VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2012-2013

CONTENTS

UNIVERSAL COMFORT PRODUCTS LIMITED

Directors :

M. M. Miyajiwala *(Chairman)*
Nani Javeri
Pradeep Kumar Bakshi

DIRECTORS' REPORT
TO THE MEMBERS

The Directors have pleasure in presenting their Twelfth Annual Report and Audited Accounts for the year ended 31st March, 2013.

2. In view of increase in sales volume, the Company has recorded higher Revenue of ₹ 740.13 crores for the year ended 31st March, 2013 as compared to ₹ 485.65 crores in the previous year. Accordingly, Profit before tax was higher at ₹ 41.39 crores for the year under review as compared to ₹ 34.81 crores in the previous year. However, due to higher incidence of tax (30% exemption as compared to 100%), Net Profit was at ₹ 32.09 crores for the year under review as compared to ₹ 34.14 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, 2013.

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, 2013 and of the profit of the Company for the year ended 31st March, 2013;

   (c) proper and sufficient care has 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 Central Government has approved the appointment of M/s. N. I. Mehta & Co., Cost Auditors, for conducting cost audit for the year ended 31st March, 2013. The due date for filing the Cost Audit Report with the Ministry of Corporate Affairs for the year ended 31st March, 2012 was 28th February, 2013 and the Cost Audit Report was filed on 30th January, 2013. The due date for filing the Cost Audit Report for the year ended 31st March, 2013 is 30th September, 2013.

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. At the Annual General Meeting, the Members will be required to appoint the Auditors for the year ending 31st March, 2014. Messrs Deloitte Haskins & Sells, Mumbai, the present Auditors of the Company have indicated that they are not seeking reappointment at the ensuing Annual General Meeting. The Company has received Special Notice from Voltas Limited, shareholder of the Company, in terms of the provisions of the Act, signifying their intention to propose appointment of Messrs Deloitte Haskins & Sells, Baroda as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. Messrs Deloitte Haskins & Sells, Baroda have expressed their willingness to act as Auditors of the Company, if appointed and have confirmed that their appointment would be in conformity with the provisions of Section 224(1B) of the Act.

On behalf of the Board of Directors

M. M. Miyajiwala
Mumbai, 2nd May, 2013 *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 with Rotary and Scroll compressors as per table 2.2 in accordance with BEE guidelines (Energy conservation).
- Development of air conditioners which works at high ambient temperatures so that customer experiences comfort in extreme summer (Comfort to customer).
- Development of window air conditioners with anti viral and anti bacterial filter to improve health of occupants (Better health to the customers).
- Development of all weather ACs (Energy conservation and comfort to customer during winters).
- Development of DC Inverter ACs locally in India (Energy conservation).
- Development of ACs with zero ODP alternate refrigerant (R-410a) (Protection of ozone layer).

2. Product and processes developed through in-house technology

- 2 TR Split air conditioner – 5 star rated as per table 2.2 under BEE directive with energy efficient scroll compressor.
- New range of 5 star rated air conditioners as per table 2.2 under BEE directive.

- Development of T3 type ACs which cools effectively even at 52 deg C.
- Launch of Window ACs with anti viral and anti bacterial filter.

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 2012-13 was ₹ 49.62 lakhs. The R&D expenditure was 0.07% of the gross turnover.

5. Energy Conservation

Substantial reduction in lighting load (electricity consumption) due to changeover from 250W MH overhead lamp to 28W T5 fitting on shop floor.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
UNIVERSAL COMFORT PRODUCTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **UNIVERSAL COMFORT PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

B. P. Shroff
Partner
Membership No. 34382

Mumbai, 2nd May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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; however, such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

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

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

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

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is a generally adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In 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 transactions is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

(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, 2013 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, 2013 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, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie,* not been used during the year for long-term investment.

(xii) 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)

B.P. Shroff
Partner
Membership No. 34382

Mumbai, 2nd May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

		Note	₹ In Lakhs	As at 31-3-2012 ₹ In Lakhs
A.	**EQUITY AND LIABILITIES**			
1.	**SHAREHOLDERS' FUNDS**			
(a)	Share capital	2	**2764.20**	2764.20
(b)	Reserves and surplus	3	**9293.05**	6084.18
			12057.25	8848.38
2.	**NON-CURRENT LIABILITIES**			
(a)	Deferred tax liabilities (net)	29	**228.06**	190.34
(b)	Long-term provisions	4	**7.42**	4.63
			235.48	194.97
3.	**CURRENT LIABILITIES**			
(a)	Trade payables	5	**8324.57**	4972.90
(b)	Other current liabilities	6	**160.58**	85.49
(c)	Short-term provisions	7	**0.20**	73.42
			8485.35	5131.81
		TOTAL	**20778.08**	14175.16
B.	**ASSETS**			
1.	**NON-CURRENT ASSETS**			
(a)	Fixed assets			
(i)	Tangible assets	8	**2364.47**	2422.47
(ii)	Intangible assets	8	**21.57**	4.71
			2386.04	2427.18
(b)	Long-term loans and advances	9	**2279.47**	2379.80
			4665.51	4806.98
2.	**CURRENT ASSETS**			
(a)	Inventories	10	**14611.88**	7060.50
(b)	Trade receivables	11	**705.85**	1568.52
(c)	Cash and cash equivalents	12	**44.94**	269.50
(d)	Short-term loans and advances	13	**749.90**	469.66
			16112.57	9368.18
		TOTAL	**20778.08**	14175.16
	Summary of Significant Accounting Policies	1		

The Notes referred to above form an integral part of financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 2nd May, 2013

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 2nd May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Note	₹ In Lakhs	As at 31-3-2012 ₹ In Lakhs
1.	**REVENUE FROM OPERATIONS (GROSS)**	14	**74013.04**	48566.14
	Less: Excise duty		**—**	1.59
	Revenue from Operations (net)		**74013.04**	48564.55
2.	**OTHER INCOME**	15	**62.74**	120.15
3.	**TOTAL REVENUE (1+2)**		**74075.78**	48684.70
4.	**EXPENSES**			
	(a) Cost of materials consumed	16(a)	**75784.48**	44028.77
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16(b)	**(7338.03)**	64.62
	(c) Employee benefits expense	17	**146.78**	122.21
	(d) Finance costs	18	**—**	32.88
	(e) Depreciation and amortisation expense	8	**134.57**	147.36
	(f) Other expenses	19	**1209.06**	807.63
	TOTAL EXPENSES		**69936.86**	45203.47
5.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3 - 4)**		**4138.92**	3481.23
6.	**EXCEPTIONAL ITEMS**		**—**	—
7.	**PROFIT BEFORE TAX (5 - 6)**		**4138.92**	3481.23
8.	**TAX EXPENSE**			
	(a) Current tax expense		**928.67**	699.04
	(b) Deferred tax		**37.72**	15.04
	(c) MAT Credit Entitlement		**(36.34)**	(646.36)
			930.05	67.72
9.	**PROFIT AFTER TAX (7 -8)**		**3208.87**	3413.51
10.	**BASIC AND DILUTED EARNINGS PER SHARE OF ₹ 10/- EACH (in ₹)**	30	**11.61**	12.35
	Summary of Significant Accounting Policies	1		

The Notes referred to above form an integral part of financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 2nd May, 2013

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 2nd May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

			As at 31-3-2012
		₹ **In Lakhs**	₹ In Lakhs
A.	**Cash flow from Operating activities**		
	Net Profit before tax	**4138.92**	3481.23
	Adjustments for:		
	Depreciation and amortisation	**134.57**	147.36
	(Profit) / loss on sale / write off of assets	**(13.42)**	(49.39)
	Provision for Employee benefits	**2.79**	1.71
	Finance costs	—	32.88
	Operating profit before working capital changes	**4262.86**	3613.79
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(7551.38)**	(1580.86)
	Trade receivables	**862.67**	1349.11
	Short-term loans and advances	**(280.24)**	(105.40)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**3351.67**	648.08
	Other current liabilities	**9.78**	(9.22)
	Cash generated from operations	**655.36**	3915.50
	Net income tax (paid) / refunds	**(865.21)**	(665.26)
	Net cash flow from / (used in) Operating activities (A)	**(209.85)**	3250.24
B.	**Cash Flow from Investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(102.52)**	(54.77)
	Proceeds from sale of fixed assets	**22.50**	89.03
	Net cash flow from / (used in) Investing activities (B)	**(80.02)**	34.26
C.	**Cash Flow from Financing activities**		
	Repayment of other short-term borrowings	**—**	(3000.00)
	Finance cost	**—**	(32.88)
	Net cash flow from / (used in) Financing activities (C)	**—**	(3032.88)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(289.87)**	251.62
	Cash and cash equivalents at the beginning of the year	**269.50**	17.88
	Cash and cash equivalents at the end of the year	**(20.37)**	269.50
	(Refer Note 6 and Note 12)		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 2nd May, 2013

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 2nd May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(i) The financial statements are prepared on the 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 financial statements 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 financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) All revenues, costs, assets and liabilities are accounted for on accrual basis.

(iii) SALES

(a) Sales include excise duty, but exclude sales tax or value added tax.

(b) Sales are recognised when substantial risks and rewards of ownership are transferred to the buyer.

(iv) DEPRECIATION

Depreciation on tangible assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except computers, which is 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 the straight line basis over their useful lives or five years whichever is earlier.

(v) FIXED ASSETS

Fixed assets are shown at cost less accumulated depreciation. Cost of assets includes freight, octroi, duties, taxes, cost of installation and all other incidental expenses incurred towards acquisition and installation of fixed assets.

Own manufactured goods are capitalised at cost excluding interest but including excise duty net of Cenvat.

Directly identifiable preoperative expenses of new capital projects and interest on borrowed money allocated 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.

(vi) 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.

(vii) 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.

(viii) INVENTORIES

Inventories are valued 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 their location and condition 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.

(ix) 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 Statement of Profit and Loss. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Statement of Profit and Loss over the period of the contract.

(x) EMPLOYEE BENEFITS

(a) The Company's contributions during the year to Provident and Superannuation Funds are recognised in the Statement of Profit and Loss.

(b) 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 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. The liability is determined annually by an independent external actuarial valuation determined on the basis of the projected unit credit method. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

(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.

(xi) TAXES ON INCOME

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future Income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred assets are recognised only to the extent there is reasonable certainty of realisation in future.

