

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

Mumbai, 10th May, 2011

Mumbai, 10th May, 2011

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

		As at 31-3-2010
	₹ in '000s	₹ in '000s
SCHEDULE 'A' : SHARE CAPITAL		
1. AUTHORISED CAPITAL 12000000 Equity Shares of ₹ 10 each (Previous Year: 12000000 Equity Shares of ₹ 10 each)	**120000**	120000
2. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 11300000 (Previous Year: 11300000 Equity Shares) Equity Shares of Rs. 10 each fully paid up.	**113000**	113000

SCHEDULE 'B' : FIXED ASSETS

(₹ in '000s)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 1-4-2010	Additions/ (Deductions)	**As at 31-3-2011**	As at 1-4-2010	For the Year	**Up to 31-3-2011 (4+5)**	**As at 31-3-2011 (3-6)**	As at 31-3-2010
		(1)	(2)	**(3)**	(4)	(5)	**(6)**	**(7)**	(8)
1.	Leasehold Improvements	927	—	**927**	926	—	**926**	**1**	1
2.	Plant & Machinery	1618	—	**1618**	1617	—	**1617**	**1**	1
3.	Computers	130	—	**130**	130	—	**130**	**—**	—
4.	Furniture & Fittings	324	—	**324**	323	—	**323**	**1**	1
	TOTAL	2999	—	**2999**	2996	—	**2996**	**3**	3
	Previous Year's Figures	2999	—	2999	2996	—	2996	3	

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	₹ in '000s	As at 31-3-2010 ₹ in '000s
SCHEDULE 'C' : SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
Debtors outstanding for a period exceeding six months		
Considered Good	**—**	—
Considered Doubtful	**106**	106
	106	106
Less: Provision for Doubtful Debts	**106**	106
	—	—

	₹ in '000s	As at 31-3-2010 ₹ in '000s
SCHEDULE 'D' : CASH AND BANK BALANCES		
1. Cash on hand	**1**	1
2. Balances with Scheduled Banks in Current Accounts	**11**	25
	12	26

	₹ in '000s	As at 31-3-2010 ₹ in '000s
SCHEDULE 'E' : LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
1. Advances recoverable in cash or in kind for value to be received	**3428**	3428
2. Balances with Excise and Sales Tax authorities	**116**	469
	3544	3897

	₹ in '000s	As at 31-3-2010 ₹ in '000s
SCHEDULE 'F' : CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
1. Sundry Creditors for goods and expenses	**8281**	7864
2. Other Liabilities	**3122**	3450
	11403	11314

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

	₹ in '000s	2009-10 ₹ in '000s
SCHEDULE 'G' : ADMINISTRATIVE EXPENSES AND FINANCIAL CHARGES		
1. Travelling Expenses	**2**	6
2. Audit Fees	**3**	3
3. Communication Expenses	**2**	2
4. Miscellaneous Expenses	**446**	8
5. Legal & Professional charges	**3**	2
	456	21

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 'H' :

1. Nature of Operations

   The principal activities of the Company are designing, manufacturing, assembling 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 on the assumption that the Company is not a going concern. All assets and liabilities are at net realizable value.

   (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 recognised.

   (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 ₹ 5,000 and less which are depreciated at the rate of 100% in the year of purchase/addition).

   (d) Excise Duty

   Excise Duty is provided for on all finished / trading goods in stock at the year-end.

   (e) Provision for Income Tax

   Income Tax is provided as per the tax payable under Income Tax Act, 1961. 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) Contingent Liability not provided for

   (a) Excise duty demands (including penalties) aggregating ₹ 473.35 Lakhs. The Company is in appeal before CESTAT.

   (b) Sales Tax demand of ₹ 30.94 lakhs (including penalty of ₹ 0.14 Lakh) against which the Company has filed an appeal before Tribunal.

   (ii) The Company has no amounts due to Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006.

   (iii) Annualised earnings per Equity Share have been calculated based on Net Profit/(Loss) after taxation of (₹ 455716/-) [Previous Year: ₹ (20523/-)].

   Weighted average number of Equity Shares used in computing basic and diluted earnings per Equity Share – 11300000.

	₹	₹ 2009-10
Basic and Diluted earnings per share	**(0.04)**	(0.00)

   (iv) 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.

   (v) Related Party Disclosures:

Party	**Relation**	**₹ in '000s**	2009-10 ₹ in '000s
Voltas Limited	Holding Company		
Amount payable towards liabilities/expenses incurred		**417**	100
Amount outstanding at the year end		**8277**	7860

   (vi) Since the Company is not a going concern, the information under Item No. 4C and 4D of Part II of Schedule VI are not required.

   (vii) Figures for previous year have been regrouped / restated wherever necessary to confirm to the current year's classification.

Signatures to Schedules 'A' to 'H'.

For and on behalf of the Board

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

Mumbai, 10th May, 2011

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

I. Registration Details

Registration No. :	U29192PN1995PTC012885
State Code :	25
Balance Sheet Date :	31 (Date) 03 (Month) 2011 (Year)

II. Capital raised during the year (Amount ₹ in 000's)

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

III. Position of Mobilisation and Deployment of Funds (Amount ₹ in 000's)

Total Liabilities :	113000	Total Assets :	113000
Sources of Funds			
Paid-up Capital :	113000	Secured Loans :	NIL
Reserves and Surplus	NIL	Unsecured Loans :	NIL
Application of Funds			
Net Fixed Assets :	3	Investments :	NIL
Net Current Assets :	(–) 7847	Misc. Expenditure :	NIL
Accumulated Losses :	120844		

IV. Performance of Company (Amount ₹ in 000's)

Turnover / Total Income :	-	Total Expenditure :	456
Loss Before Tax :	456	Loss After Tax :	456
Earnings per Share :	(–) 0.04	Dividend Rate (%) :	NIL

V. Generic Names of Three Principal Products/Services of the 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. (ITC Code)	8708.91
Product Description	Blow Vent / Kit for Heater / Radiators

METROVOL FZE

Directors :

A. Soni *(Chairman)*
P. N. Dhume
N. Visvanathan

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the Liquidation Report of Metrovol FZE alongwith Statement of Affairs as on 9th February, 2011 on closure of the Company by voluntary liquidation.