(xii) BORROWING COSTS

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

(xiii) PROVISIONS AND CONTINGENCIES

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

(xiv) RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

2. SHARE CAPITAL

	Number of shares	₹ In Lakhs	As at 31-3-2012 Number of shares	As at 31-3-2012 ₹ In Lakhs
(a) Authorised				
5,00,00,000 Equity Shares of ₹ 10 each with voting rights	**5,00,00,000**	**5000.00**	5,00,00,000	5000.00
(b) Issued				
2,76,42,000 Equity Shares of ₹ 10 each with voting rights	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20
(c) Subscribed and fully paid up				
2,76,42,000 Equity Shares of ₹ 10 each with voting rights	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20

(i) All of the above equity shares are held by the Holding company i.e. Voltas Limited which is also the ultimate Holding company.

(ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Number of Shares held	₹ In Lakhs	As at 31-3-2012 Number of Shares held	As at 31-3-2012 ₹ In Lakhs
Equity Shares of ₹ 10 each with voting rights	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20

(iii) The Equity Shares of the Company have voting rights and are subject to restrictions as prescribed under the Companies Act, 1956.

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	Number of Shares held	% holding in that class of shares	As at 31-3-2012 Number of Shares held	As at 31-3-2012 % holding in that class of shares
Equity Shares with voting rights – Voltas Limited	**2,76,42,000**	**100%**	2,76,42,000	100%

3. RESERVES AND SURPLUS

	₹ In Lakhs	As at 31-3-2012 ₹ In Lakhs
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	**6084.18**	2670.67
Add: Profit for the year	**3208.87**	3413.51
Closing balance	**9293.05**	6084.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

4. LONG TERM PROVISIONS

			As at 31-3-2012
		₹ In Lakhs	₹ In Lakhs
Provision for employee benefits			
(i)	Provision for compensated absences	**1.87**	1.10
(ii)	Provision for gratuity (net)	**5.55**	3.53
		7.42	4.63

5. TRADE PAYABLES

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
Trade payables	**8324.57**	4972.90

6. OTHER CURRENT LIABILITIES

			As at 31-3-2012
		₹ In Lakhs	₹ In Lakhs
Other payables			
(i)	Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**74.79**	69.23
(ii)	Advances from customers	**12.02**	10.71
(iii)	Others	**8.46**	5.55
(iv)	Book Overdraft	**65.31**	—
		160.58	85.49

7. SHORT TERM PROVISIONS

				As at 31-3-2012
			₹ In Lakhs	₹ In Lakhs
(a)	Provision for employee benefits			
	(i)	Provision for compensated absences	**0.15**	0.09
	(ii)	Provision for gratuity (net)	**0.05**	0.04
			0.20	0.13
(b)	Provision - Others			
	(i)	Provision for tax	—	72.96
	(ii)	Provision for wealth tax	—	0.33
			—	73.29
			0.20	73.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

8. FIXED ASSETS

₹ In Lakhs

Particulars	Gross block				Accumulated depreciation and impairment				Net block
	Balance as at 1-4-2012	Additions	Disposals	**Balance as at 31-3-2013**	Balance as at 1-4-2012	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	**Balance as at 31-3-2013**	**Balance as at 31-3-2013**
Tangible Assets									
(a) Land									
- Freehold	**164.41**	**—**	**—**	**164.41**	**—**	**—**	**—**	**—**	**164.41**
	164.41	—	—	*164.41*	—	—	—	—	*164.41*
- Leasehold	**256.26**	**—**	**—**	**256.26**	**14.16**	**2.81**	**—**	**16.97**	**239.29**
	256.26	—	—	*256.26*	*11.35*	*2.81*	—	*14.16*	*242.10*
(b) Buildings - Own use*	**1957.06**	**2.17**	**14.20**	**1945.03**	**538.80**	**64.96**	**6.83**	**596.93**	**1348.10**
	2004.68	—	*47.62*	*1957.06*	*480.99*	*65.82*	*8.01*	*538.80*	*1418.26*
(c) Plant and Equipment	**1444.24**	**72.39**	**108.09**	**1408.54**	**899.41**	**57.20**	**106.37**	**850.24**	**558.30**
	1412.97	*31.27*	—	*1444.24*	*833.94*	*65.47*	—	*899.41*	*544.83*
(d) Furniture and Fixtures	**67.82**	**—**	**—**	**67.82**	**28.68**	**3.27**	**—**	**31.95**	**35.87**
	67.10	*0.72*	—	*67.82*	*25.46*	*3.22*	—	*28.68*	*39.14*
(e) Vehicles	**20.08**	**6.88**	**—**	**26.96**	**19.08**	**0.36**	**—**	**19.44**	**7.52**
	20.08	—	—	*20.08*	*19.08*	—	—	*19.08*	*1.00*
(f) Office equipment	**54.76**	**1.46**	**—**	**56.22**	**42.03**	**3.21**	**—**	**45.24**	**10.98**
	54.79	—	*0.03*	*54.76*	*36.33*	*5.70*	—	*42.03*	*12.73*
Total	**3964.63**	**82.90**	**122.29**	**3925.24**	**1542.16**	**131.81**	**113.20**	**1560.77**	**2364.47**
	3980.29	*31.99*	*47.65*	*3964.63*	*1407.15*	*143.02*	*8.01*	*1542.16*	*2422.47*
Intangible Assets									
Computer software	**63.72**	**19.62**	**—**	**83.34**	**59.01**	**2.76**	**—**	**61.77**	**21.57**
	59.03	*4.69*	—	*63.72*	*54.67*	*4.34*	—	*59.01*	*4.71*
Total	**63.72**	**19.62**	**—**	**83.34**	**59.01**	**2.76**	**—**	**61.77**	**21.57**
	59.03	*4.69*	—	*63.72*	*54.67*	*4.34*	—	*59.01*	*4.71*
Grand Total	**4028.35**	**102.52**	**122.29**	**4008.58**	**1601.17**	**134.57**	**113.20**	**1622.54**	**2386.04**
	4039.32	*36.68*	*47.65*	*4028.35*	*1461.82*	*147.36*	*8.01*	*1601.17*	*2427.18*

* Includes ₹ Nil (previous year : ₹ 1,000) being cost of 20 shares (Previous year: 20 shares) of ₹ 50 each in Co-operative Housing Societies.

Fixed Assets include assets held for sale aggregating ₹ 885.96 Lakhs (Previous year : ₹ 932.47 Lakhs), valued at the lower of the estimated net realisable value and net book value.

Figures in italics are for the Previous year.

9. LONG TERM LOANS AND ADVANCES

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
Unsecured, considered good		
(a) Capital advances	—	18.10
(b) Security deposits	**3.22**	3.22
(c) Advance income tax	**40.52**	56.61
(d) MAT credit entitlement	**1439.07**	1505.21
(e) Balances with government authorities – VAT credit receivable	**796.66**	796.66
	2279.47	2379.80

10. INVENTORIES

(At lower of cost and net realisable value)

		As at 31-3- 2012
	₹ In Lakhs	₹ In Lakhs
(a) Raw materials	**7186.39**	6973.04
(b) Finished goods	**7425.49**	87.46
	14611.88	7060.50

11. TRADE RECEIVABLES

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**7.41**	252.12
Other Trade receivables	**698.44**	1316.40
	705.85	1568.52

12. CASH AND CASH EQUIVALENTS

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
Balances with banks in current accounts	**44.94**	269.50

13. SHORT-TERM LOANS AND ADVANCES

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
Unsecured, considered good		
(a) Security deposits	**24.43**	2.75
(b) Loans and advances to employees	**0.50**	—
(c) Prepaid expenses	**—**	7.24
(d) Balances with government authorities		
(i) Customs	**0.02**	0.02
(ii) VAT credit receivable	**722.31**	395.43
(iii) Service Tax credit receivable	**—**	22.78
(e) Advances to Suppliers	**2.64**	41.44
	749.90	469.66

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

14. REVENUE FROM OPERATIONS

			2011-12
		₹ In Lakhs	₹ In Lakhs
(a)	Sale of products (Refer Note 23)	**73977.41**	48543.77
(b)	Other operating revenues		
	- Sale of Scrap	**35.63**	22.37
		74013.04	48566.14
	Less:		
(c)	Excise duty	**—**	1.59
		74013.04	48564.55

15. OTHER INCOME

			2011-12
		₹ In Lakhs	₹ In Lakhs
(a)	Net gain on foreign currency transactions and translation.	**0.40**	0.75
(b)	Profit on sale of fixed assets	**13.42**	49.39
(c)	Unclaimed Credit balances	**27.84**	—
(d)	Cash discount from suppliers	**21.08**	70.01
		62.74	120.15

16. (a) COST OF MATERIALS CONSUMED

		2011-12
	₹ In Lakhs	₹ In Lakhs
Opening stock	**6973.04**	5327.56
Add: Purchases	**75997.83**	45674.25
	82970.87	51001.81
Less: Closing stock	**7186.39**	6973.04
Cost of materials consumed (Refer Note 21)	**75784.48**	44028.77

16. (b) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

		2011-12
	₹ In Lakhs	₹ In Lakhs
Inventories at the end of the year		
– Finished goods	**7425.49**	87.46
– Work-in-progress	**—**	—
	7425.49	87.46
Inventories at the beginning of the year		
– Finished goods	**87.46**	152.08
– Work-in-progress	**—**	—
	87.46	152.08
Net (increase)/decrease	**(7338.03)**	64.62

17. EMPLOYEE BENEFITS EXPENSE

			2011-12
		₹ In Lakhs	₹ In Lakhs
(a)	Salaries and wages	**128.16**	109.15
(b)	Contributions to provident and other funds	**3.83**	3.40
(c)	Staff welfare expenses	**14.79**	9.66
		146.78	122.21

18. FINANCE COSTS

		2011-12
	₹ In Lakhs	₹ In Lakhs
Interest expense on borrowings	**—**	32.88
	—	32.88

19. OTHER EXPENSES

		2011-12
	₹ In Lakhs	₹ In Lakhs
Consumption of stores and spare parts	**50.84**	88.69
Power and fuel	**55.36**	45.25
Rent including lease rentals	**46.65**	15.33
Repairs and maintenance - Buildings	**2.08**	8.58
Repairs and maintenance - Machinery	**77.26**	40.72
Insurance	**7.32**	7.16
Rates and taxes	**0.84**	1.39
Travelling and conveyance	**11.50**	15.84
Printing and stationery	**3.96**	7.06
Freight and forwarding	**66.53**	21.50
Sales commission	**328.25**	202.21
Advertising	**0.17**	0.58
Legal and professional	**21.29**	9.27
Payments to auditors	**34.69**	28.00
Bad trade and other receivables, loans and advances written off	**7.95**	—
Miscellaneous expenses	**494.37**	316.05
	1209.06	807.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

20. (a) Contingent Liabilities

		As at 31-3-2012
	₹ In Lakhs	₹ In Lakhs
(i) Claims against the Company not acknowledged as debt		
– Sales Tax	**601.16**	601.16
– Service Tax	**11.94**	11.94
	613.10	613.10

(ii) Bank Guarantee of ₹ 13.71 Lakhs for Electricity and others (Previous year: ₹ 13.71 Lakhs).

20. (b) Other Commitments

Estimated amount of contracts remaining to be executed on capital account is ₹ Nil (Previous year: ₹ 25.61 Lakhs) against which advances paid aggregate ₹ Nil (Previous year: ₹ 18.10 Lakhs).

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

Items	Unit of Measurement	**Quantity**	**₹ In Lakhs**
Compressors	**Numbers**	**429451**	**21083.13**
	Numbers	*238639*	*11101.40*
Fan Coil Unit	**Numbers**	**357617**	**21446.54**
	Numbers	*269879*	*13804.77*
Kits	**Numbers**	**504986**	**30517.62**
	Numbers	*256115*	*17513.80*
Other		**(*)**	**2737.20**
		(*)	*1608.78*
			75784.49
			44028.77

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

Figures in italics are for the Previous year.

21. (b) Details of consumption of Imported and Indigenous items

	Raw Material ₹ In Lakhs	Components ₹ In Lakhs	Value ₹ In Lakhs	% to Total Consumption
Imported	—	—	—	—
	—	—	—	—
Indigenous	**22.19**	**75762.30**	**75784.49**	**100.00**
	48.40	*43980.37*	*44028.77*	*100.00*
Total	**22.19**	**75762.30**	**75784.49**	**100.00**
	48.40	*43980.37*	*44028.77*	*100.00*

Figures in italics are for the Previous year.

22. Quantitative information in regard to Licensed Capacity, Installed Capacity and Actual Production of the goods

	Installed Capacity (Numbers)	Actual Production (Numbers)
Room air conditioners	**250000**	**444671**
	250000	*252393*

Figures in italics are for the Previous year.

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.

23. Information in regard to Sales, Opening Stocks and Closing Stocks

		Sales		Opening Stocks		Closing Stocks	
Class of Goods	Unit of Measurement	Quantity	₹ In Lakhs	Quantity	₹ In Lakhs	Quantity	₹ In Lakhs
Air conditioners							
- Room air conditioners (Including Split Units)	Numbers	**399730**	**70788.51**	**751**	**87.46**	**45692**	**5224.87**
		252579	*44839.25*	*937*	*152.08*	*751*	*87.46*
Others							
- Raw materials			**3188.90**	—	—	—	—
			3704.52	—	—	—	—
Total			**73977.41**	**—**	**87.46**	**—**	**5224.87**
			48543.77	—	*152.08*	—	*87.46*

Figures in italics are for the Previous year.

24. 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.

25. Auditors Remuneration

	₹ In Lakhs	2011-12 ₹ In Lakhs
Audit Fees	**13.00**	13.00
Tax Audit Fees	**3.90**	3.90
Tax Matters	**6.54**	1.62
Other Services	**7.80**	7.80
Reimbursement of Expenses	**0.39**	0.54
Service Tax on Above	**3.05**	1.14
	34.68	28.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

26. Related Party Disclosure

Entity: Voltas Limited

Relationship: Holding Company

Nature of transactions	**₹ In Lakhs**	2011-12 ₹ In Lakhs
Purchase of goods	**46486.57**	29964.01
Sale of goods	**68940.79**	43886.64
Reimbursement of Staff cost	**30.00**	24.00
Commission paid	**328.25**	202.21
Interest payment	**—**	32.88
Related Party Balances		
Net Receivable	**554.69**	1197.64

27. Details of research and development expenditure recognised as an expense

	₹ In Lakhs	2011-12 ₹ In Lakhs
Materials	**19.65**	17.14
Employee benefits expense	**14.77**	15.71
Others	**15.20**	33.56
	49.62	66.41

28. Employee Benefits

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

	₹ In Lakhs	2011-12 ₹ In Lakhs
Provident Fund	**3.84**	3.40

(b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2013. The details of the Company's Post- retirement benefit plans for gratuity for its employees are given below which is certified by the independent actuary and relied upon by the auditors.

A. Assumptions		2011-12
Discount Rate	**8.25%**	8.50%
Rate of Return on Plan Assets - Previous	**—**	—
Salary Escalation - Previous	**8.00%**	8.00%
Attrition Rate	**2.00%**	2.00%
Rate of Return on Plan Assets - Current	**—**	—
Salary Escalation - Current	**8.00%**	8.00%
Mortality Table	**Indian Assured Lives (2006-08) Ultimate**	LIC (1994-96) Ultimate

	₹ In Lakhs	2011-12 ₹ In Lakhs
B. Table showing change in Benefit Obligation		
Liability at the beginning of the year	**3.56**	2.22
Interest Cost	**0.30**	0.27
Current Service Cost	**1.24**	1.06
Past Service Cost (Non Vested Benefit)	**—**	—
Past Service Cost (Vested Benefit)	**—**	—
Benefit Paid	**—**	—
Actuarial (Gain)/Loss on obligations	**0.51**	0.01
Liability at the end of the year	**5.61**	3.56

C. Table of Fair value of Plan Assets

		2011-12
	₹ In Lakhs	₹ In Lakhs
Fair Value of Plan Assets at the beginning of the year	**—**	—
Expected Return on Plan assets	**—**	—
Contributions	**—**	—
Benefit Paid	**—**	—
Actuarial (Gain)/Loss on Plan Assets	**—**	—
Fair Value of Plan Assets	**—**	—
Total Actuarial (Gain)/Loss to be Recognised	**0.51**	0.01

D. Amount Recognised in Balance sheet

Liability at the end of the year	**5.61**	3.56
Fair Value of Plan Assets at the end of the year	**—**	—
Difference	**(5.61)**	(3.56)
Unrecognised Past Service Cost	**—**	—
Amount Recognised in Balance Sheet	**(5.61)**	(3.56)

E. Amount Recognised in Income Statement

Current Service Cost	**1.24**	1.06
Interest Cost	**0.30**	0.27
Expected Return on Plan Asset	**—**	—
Net Actuarial (Gain)/Loss to be Recognised	**0.51**	0.01
Past Service Cost (Non Vested Benefit) Recognised	**—**	—
Past Service Cost (Vested Benefit) Recognised	**—**	—
Expenses Recognised in Statement of Profit and Loss	**2.05**	1.34

F. Balance Sheet Reconciliation

Opening Net Liability	**3.56**	2.22
Expenses as above	**2.05**	1.34
Employer's Contribution	**—**	—
Amount Recognised in Balance Sheet	**5.61**	3.56

G. Experience Adjustment

		2011-12	2010-11	2009-10	2008-09
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Present value of defined benefit obligation	**5.61**	3.56	2.22	12.02	15.33
Plan Assets	**—**	—	—	—	—
Surplus/(Deficit)	**—**	—	—	—	—
On Plan Liability (Gain)/Loss	**0.27**	0.17	(0.95)	(3.04)	8.05
On Plan Asset (Gain)/Loss	**—**	—	—	—	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

H. Expected contribution to defined benefit plan in next year ₹ 5.61 Lakhs (Previous year: ₹ 3.56 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.

29. Deferred Taxes

As per Accounting Standard 22 on "Accounting for taxes on income" as notified by the Companies (Accounting Standards) Rules, 2006, the Company has recognised deferred tax liability of ₹ 228.06 Lakhs (Previous year: ₹ 190.34 Lakhs) for the year as indicated below.

The break-up of deferred tax liability and deferred tax asset as at 31st March, 2013 are as under:

	₹ **In Lakhs**	As at 31-3-2012 ₹ In Lakhs
Deferred Tax Liability		
Depreciation (A)	**230.65**	191.92
Deferred Tax Assets		
Employee Benefits (B)	**2.59**	1.58
Net Deferred Tax Liability/(Asset) (A-B)	**228.06**	190.34

30. Earnings Per Share

		2011-12
Profit/(Loss) After Tax (₹ in Lakhs)	**3208.87**	3413.51
Number of Equity Shares	**2,76,42,000**	2,76,42,000
Basic and Diluted Earnings per Share of ₹ 10 each (₹)	**11.61**	12.35

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

32. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement 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.

33. Previous year's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board

Chairman **M. M. Miyajiwala**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**

Mumbai, 2nd May, 2013

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

P. N. Dhume *(Chairman)*
M. Gopi Krishna
M. M. Miyajiwala
Anil George
Prashant G. Kandoi

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirtieth Annual Report and Audited Accounts for the year ended 31st March, 2013.

2. The Company has recorded lower Revenue of ₹ 84.96 crores and incurred net loss of ₹ 13.06 crores for the year ended 31st March, 2013 as compared to Revenue of ₹ 117.91 crores and loss of ₹ 26.19 crores in the previous year. In view of the loss situation, the Directors do not recommend any dividend on equity or preference shares for the year 2012-13.

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

4. 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.

5. The particulars with respect to conservation of energy, technology absorption being not relevant, have not been given. The Company had no foreign exchange earnings and outgo during the year under review.

6. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. P. N. Dhume retires by rotation and being eligible, offers himself for re-election.

7. Mr. Anil George was appointed as an Additional Director by the Board on 22nd January, 2013. In accordance with the provisions of the Companies Act, 1956, Mr. Anil George holds office upto the date of the forthcoming Annual General Meeting and Notice under Section 257 of the Act has been received from a member proposing his appointment as a Director of the Company. The Resolution seeking approval of the members for appointment of Mr. Anil George as a Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

8. Mr. A. K. Joshi ceased to be a Director of the Company with effect from 22nd January, 2013. The Directors place on record their sincere appreciation of the valuable services and advice given by Mr. A. K. Joshi during his tenure on the Board since August 2008.