2. As reported last year, the Company 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. The entire legal process of voluntary liquidation was completed upon issuance of the Liquidation Report as on 9th February, 2011, which has been submitted to Jebel Ali Free Zone Authority, United Arab Emirates. The net Shareholders' Funds has been remitted to Voltas Limited, the holding company.

On behalf of the Board of Directors

N. Visvanathan
Dubai, 13th February, 2011 *Resident Director*

AUDITOR'S REPORT ON LIQUIDATION

1. **Metrovol FZE,** a free zone establishment registered with Jebel Ali Free Zone Authority was put into liquidation as per the shareholder's resolution dated 21st April, 2009 and has initiated process for liquidation/deregistration.

2. The principal activities for which the establishment was established was to trade in mechanical and industrial machinery, engineering goods and allied products approved by Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992.

3. As on the date of liquidation, there were no assets and liabilities in the books of the establishment, except receivables from JAFZA. The shareholder, M/s. Voltas Limited, has agreed to provide financial support by contributing additional funds for liquidation expenses.

4. All the bank accounts of the establishment have been closed.

5. All the employees' dues have been settled and there are no claims from the employees.

6. All the creditors of the Company have been settled, except for statutory and other dues payable to JAFZA, if any and there were no claims from any creditor.

7. As confirmed to us, if any claim arises after liquidation, against the establishment for any undisclosed liabilities, the shareholder undertakes to meet all such claims, cost and expenses.

8. As there are no other assets available for distribution or any further claims against the establishment, the same can be liquidated.

9. The establishment can now make an application to the Jebel Ali Free Zone Authority for the cancellation of their license.

10. The liquidated Statement of Affairs as on 9th February, 2011 and the last audited Statement of Affairs of the establishment, duly signed by the authorized signatory on behalf of the shareholder are attached herewith for your reference.

P K F
Dubai,
United Arab Emirates
13th February, 2011

STATEMENT OF AFFAIRS AS ON 9TH FEBRUARY, 2011

	AED	₹ in '000s
NON-CURRENT ASSETS	—	—
CURRENT ASSETS		
Deposits	60137	742
	60137	742
Transferred to Shareholder's Current Account	(60137)	(742)
	—	—
TOTAL ASSETS	—	—
SHAREHOLDER'S FUNDS		
Share Capital (1 share of AED 2000000 each)	2000000	24680
General Reserve	2057931	25395
Accumulated losses	(624652)	(7708)
	3433279	42367
SHAREHOLDER'S CURRENT ACCOUNT	(3433279)	(42367)
TOTAL EQUITY AND LIABILITIES	—	—

Note: The Statement of Affairs has been converted into Indian Rupees @ 1 AED = ₹ 12.34 being the exchange rate prevailing on 9th February, 2011.

Notes:

The establishment is contingently liable to pay the statutory dues or other dues, if any, to JAFZA.

1. **ACTIVITIES**

   Metrovol FZE was formed on 7th August, 1994 pursuant to Law No. 9 of 1992 of late H.H. Sheikh Maktoum Bin Rashid Al Maktoum, former ruler of Dubai. Voltas Limited, India is the sole shareholder of the establishment.

   The establishment was established to trade in mechanical and industrial machinery, engineering goods and allied products. The shareholder has decided to liquidate the establishment as per the shareholder's resolution dated 21st April, 2009.

2. **SHARE CAPITAL**

   The Share Capital of the establishment comprises 1 share of AED 2000000.

   We confirm that we are responsible for this Statement of Affairs. We confirm that we have made available all relevant accounting records and information for its compilation.

Dubai, 13th February, 2011 *Director* **N. Visvanathan**

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 9TH FEBRUARY, 2011

	AED	₹ in '000s
Other Operating Income	**36590**	**451**
Staff Costs	**(187852)**	**(2313)**
Other Operating Expenses	**(250590)**	**(3086)**
LOSS FROM OPERATING ACTIVITIES	**(401852)**	**(4948)**
Interest income on bank deposits	**4192**	**52**
LOSS FOR THE PERIOD	**(397660)**	**(4896)**
Other comprehensive income for the period	—	—
Total Comprehensive Income for the period	**(397660)**	**(4896)**

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 AED = ₹ 12.315 being the average of the exchange rates prevailing on 31st March, 2010 (1 AED = ₹ 12.29) and as on 9th February, 2011 (1 AED = ₹ 12.34).

Dubai, 13th February, 2011 *Director* **N. Visvanathan**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 9TH FEBRUARY, 2011

	Share Capital		Statutory Reserve		Retained Earnings		Total	
	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s
As at 31-3-2009	2000000	27780	2057931	28585	2027008	28155	6084939	84520
Total comprehensive income for the year	—	—	—	—	(1754000)	(21601)	(1754000)	(21601)
Dividends paid and declared during the year					(500000)	(6945)	(500000)	(6945)
As at 31-3-2010	2000000	24580	2057931	25292	(226992)	(2790)	3830939	47082
Total comprehensive income for the period	—	—	—	—	(397660)	(4896)	(397660)	(4896)
As at 9-2-2011	**2000000**	**24680**	**2057931**	**25395**	**(624652)**	**(7708)**	**3433279**	**42367**

Dubai, 13th February, 2011 *Director* **N. Visvanathan**

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