9. At the Annual General Meeting, the Members will be required to appoint the Auditors for the year ending 31st March, 2014. Messrs Deloitte Haskins & Sells, Mumbai, the present Auditors of the Company have indicated that they are not seeking reappointment at the ensuing Annual General Meeting. The Company has received Special Notice from Voltas Limited, shareholder of the Company, in terms of the provisions of the Act, signifying their intention to propose appointment of Messrs Deloitte Haskins & Sells, Baroda as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. Messrs Deloitte Haskins & Sells, Baroda have expressed their willingness to act as Auditors of the Company, if appointed and have confirmed that their appointment would be in conformity with the provisions of Section 224(1B) of the Act.

On behalf of the Board of Directors

P. N. Dhume
Mumbai, 8th May, 2013 *Chairman*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ROHINI INDUSTRIAL ELECTRICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ROHINI INDUSTRIAL ELECTRICALS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

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

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

Emphasis of Matters

1. We draw attention to Significant Accounting Policy g (ii) of Note 1, revenue from long term contracts is recognized 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. We have relied on the Management estimates relating to the technical aspects/ components and other technical inputs/matters considered in the determination of expected cost to completion of the contracts.

2. The Company has been incurring losses and the net worth has fully eroded. As the Parent company has assured the Company of continued support, including by way of infusion of funds from time to time, these financial statements have been prepared on a going concern basis for the reason set out in Note 30 to the financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

B. P. Shroff
Partner
Membership No.34382

Mumbai, 8th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result/transactions, etc., clauses (viii), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

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

(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 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 covered in the Register maintained under Section 301 of the Companies Act, 1956.

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

(a) The Company has not taken any such loans during the year. At the year-end, the outstanding balances of such loans taken aggregated ₹ 627.57 Lakhs (2 parties) and the maximum amount involved including the overdue interest during the year was ₹ 702.66 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 other than as disclosed above.

(vi) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and the sale of goods and services although there is scope for improvement in the process of determining estimated contract costs. During the course of our audit, we have not observed any major weakness in such internal control system.

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

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

(b) Where each of such transaction is in excess of ₹ 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 Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable except ₹ 43.05 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, 2013 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)	2007-08, 2009-10	18.52
			Income-Tax Officer (TDS)	2007-08	0.45
2.	Income-Tax Act,1961	Fringe Benefit Tax	Dy. Commissioner of Income-Tax	2006-07	1.49
3.	Sales Tax Laws	Value Added Tax	Commercial Tax Officer (Appeals)	2004-05	4.15
			Dy. Commissioner (Appeals)	2007-08, 2008-09	160.34
			Commercial Tax Officer	2006-07, 2008-09	31.00
			Jt. Commissioner of tax	2008-09	14. 63
4.	Sales Tax Laws	CST	Dy. Commissioner (Appeals)	2008-09, 2009-10	95.85
			Asst. Commissioner of Commercial Tax	2007-08	0.78
			Commercial Tax Officer	2005-06, 2008-09	91.20
5.	Sales Tax Laws	Entry Tax	Dy. Commissioner (Appeals)	2007-08, 2008-09	2.25

(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 and in the immediately preceding financial year.

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures or obtained loans from financial institutions.

(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 aggregating ₹ 1368.22 lakhs raised on short-term basis have been used during the year for long term application.

(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)

B. P. Shroff

Partner

Mumbai, 8th May, 2013

Membership No. 34382

BALANCE SHEET AS AT 31ST MARCH, 2013

		Note	₹ in Lakhs	As at 31-3-2012 ₹ in Lakhs
A.	**EQUITY AND LIABILITIES**			
1.	**SHAREHOLDERS' FUNDS**			
	(a) Share capital	2	**2682.58**	2682.58
	(b) Reserves and surplus	3	**(3708.04)**	(2401.89)
			(1025.46)	280.69
2.	**NON-CURRENT LIABILITIES**			
	(a) Other long-term liabilities	4	**34.57**	87.65
	(b) Long-term provisions	5	**26.76**	35.78
			61.33	123.43
3.	**CURRENT LIABILITIES**			
	(a) Short-term borrowings	6	**7799.46**	5501.76
	(b) Trade payables	7	**4915.09**	5307.50
	(c) Other current liabilities	8	**4674.45**	3828.09
	(d) Short-term provisions	9	**3.31**	30.36
			17392.31	14667.71
		TOTAL	**16428.18**	15071.83
B.	**ASSETS**			
1.	**NON-CURRENT ASSETS**			
	(a) Fixed assets			
	(i) Tangible assets	10(A)	**58.92**	78.03
	(ii) Intangible assets	10(B)	**46.63**	3.71
	(iii) Intangible assets under development		**—**	53.70
			105.55	135.44
	(b) Long-term loans and advances	11	**268.59**	564.87
	(c) Other non-current assets	12	**994.08**	975.61
			1262.67	1540.48
2.	**CURRENT ASSETS**			
	(a) Inventories	13	**226.68**	310.30
	(b) Trade receivables	14	**7692.40**	6396.31
	(c) Cash and cash equivalents	15	**105.70**	58.35
	(d) Short-term loans and advances	16	**710.53**	601.56
	(e) Other current assets	17	**6324.65**	6029.39
			15059.96	13395.91
		TOTAL	**16428.18**	15071.83
	Accounting Policies	1		

Notes referred to above form an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 8th May, 2013

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Ashwin Sathe**

Mumbai, 8th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Note	₹ in Lakhs	2011-12 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	18	**8116.42**	11694.55
2.	**OTHER INCOME**	19	**379.80**	96.29
3.	**TOTAL REVENUE (1 + 2)**		**8496.22**	11790.84
4.	**EXPENSES**			
	(a) Cost of sales - Traded goods	20(A)	**598.71**	1975.92
	(b) Cost of sales, services	20(B)	**6705.18**	8776.44
	(c) Employee benefits expense	21	**450.88**	847.80
	(d) Finance costs	22	**818.40**	726.11
	(e) Depreciation and amortisation expense	10	**35.09**	42.21
	(f) Other expenses	23	**1209.77**	2066.48
	TOTAL EXPENSES		**9818.03**	14434.96
5.	**LOSS BEFORE TAX (3 - 4)**		**(1321.81)**	(2644.12)
6.	**TAX EXPENSE**			
	Current tax - Provision for taxation of earlier years written back		**(15.68)**	(24.67)
7.	**LOSS AFTER TAX (5 - 6)**		**(1306.13)**	(2619.45)
8.	**EARNINGS PER EQUITY SHARE OF ₹ 10/- EACH**	29		
	Basic and Diluted (in ₹)		**(71.54)**	(143.47)
	Accounting Policies	1		

Notes referred to above form an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 8th May, 2013

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Ashwin Sathe**

Mumbai, 8th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A.	**Cash flow from Operating Activities**			
	Net Loss before extraordinary items and tax		**(1321.81)**	(2644.12)
	Adjustments for:			
	Depreciation and amortisation	**35.09**		42.21
	(Profit) / loss on sale / write off of assets	**(0.82)**		1.02
	Finance costs	**818.40**		726.11
	Interest income	**(1.27)**		(0.44)
	Provision for Employee Benefit	**(26.70)**		(163.92)
			824.70	604.98
	Operating Loss before Working Capital changes		**(497.11)**	(2039.14)
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	**83.62**		502.40
	Trade receivables	**(1296.09)**		415.85
	Short-term loans and advances	**(108.97)**		(23.88)
	Long-term loans and advances	**(25.05)**		(4.45)
	Other current assets	**(295.26)**		(1765.27)
	Other non-current assets	**(18.47)**		(38.30)
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	**(392.41)**		(1135.06)
	Other current liabilities	**846.36**		1182.40
	Other long-term liabilities	**(53.10)**		(182.34)
	Short-term provisions	—		—
			(1259.37)	(1048.65)
	Cash generated from Operations		**(1756.48)**	(3087.79)
	Net income tax (paid) / refunds		**327.64**	(162.21)
	Net cash flow from / (used in) Operating Activities (A)		**(1428.84)**	(3250.00)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
B.	**Cash flow from Investing Activities**			
	Capital expenditure on fixed assets, including capital advances	**(61.75)**		(23.85)
	Proceeds from sale of fixed assets	**57.37**		23.74
	Proceeds from sale of long-term investments			
	- Fixed Deposit in Bank with Interest Income	**(39.36)**		652.44
	Net cash flow from / (used in) Investing Activities (B)		**(43.74)**	652.33
C.	**Cash flow from Financing Activities**			
	Proceeds from issue of preference shares	—		2500.00
	Net increase / (decrease) in working capital borrowings	**447.70**		505.54
	Proceeds from other short-term borrowings	**1850.00**		200.00
	Finance cost	**(818.40)**		(726.11)
	Net cash flow from / (used in) Financing Activities (C)		**1479.30**	2479.43
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**6.72**	(118.24)
	Cash and cash equivalents at the beginning of the year		**54.45**	172.69
	Cash and cash equivalents at the end of the year		**61.17**	54.45
	Reconciliation of Cash and cash equivalents with the Balance Sheet:			
	Cash and cash equivalents as per Balance Sheet (Refer Note 15)		**105.70**	58.35
	Less: Bank balances not considered as Cash and cash equivalents - Balances held as margin money [Refer Note (ii)]		**44.53**	3.90
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15.		**61.17**	54.45

Notes:

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing operations.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

Notes referred to above form an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 8th May, 2013

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Ashwin Sathe**

Mumbai, 8th May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NATURE OF BUSINESS

Rohini Industrial Electricals Limited, subsidiary of Voltas Limited was incorporated in 1983. The Company is engaged in the business of undertaking large turnkey electrical and instrumentation projects for industrial and commercial sectors.

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements 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.

(b) USE OF ESTIMATES

The preparation of the Financial Statements 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 financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) 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.

(d) INTANGIBLE ASSETS

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

(e) 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 the opinion of the Management is lower than the purchase cost.

(f) PROVISIONS

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

(g) REVENUE RECOGNITION

(i) Sales

Revenue from sale 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.

(h) 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 Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner.

(ii) Defined Benefit Plan

The Company's liability 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. Actuarial gains and losses based on actuarial valuation done by an independent actuary carried out annually are recognised immediately in the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

Statement of Profit and Loss 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.

(i) METHOD OF DEPRECIATION

Depreciation on tangible 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 and sold/discarded during the year is provided on a pro-rata basis for the period such asset was in use.

Assets costing less than ₹ 5,000 are depreciated @100% in the year of purchase.

(j) FOREIGN CURRENCY TRANSACTIONS/TRANSLATIONS

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

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 Statement of Profit and Loss.

(k) 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.

(l) 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 Statement of Profit and Loss on a straight-line basis over the lease term.

(m) 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.

(n) SEGMENT REPORTING

The Company's business activity 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. SHARE CAPITAL

			As at 31-3-2012	
	Number	**₹ in Lakhs**	Number	₹ in Lakhs
Authorised				
Equity Shares of ₹ 10 each	**50,00,000**	**500.00**	50,00,000	500.00
0.01% Cumulative Redeemable Preference Shares of ₹ 100 each	**25,00,000**	**2500.00**	25,00,000	2500.00
		3000.00		3000.00
Issued, Subscribed and fully Paid up shares				
Equity Shares of ₹ 10 each fully paid #	**18,25,782**	**182.58**	18,25,782	182.58
0.01% Cumulative Redeemable Preference Shares of ₹ 100 each (for consideration other than cash) *	**25,00,000**	**2500.00**	25,00,000	2500.00
		2682.58		2682.58

The Equity Shares of the Company have voting rights and are subject to preferential rights prescribed under law or those of the preference shareholders. The Equity Shares and Preference Shares are also subject to restrictions as prescribed under the Companies Act, 1956.

* The Cumulative Reedemable Preference Shares are reedemable on the expiry of 7 years from the date of allotment (29th March, 2012) and have a preference as to dividends and repayments of capital but do not have voting rights.

2. (a) Reconcilation of Shares at the beginning and at the end of the reporting period

			As at 31-3-2012	
	Number	**₹ in Lakhs**	Number	₹ in Lakhs
Equity Shares :				
Shares outstanding at the beginning of year	**18,25,782**	**182.58**	18,25,782	182.58
Shares Issued during the year	**—**	**—**	—	—
Shares bought back during the year	**—**	**—**	—	—
Shares outstanding at the end of the year	**18,25,782**	**182.58**	18,25,782	182.58
Preference Shares :				
Shares outstanding at the beginning of the year	**25,00,000**	**2500.00**	—	—
Shares Issued during the year	**—**	**—**	25,00,000	2500.00
Shares bought back during the year	**—**	**—**	—	—
Shares outstanding at the end of the year	**25,00,000**	**2500.00**	25,00,000	2500.00

15,27,571 Equity Shares (31st March, 2012: 15,27,571) are held by Voltas Limited, the holding company, which is also the ultimate holding company.

25,00,000 - 0.01% Cumulative Redeemable Preference Shares (31st March, 2012: 25,00,000) are held by Voltas Limited, the holding company.

2. (b) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder			As at 31-3-2012	
	Number of Shares held	**% of holding**	Number of Shares held	% of holding
Equity Shares:				
Voltas Limited	**15,27,571**	**83.67%**	15,27,571	83.67%
Preference Shares:				
Voltas Limited	**25,00,000**	**100%**	25,00,000	100%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

3. RESERVES AND SURPLUS

			As at 31-3-2012
		₹ in Lakhs	₹ in Lakhs
(a)	Securities premium account #	**492.43**	492.43
(b)	General reserve #	**2053.76**	2053.76
(c)	Surplus/(Deficit) in Statement of Profit and Loss		
	Opening balance	**(4948.10)**	(2328.63)
	Add: Profit/(Loss) for the year	**(1306.13)**	(2619.45)
	Closing balance	**(6254.23)**	(4948.08)
		(3708.04)	(2401.89)

There is no movement in Securities premium account and General Reserve during the year.

4. OTHER LONG-TERM LIABILITIES

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
Trade Payables	**34.57**	87.65

5. LONG-TERM PROVISIONS

			As at 31-3-2012
		₹ in Lakhs	₹ in Lakhs
Provision for employee benefits:			
(i)	Provision for compensated absences	**12.80**	31.63
(ii)	Provision for gratuity (net)	**13.96**	4.15
		26.76	35.78

6. SHORT-TERM BORROWINGS

			As at 31-3-2012
		₹ in Lakhs	₹ in Lakhs
(a)	Loans repayable on demand		
	From banks :		
	Secured - Canara Bank	**3621.89**	3174.19
	(Secured by first charge on Stock received under inland LC, Advance payment gurantees and book debt)		
(b)	Loans and advances from related parties (Refer Note 28)		
	Unsecured :		
	Voltas Limited	**3550.00**	1700.00
(c)	Other loans and advances		
	Unsecured :		
	Mr. Prashant G. Kandoi (Non- Executive Director)	**250.00**	250.00
	Mr. Gopal M. Kandoi	**250.00**	250.00
	Mr. Prashant G. Kandoi (Interest Free)	**127.57**	127.57
		7799.46	5501.76

7. TRADE PAYABLES

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
Trade payables:		
Micro, Small and Medium Enterprises (Refer Note 25)	**31.36**	37.79
Others	**4883.73**	5269.71
	4915.09	5307.50

8. OTHER CURRENT LIABILITIES

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
(a) Interest accrued and due on borrowings	**537.56**	303.83
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**178.52**	111.64
(ii) Payables on purchase of fixed assets	**—**	9.69
(iii) Advances from customers	**3180.01**	2735.80
(iv) Others :		
Billing in Excess of contract revenue	**778.36**	667.13
	4674.45	3828.09

9. SHORT-TERM PROVISIONS

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits:		
(i) Provision for compensated absences	**2.95**	4.29
(ii) Provision for gratuity (net)	**—**	16.34
(b) Provision - Others:		
Provision for tax	**0.36**	9.73
	3.31	30.36

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

10. 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, 2012	Additions	Deductions	**As at 31 March, 2013**	Up to 31 March, 2012	For the Year	On Deductions	**Up to 31 March, 2013**	**As at 31 March, 2013**
				(1+2-3)				**(5+6-7)**	**(4-8)**
	(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**
A. Tangible Assets:									
1. Plant & Machinery	**82.12**	**—**	**12.23**	**69.89**	**65.46**	**8.63**	**11.95**	**62.14**	**7.75**
	81.92	*4.32*	*4.12*	*82.12*	*53.00*	*14.54*	*2.08*	*65.46*	*16.66*
2. Furniture & Fittings	**33.38**	**—**	**—**	**33.38**	**24.26**	**1.65**	**—**	**25.91**	**7.47**
	33.38	*—*	*—*	*33.38*	*22.24*	*2.02*	*—*	*24.26*	*9.12*
3. Vehicles	**80.52**	**—**	**16.60**	**63.92**	**58.14**	**5.28**	**14.07**	**49.35**	**14.57**
	148.66	*—*	*68.14*	*80.52*	*93.82*	*11.03*	*46.71*	*58.14*	*22.38*
4. Computers & Accessories	**72.09**	**0.86**	**—**	**72.95**	**57.82**	**5.87**	**—**	**63.69**	**9.26**
	80.55	*0.83*	*9.29*	*72.09*	*56.14*	*10.20*	*8.52*	*57.82*	*14.27*
5. Office Equipments	**28.70**	**7.19**	**0.13**	**35.76**	**13.10**	**2.88**	**0.09**	**15.89**	**19.87**
	27.99	*1.55*	*0.84*	*28.70*	*10.90*	*2.57*	*0.37*	*13.10*	*15.60*
	296.81	**8.05**	**28.96**	**275.90**	**218.78**	**24.31**	**26.11**	**216.98**	**58.92**
	372.50	*6.70*	*82.39*	*296.81*	*236.10*	*40.36*	*57.68*	*218.78*	*78.03*
B. Intangible Assets:									
Software	**10.19**	**53.70**	**—**	**63.89**	**6.48**	**10.78**	**—**	**17.26**	**46.63**
	10.22	*0.08*	*0.11*	*10.19*	*4.69*	*1.85*	*0.06*	*6.48*	*3.71*
Total (A+B)	**307.00**	**61.75**	**28.96**	**339.79**	**225.26**	**35.09**	**26.11**	**234.24**	**105.55**
	382.72	*6.78*	*82.50*	*307.00*	*240.79*	*42.21*	*57.74*	*225.26*	*81.74*
Intangible Assets under development	**53.70**	**—**	**53.70**	**—**	**—**	**—**	**—**	**—**	**—**
	36.63	*17.07*	*—*	*53.70*	*—*	*—*	*—*	*—*	*53.70*
									105.55
									135.44

Figures in italics are for the Previous year.

11. LONG-TERM LOANS AND ADVANCES

		₹ in Lakhs	As at 31-3-2012 ₹ in Lakhs
(a)	Advance income tax	**142.07**	463.40
(b)	Other loans and advances		
	- Appeal Deposit for Sales Tax	**126.52**	101.47
		268.59	564.87

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

12. OTHER NON-CURRENT ASSETS

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
Long-term trade receivables		
(Unsecured, considered good)	**994.08**	975.61

13. INVENTORIES

(At lower of cost and net realisable value)

			As at 31-3-2012
		₹ in Lakhs	₹ in Lakhs
(a)	Work-in-progress	—	43.47
(b)	Stock-in-trade (acquired for trading)	**226.68**	266.83
		226.68	310.30

14. TRADE RECEIVABLES

			As at 31-3-2012
		₹ in Lakhs	₹ in Lakhs
(a)	Trade receivables outstanding for a period exceeding six months		
	Secured, considered good #	**127.57**	127.57
	Unsecured, considered good	**4554.49**	3604.90
	Unsecured, considered Doubtful	**950.83**	864.22
		5632.89	4596.69
	Less: Provision for doubtful trade receivables	**950.83**	864.22
		4682.06	3732.47
(b)	Other Trade receivables		
	Unsecured, considered good	**3010.34**	2663.84
		7692.40	6396.31
	# Debts due from Director	**127.57**	127.57

15. CASH AND CASH EQUIVALENTS

				As at 31-3-2012
			₹ in Lakhs	₹ in Lakhs
(a)	Cash and Bank Equivalents			
	Balances with bank - Current account		**61.17**	54.45
(b)	Other Bank Balances			
	(i)	Margin money with maturity more than 3 months but less than 12 months	**40.00**	—
	(ii)	Margin money with maturity greater than 12 months	**4.53**	3.90
			105.70	58.35

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

16. SHORT-TERM LOANS AND ADVANCES

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
(a) Security deposits		
Unsecured, considered good	**24.04**	24.04
Unsecured, considered Doubtful	**7.22**	7.22
	31.26	31.26
Less: Provision for doubtful Security deposits	**7.22**	7.22
	24.04	24.04
(b) Loans and advances to employees		
Unsecured, considered good	**5.76**	19.32
Unsecured, considered Doubtful	**37.15**	13.00
	42.91	32.32
Less: Provision for doubtful Employee Advances	**37.15**	13.00
	5.76	19.32
(c) Prepaid expenses		
Unsecured, considered good	**19.40**	27.60
(d) Balances with government authorities		
Unsecured, considered good		
VAT credit receivable	**399.04**	155.10
(e) Others		
Unsecured, considered good		
(i) Other Deposits	**42.05**	73.48
Unsecured, considered Doubtful	**16.15**	11.91
	58.20	85.39
Less: Provision for doubtful other deposits	**16.15**	11.91
	42.05	73.48
(ii) Advances to Suppliers		
Unsecured, considered good	**220.24**	302.02
	710.53	601.56

17. OTHER CURRENT ASSETS

		As at 31-3-2012
	₹ in Lakhs	₹ in Lakhs
Contract Revenue in excess of billing and unbilled revenue	**6324.65**	6029.39

18. REVENUE FROM OPERATIONS

		2011-12
	₹ in Lakhs	₹ in Lakhs
(a) Sale of products [Refer Note 31 (a)]	**495.80**	2308.81
(b) Sale of services [Refer Note 31 (b)]	**7620.62**	9385.74
	8116.42	11694.55

19. OTHER INCOME

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Interest income	**1.27**	0.44
(b)	Profit on Sale of Fixed Assets (Net)	**0.82**	—
(c)	Other non-operating income		
	Liabilities / provisions no longer required written back (Trade payables / Advances from customers)	**228.69**	44.07
	Miscellaneous Income	**149.02**	51.78
		379.80	96.29

20. (A) COST OF SALES - TRADED GOODS

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Opening finished goods	**266.83**	727.59
(b)	Purchases [Refer Note 31 (a)]	**558.56**	1515.16
(c)	Closing finished goods	**226.68**	266.83
		598.71	1975.92

20. (B) COST OF SALES, SERVICES

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Opening Work-in-progress	**43.47**	85.11
(b)	Purchases and cost of jobs [Refer Note 31 (b)]	**6661.71**	8734.80
(c)	Closing Work-in-progress	—	43.47
		6705.18	8776.44

21. EMPLOYEE BENEFITS EXPENSE

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Salaries and wages	**397.51**	811.69
(b)	Contributions to provident and other funds	**39.33**	10.96
(c)	Staff welfare expenses	**14.04**	25.15
		450.88	847.80

22. FINANCE COSTS

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Borrowings	**760.49**	660.57
(b)	Trade payables	**55.99**	51.29
(c)	Others		
	- Interest on delayed / deferred payment of income tax, VAT, Service and other taxes	**1.92**	14.25
		818.40	726.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

23. OTHER EXPENSES

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	Power and fuel	**33.50**	27.26
(b)	Rent	**139.30**	183.08
(c)	Repairs and maintenance - Buildings	**5.86**	6.75
(d)	Repairs and maintenance - Machinery	**0.15**	2.09
(e)	Insurance	**37.38**	16.81
(f)	Communication	**18.80**	32.11
(g)	Travelling and conveyance	**127.85**	189.22
(h)	Printing and stationery	**11.85**	22.47
(i)	Freight and forwarding	**27.15**	75.37
(j)	Sales commission	**32.46**	5.74
(k)	Legal and professional	**80.77**	70.83
(l)	Auditors' Remuneration (Refer Note below)	**19.00**	19.41
(m)	Bad and Doubtful Debts / Advances	**131.18**	744.33
(n)	Loss on fixed assets sold / scrapped / written off (Net)	—	1.02
(o)	Outside Service Charges	**388.12**	468.26
(p)	Miscellaneous expenses	**156.40**	201.73
		1209.77	2066.48

Note: Payment to auditors comprises

			2011-12
		₹ in Lakhs	₹ in Lakhs
(a)	As auditors		
	(i) Audit Fees	**10.00**	10.00
	(ii) Tax Audit Fees	**3.00**	3.00
(b)	For other services	**6.00**	6.00
(c)	For reimbursement of expenses	—	0.41
		19.00	19.41

24. Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities

(a) Guarantees given by Company's bankers

In respect of guarantees given by Company's bankers ₹ 6636.21 Lakhs (31st March, 2012: ₹ 7745 Lakhs), secured by first charge on stock received under Inland Letters of Credit, Advance Payment guarantees and book debts are further guaranteed by promoters and holding Company in proportion to their shareholding. These amounts are net of advances which are already shown as liability in the books.

(b) Claims against the Company not acknowledged as debts

(i) Income Tax Demands:

In respect of matters in which Company is in further appeal ₹ 20.46 Lakhs (31st March, 2012: ₹ 27.17 Lakhs).

(ii) Sales Tax demands: Pending

In respect of matters in which Company is in further appeal ₹ 525.90 Lakhs (31st March, 2012: ₹ 442.25 Lakhs), net of tax ₹ 400.19 Lakhs (31st March, 2012: ₹ 340.81 Lakhs).

25. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

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

				As at 31-3-2012
			₹ in Lakhs	₹ in Lakhs
(a)	(i)	Principal amount remaining unpaid to any supplier as on 31st March, 2013	**24.68**	12.73
	(ii)	Interest on (a) (i) above	**2.32**	0.67
(b)		The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2012-13	**24.12**	88.51
(c)		Amount of interest due and payable on delayed payments	**3.42**	24.38
(d)		Amount of further interest remaining due and payable for the earlier years	**0.95**	—
(e)		Total outstanding dues of Micro and Small Enterprises		
	–	Principal	**24.68**	12.73
	–	Interest	**6.68**	25.06

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

26. Details of contract revenue and costs

		2011-12
	₹ in Lakhs	₹ in Lakhs
Aggregate amount of costs incurred and recognised profits (Less recognised losses) upto 31st March, 2013 for all the contracts in progress	**35149.99**	27759.26
Advances received for such contracts in progress	**2775.72**	2296.98
The amount of retentions due for such contracts	**782.59**	652.24
The gross amount due from customers for such contracts	**6324.65**	6029.39
The gross amount due to customers for such contracts	**778.36**	667.13

27. Employee benefit plans

(A) Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 19.22 Lakhs (Year ended 31 March, 2012: ₹ 39.43 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(B) Defined benefit plans

The following table sets out the funded status of Gratuity, a defined benefit scheme, and the amount recognised in the financial statements:

			2011-12
		₹ in Lakhs	₹ in Lakhs
		Gratuity	Gratuity
(I)	**Components of employer expense**		
	Current service cost	**8.46**	19.06
	Interest cost	**3.47**	11.82
	Expected return on plan assets	**(2.42)**	(3.17)
	Actuarial losses/(gains)	**6.30**	(80.59)
	Total expense recognised in the Statement of Profit and Loss	**15.81**	(52.88)
	Actual contribution and benefit payments for the year		
	Actual benefit payments	**29.24**	28.71
	Actual contributions	**6.00**	38.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(B) Defined benefit plans (contd.)

		2011-12
	₹ in Lakhs	₹ in Lakhs
	Gratuity	Gratuity
(II) Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	**17.31**	32.30
Fair value of plan assets	**(3.35)**	(28.15)
Funded status [Surplus / (Deficit)]	**13.96**	4.15
Net asset / (liability) recognised in the Balance Sheet	**13.96**	4.15
(III) Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	**32.30**	156.35
Current service cost	**8.46**	19.05
Interest cost	**3.47**	11.82
Actuarial (gains) / losses	**2.33**	(80.51)
Benefits paid	**(29.24)**	(74.41)
Present value of DBO at the end of the year	**17.32**	32.30
(IV) Change in fair value of assets during the year		
Plan assets at beginning of the year	**28.15**	61.12
Expected return on plan assets	**2.42**	3.17
Actual Company contributions	**6.00**	38.19
Actuarial gain / (loss)	**(3.98)**	0.08
Benefits paid	**(29.24)**	(74.41)
Plan assets at the end of the year	**3.35**	28.15
Actual return on plan assets	**(1.55)**	3.25
(V) Composition of the plan assets is as follows		
Government bonds	**53%**	53%
PSU bonds	**43%**	43%
Equity mutual funds	**4%**	4%

(C) Experience adjustments ₹ in Lakhs

Gratuity	**2012-13**	2011-12	2010-11	2009-10	2008-09
Present value of DBO	**17.32**	32.30	156.35	214.76	152.60
Fair value of plan assets	**3.35**	28.14	61.11	49.63	31.50
Funded status [Surplus / (Deficit)]	**(13.96)**	(4.15)	(95.23)	(165.12)	(121.10)
Experience gain / (loss) adjustments on plan liabilities	**1.50**	(78.85)	(86.55)	6.76	56.60
Experience gain / (loss) adjustments on plan assets	**(3.97)**	0.08	2.16	2.13	0.73

(D) Actuarial assumptions for long-term gratuity and compensated absences

	2012-13	2011-12
Mortality (Indian Assured Lives Mortality) (Previous year LIC)	**2006-08**	1994-96
Discount rate	**8.10%**	8.70%
Expected return on plan assets	**7.50%**	7.50%
Salary escalation	**8.00%**	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(E) Expected contribution in next financial year for defined benefit plans ₹ 8 Lakhs (Previous year: ₹ 10 lakhs)

28. Related party transactions

(a) Details of related parties:

Description of relationship	**Names of related parties**
Holding Company	Voltas Limited

(b) Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

Nature of Transaction	**Holding Company**	
	₹ in Lakhs	2011-12 ₹ in Lakhs
(i) Purchase of goods	**—**	35.72
(ii) Sale of goods	**1771.00**	1429.91
(iii) Purchase of fixed assets	**0.94**	—
(iv) Receiving of services		
1. Interest Paid	**293.12**	263.00
2. Salaries and Wages	**0.68**	—
3. Staff welfare expenses	**9.77**	9.48
4. Rent Paid	**117.03**	73.23
5. Legal and Professional Charges	**3.37**	3.15
6. Other Expenses Paid	**3.64**	1.74
(v) Other income - Interest Received	**13.75**	—
(vi) Finance		
1. Loan Receipt	**2000.00**	2700.00
2. Loan Payment	**150.00**	—
(vii) Balances outstanding at the end of the year		
1. Trade receivables	**1067.39**	156.49
2. Advance from customers	**367.82**	—
3. Trade payables	**379.83**	153.63
4. Interest accrued and due on borrowings	**533.74**	269.93
5. Borrowings	**3550.00**	1700.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

29. Earnings per share

		2011-12
Net loss for the year from continuing operations (₹ in Lakhs)	**(1306.13)**	(2619.45)
Weighted average number of equity shares	**18,25,782**	18,25,782
Earnings per share from continuing operations - Basic & Diluted (₹)	**(71.54)**	(143.47)

30. Although the Company is incurring losses and its net worth has eroded, the financial statements have been prepared on a going concern basis as the Parent company has assured the Company of continuing support including by way of infusion of funds from time to time.

31. (A) Traded Goods

Class of goods	**Purchases**		**Sales**	
		2011-12		2011-12
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Transformer	—	31.02	**—**	27.23
Others	**558.56**	1484.14	**495.80**	2281.58
Total	**558.56**	1515.16	**495.80**	2308.81

(B) Services

Class of Services	**Purchases**		**Sales**	
		2011-12		2011-12
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Works contract, and installation and erection services	**6661.71**	8734.80	**7620.62**	9385.74

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

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Ashwin Sathe**

Mumbai, 8th May, 2013

WEATHERMAKER LIMITED

Directors:

P. N. Dhume
M. M. Miyajiwala
Gavin J. Appleby *(w.e.f. 24th February, 2013)*
B. G. Prabhuajgaonkar *(w.e.f. 24th February, 2013)*
Shaukat Ali Mir *(upto 24th February, 2013)*
A. K. Joshi *(upto 24th February, 2013)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twentieth Annual Report and Accounts for the year ended 31st December, 2012.

2. In spite of continuing economic slowdown in U.A.E. market, the Company recorded a marginally better turnover of AED 29.527 million and profit of AED 2.615 million during the year ended 31st December, 2012 (previous year : turnover of AED 28.637 million and profit of AED 2.086 million). Major focus was on manufacture and marketing of speciality air distribution products like MS & SS Ducts, accessories, etc., with better margin.

3. The Directors recommend dividend of AED 2.250 million for the year ended 31st December, 2012 (previous year : AED 0.600 million).

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

Directors : **M. M. Miyajiwala**
Abu Dhabi, 24th Febuary, 2013 **Gavin J. Appleby**

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER 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, 2012, 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 21.

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, 2012 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

24th February, 2013

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2012

	Notes	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
NON-CURRENT ASSETS					
Property, plant and equipment	6	**897282**	1319570	**13387**	19134
CURRENT ASSETS					
Inventories	7	**5005455**	7088043	**74681**	102777
Trade and other receivables	8	**16922377**	16196910	**252482**	234855
Cash and cash equivalents	10	**2304616**	623894	**34385**	9046
Other current financial assets	11	**2930385**	416545	**43722**	6040
		27162833	24325392	**405270**	352718
TOTAL ASSETS		**28060115**	25644962	**418657**	371852
SHAREHOLDER'S EQUITY FUNDS					
Share Capital	12	**1500000**	1500000	**22380**	21750
Retained Earnings		**21457167**	19441278	**320141**	281899
		22957167	20941278	**342521**	303649
NON-CURRENT LIABILITIES					
Provision for staff end-of-service gratuity	13	**766736**	1005757	**11440**	14583
CURRENT LIABILITIES					
Acceptances		**1192960**	1219079	**17799**	17677
Trade and other payables	14	**3143252**	2478848	**46897**	35943
		4336212	3697927	**64696**	53620
TOTAL LIABILITIES		**5102948**	4703684	**76136**	68203
TOTAL EQUITY AND LIABILITIES		**28060115**	25644962	**418657**	371852

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 = ₹ 14.920 being the exchange rate prevailing as on 31st December, 2012. Previous year figures have been converted @ 1 AED = ₹ 14.500 being the exchange rate prevailing as on 31st December, 2011.

Directors **M. M. Miyajiwala**
Shaukat Ali Mir
Abu Dhabi, 24th February, 2013 **Gavin J. Appleby**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	AED	2011 AED	₹ in '000s	2011 ₹ in '000s
Revenue		**29527131**	28637686	**434344**	382456
Cost of sales	17	**(23443081)**	(23955501)	**(344848)**	(319926)
Gross Profit		**6084050**	4682185	**89496**	62530
Other income	18	**591057**	704021	**8694**	9402
Distribution costs	19	**(683246)**	(790351)	**(10050)**	(10555)
Administrative expenses	20	**(3395963)**	(2600601)	**(49954)**	(34731)
Interest income	22	**19991**	90852	**294**	1214
Profit for the year		**2615889**	2086106	**38480**	27860
Other comprehensive income for the year		**—**	—	**—**	—
Total Comprehensive Income for the year		**2615889**	2086106	**38480**	27860

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 = ₹ 14.710 being the average of the exchange rates prevailing as on 31st December, 2011 (1 AED = ₹ 14.500) and as on 31st December, 2012 (1 AED = ₹ 14.920). Previous year figures have been converted @ 1 AED = ₹ 13.355 being the average of the exchange rates prevailing as on 31st December, 2010 (1 AED = ₹ 12.210) and as on 31st December, 2011 (1 AED = ₹ 14.500).

Directors **M. M. Miyajiwala**
Shaukat Ali Mir
Abu Dhabi, 24th February, 2013 **Gavin J. Appleby**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Share Capital		Retained Earnings		Total	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 31st December, 2010	1500000	18315	22605172	276009	24105172	294324
Total comprehensive income for the year	—	—	2086106	27860	2086106	27860
Dividends paid during the year	—	—	(5250000)	(64103)	(5250000)	(64103)
Balance at 31st December, 2011	1500000	21750	19441278	281899	20941278	303649
Total comprehensive income for the year	—	—	2615889	38480	2615889	38480
Dividends paid during the year	—	—	(600000)	(8700)	(600000)	(8700)
Balance at 31st December, 2012	**1500000**	**22380**	**21457167**	**320141**	**22957167**	**342521**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	**AED**	2011 AED	**₹ in '000s**	2011 ₹ in '000s
Cash flows from operating activities					
Profit for the year		**2615889**	2086106	**38480**	27860
Adjustments for:					
Depreciation of property, plant and equipment		**447018**	485518	**6576**	6484
Interest income		**(19991)**	(90852)	**(294)**	(1213)
(Profit) / loss on sale of property, plant and equipment		**(27359)**	—	**(402)**	—
Provision against slow moving inventories		**477680**	—	**7156**	—
Provision against doubtful debts		**682283**	73505	**10266**	1373
Decrease / (increase) in inventories		**1604908**	(405703)	**20939**	(21186)
Increase in trade and other receivables		**(1407750)**	(372538)	**(27893)**	(42115)
Increase / (decrease) in trade and other payables		**664404**	(3485313)	**10954**	(36880)
(Decrease) / increase in staff gratuity provision		**(239021)**	115836	**(3143)**	3717
Increase in other current financial assets		**(2513840)**	(1063)	**(37681)**	(967)
(Decrease) / increase in acceptances		**(26119)**	376962	**(122)**	7395
Net cash generated from / (used in) operating activities		**2258102**	(1217542)	**33217**	(16260)
Cash flows from investing activities					
Proceeds on disposal of property, plant and equipment		**32000**	—	**471**	—
Purchase of property, plant and equipment		**(29371)**	(276463)	**(438)**	(4009)
Interest received		**19991**	90852	**294**	1214
Net cash from / (used in) investing activities		**22620**	(185611)	**327**	(2795)
Cash flows from financing activities					
Dividends paid		**(600000)**	(5250000)	**(8700)**	(64103)
Net cash used in financing activities		**(600000)**	(5250000)	**(8700)**	(64103)
Net increase / (decrease) in cash and cash equivalents		**1680722**	(6653153)	**25339**	(79806)
Cash and cash equivalents at beginning of year		**623894**	7277047	**9046**	88853
Cash and cash equivalents at end of year	10	**2304616**	623894	**34385**	9046

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

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, U.A.E.

(b) The Company is engaged in manufacturing and trading of ducts and duct accessories. The activities are carried out in Jebel Ali, Dubai, U.A.E., 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 is Voltas Limited, India.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared 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, 2012 and the requirements of Isle of Man Companies Acts, 1931 to 2005.

(b) Basis of measurement

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

(c) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

In the opinion of the Management, there are no IFRSs or IFRIC interpretations that are effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on the financial statements.

New and revised IFRSs in issue but not yet effective

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.

- IFRS 9: Financial Instruments (1st January, 2015)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

- Presentation of items in Other Comprehensive Income: Amendments to IAS 1 (1st July, 2012)

  The amendments retain the option to present profit and loss and other comprehensive income in either a single statement or two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not be subsequently reclassified to profit or loss.

- Amendments to IAS 19: Employee benefits (1st July, 2013)

  These amendments eliminate the corridor approach and require the entity to recognize the changes in defined benefit plan obligations and plan assets when they occur.

- IFRS 13: Fair Value Measurement (1st January, 2013)

  IFRS 13 establishes a single framework for measuring the fair value and is applicable for both financial and non-financial items.

- Offsetting Financial Assets and Liabilities: Amendments to IAS 32 (1st January, 2014)

  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.

- Disclosures – Offsetting Financial Assets and Financial Liabilities: Amendments to IFRS 7 (1st January, 2013)

  The amendments to IFRS 7 require the entity to disclose information about the rights of offset and related arrangements for financial instruments.

- Annual improvements to IFRSs 2009-2011 cycle (1st January, 2013)

  – IAS 1: Presentation of Financial Statements: The improvements provide that the entity is required to present third statement of financial position only when the retrospective application, restatement or reclassification has material effect on the information in the third statement of financial position.

  – IAS 16: Property, Plant and Equipment: The improvements to IAS 16 provide that spare parts, standby equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

(d) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which 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 losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Factory buildings	10 years
Plant, machinery and equipment	6 to 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income / expenses' in profit or loss.

(b) 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.

(c) 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.

(d) Revenue from sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

(e) 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.

(f) 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.

(g) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

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 that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognized from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognized from discounting future cash payments over the short credit period is not considered to be material.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4. 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.

5. 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 5552112 (₹ 82837511) [previous year: AED 7157020 (₹ 103776790)] in order to assess the likely realization 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 from third parties (see Note 8) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

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

Staff end-of-service gratuity

The Company computes the provision for the liability to staff end-of-service gratuity stated at AED 766736 (₹ 11439701) [previous year: AED 1005757 (₹ 14583477)] 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.

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- 2011	901083	11002	4312755	52659	467452	5708	621462	7588	6302752	76957
Additions	15750	229	136783	1983	15730	228	108200	1569	276463	4009
As at 31-12-2011	916833	13294	4449538	64519	483182	7006	729662	10580	6579215	95399
Additions	—	—	16237	242	13134	196	—	—	29371	438
Disposals	—	—	—	—	(18308)	(273)	(108900)	(1625)	(127208)	(1898)
As at 31-12-2012	**916833**	**13679**	**4465775**	**66629**	**478008**	**7132**	**620762**	**9262**	**6481378**	**96702**
Accumulated depreciation										
As at 1-1-2011	878809	10730	3098303	37830	377108	4605	419907	5127	4774127	58292
Depreciation	22798	304	299031	3994	49317	659	114372	1527	485518	6484
As at 31-12-2011	901607	13074	3397334	49261	426425	6183	534279	7747	5259645	76265
Depreciation	1575	23	282702	4159	38286	563	124455	1831	447018	6576
Adjustment on disposals	—	—	—	—	(13667)	(204)	(108900)	(1625)	(122567)	(1829)
As at 31-12-2012	**903182**	**13475**	**3680036**	**54906**	**451044**	**6730**	**549834**	**8204**	**5584096**	**83315**
Carrying amount										
As at 1-1-2011	22274	272	1214452	14829	90344	1103	201555	2461	1528625	18665
As at 31-12-2011	15226	220	1052204	15258	56757	823	195383	2833	1319570	19134
As at 31-12-2012	**13651**	**204**	**785739**	**11723**	**26964**	**402**	**70928**	**1058**	**897282**	**13387**

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

7. INVENTORIES

		As at 31-12-2011		As at 31-12-2011
	AED	AED	**₹ in '000s**	₹ in '000s
Raw materials	**2906387**	4827979	**43363**	70006
Consumables	**2570320**	2329041	**38349**	33771
Work in progress	**75405**	—	**1125**	—
Less: Provision for slow moving inventories	**(546657)**	(68977)	**(8156)**	(1000)
	5005455	7088043	**74681**	102777

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

			As at 31-12-2011		As at 31-12-2011
		AED	AED	**₹ in '000s**	₹ in '000s
8.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**17551572**	15892232	**261869**	230437
	Less: Provision for doubtful accounts	**(889568)**	(207285)	**(13272)**	(3006)
		16662004	15684947	**248597**	227431
	Advances	**34075**	106413	**508**	1543
	Prepayments	**92168**	300161	**1375**	4352
	Other receivables	**8335**	5626	**125**	82
	Deposits	**125795**	99763	**1877**	1447
		16922377	16196910	**252482**	234855
	A reconciliation of the movements in the doubtful debt provision account is as follows:				
	Opening balance	**207285**	133780	**3006**	1633
	Provisions made during the year	**682283**	73505	**10180**	1066
	Closing balance	**889568**	207285	**13272**	3006
	An age analysis of trade receivables that are past due but not impaired is as follows:				
	6 months to 1 year	**3191171**	1018730	**47612**	14772
	Over 1 year	**2915511**	5531935	**43499**	80213
	An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:				
	Gross Value	**889568**	207285	**13272**	3006
	Provision	**(889568)**	(207285)	**(13272)**	(3006)
	Carrying value	**—**	—	**—**	—
	Trade receivables not past due and not impaired	**10555322**	9134282	**157485**	132447

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, branches of the parent company and companies under common ownership and/or common management control.

At the reporting date, significant balances with related parties were as follows:

		As at 31-12-2011		As at 31-12-2011
	AED	AED	**₹ in '000s**	₹ in '000s
Included in trade and other receivables	**9480110**	5563604	**141443**	80672
Included in trade and other payables	—	310710	—	4505

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

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

		As at 31-12-2011		As at 31-12-2011
	AED	AED	**₹ in '000s**	₹ in '000s
Sales	**13245473**	8393805	**194841**	112099
Purchases	**3639883**	329210	**53543**	4397
Expenses charged to a related party	**460404**	202544	**6773**	2705
Expenses re-charged by a related party	**490159**	4984	**7210**	67
Rental income on machinery	**21938**	87750	**323**	1172

	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
10. CASH AND CASH EQUIVALENTS				
Cash and cheques on hand	**11665**	18773	**174**	272
Bank balances in current accounts	**2292951**	605121	**34211**	8774
	2304616	623894	**34385**	9046

	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
11. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits	**2930385**	416545	**43722**	6040

	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
12. SHARE CAPITAL				
Authorised				
500000 shares of USD 1 each converted at USD 1 = AED 3.6725	**1836250**	1836250	**27397**	26626
Issued and paid up				
408441 shares of USD 1 each converted at USD 1 = AED 3.6725	**1500000**	1500000	**22380**	21750

	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
13. PROVISION FOR STAFF END-OF-SERVICE GRATUITY				
Opening balance	**1005757**	889921	**14583**	10866
Provision for the year	**173203**	169382	**2584**	2456
Paid during the year	**(412224)**	(53546)	**(6150)**	(776)
Closing balance	**766736**	1005757	**11440**	14583

	AED	As at 31-12-2011 AED	₹ in '000s	As at 31-12-2011 ₹ in '000s
14. TRADE AND OTHER PAYABLES				
Trade payables	**2321945**	1706218	**34643**	24740
Advance from customers	**25982**	22881	**388**	332
Accruals	**795325**	749749	**11866**	10871
	3143252	2478848	**46897**	35943

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

15. DIVIDENDS

Dividends paid and approved by the shareholders during the year of AED 600000 (₹ 8700000) [previous year: AED 5250000 (₹ 64102500)] represent a dividend per share of AED 1.47 (₹ 21.30) [previous year: AED 12.86 (₹ 156.94)].

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

16. 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 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.

The Company is not subject to any externally imposed capital requirements.

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

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
17. COST OF SALES				
Materials consumed and sub-contract costs	**14948736**	17342985	**219896**	231616
Purchase of finished goods	**4630290**	2021981	**68112**	27004
Wages and benefits	**2638162**	2941725	**38807**	39287
Staff end-of-service gratuity	**86331**	110557	**1270**	1476
Depreciation (Note 21)	**338664**	381162	**4982**	5090
Operating lease expenses	**63151**	63237	**929**	845
Other direct costs	**737747**	1093854	**10852**	14608
	23443081	23955501	**344848**	319926

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
18. OTHER INCOME				
Scrap sales	**376035**	393488	**5531**	5255
Profit on sale of property, plant and equipment	**27359**	—	**402**	—
Provisions no longer required written back	**156375**	206315	**2300**	2755
Net exchange gain	**8135**	14210	**120**	190
Rental income on machinery	**21938**	87750	**323**	1172
Miscellaneous income	**1215**	2258	**18**	30
	591057	704021	**8694**	9402

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
19. DISTRIBUTION COSTS				
Staff salaries and benefits	**152179**	166275	**2239**	2221
Staff end-of-service gratuity	**6990**	7507	**103**	100
Depreciation (Note 21)	**70067**	55039	**1031**	735
Other distribution costs	**454010**	561530	**6677**	7499
	683246	790351	**10050**	10555

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
20. ADMINISTRATIVE EXPENSES				
Staff salaries, benefits and rent	**1482195**	1653271	**21803**	22079
Staff end-of-service gratuity	**67312**	51318	**990**	685
Operating lease expenses	**90256**	88245	**1328**	1179
Depreciation (Note 21)	**38287**	49317	**563**	659
Inventory provision	**477680**	—	**7027**	—
Provision for doubtful accounts	**682283**	73505	**10036**	982
Other expenses	**557950**	684945	**8207**	9147
	3395963	2600601	**49954**	34731

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
21. DEPRECIATION				
Disclosed under cost of sales (Note 17)	**338664**	381162	**4982**	5090
Disclosed under distribution costs (Note 19)	**70067**	55039	**1031**	735
Disclosed under administrative expenses (Note 20)	**38287**	49317	**563**	659
	447018	485518	**6576**	6484

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
22. INTEREST INCOME				
On bank deposits	**19991**	90852	**294**	1214

23. 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			
		2011		2011		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**16809712**	15874533	**250801**	230181	—	—	—	—
Cash and cash equivalents	**2304616**	623894	**34385**	9046	—	—	—	—
Other current financial assets	**2930385**	416545	**43721**	6040	—	—	—	—
Acceptances	—	—	—	—	**1192960**	1219079	**17799**	17677
Trade and other payables	**—**	—	**—**	—	**2855682**	2126671	**42607**	30837
	22044713	16914972	**328907**	245267	**4048642**	3345750	**60406**	48514

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 currency risks, cash flow interest rate risks 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-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by high credit quality financial institutions.

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.

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

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

Exposures to the aforementioned risks are detailed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

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.

At the reporting date, 42% of trade receivables was due from two customers (previous year: 28% due from two customers).

At the reporting date, there is no significant concentration of credit risk from any industry as the Company's customers are from diverse industries.

Currency risk

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

Interest rate risk

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

Reasonably possible changes to interest rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Fair values

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

24. OPERATING LEASE COMMITMENTS

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

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
Not later than one year	**61900**	61900	**911**	827
Between one and five years	**247600**	247600	**3642**	3307
Later than five years	**304342**	366242	**4477**	4891

25. CONTINGENT LIABILITIES

		2011		2011
	AED	AED	**₹ in '000s**	₹ in '000s
Bankers' letters of guarantee	**769124**	427475	**11314**	5709
Unutilized balances of commercial letter of credit	**375911**	—	**5530**	—

26. TAXATION

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

Directors **M. M. Miyajiwala**
Shaukat Ali Mir
Gavin J. Appleby

Abu Dhabi, 24th February, 2013

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

Director :
Mohammad Hanif Patvi

Supervisory Board :
P. N. Dhume
M. M. Miyajiwala
Gavin J. Appleby
B. G. Prabhuajgaonkar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2012.

2. The Company has reported Operating profit of SR 0.243 million for the year ended 31st December, 2012. Revenue was higher at SR 14.895 million for the year ended 31st December, 2012, as compared to SR 4.218 million in the previous year primarily on account of healthy order book position. Continued support from Voltas Limited, the holding company helped the Company to garner profitable projects across Kingdom of Saudi Arabia and avail credit facilities from the bank.

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

Mohammad Hanif Patvi

Jeddah, 16th March, 2013 *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, 2012, and the related statements of income, shareholders' equity and cash flows for the year then ended, and Notes 1 to 19 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 statements 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, 2012, 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, 2012 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 Matter

Without further 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.

Waleed Bin Moha'd. Sobahi
Jeddah, 16th March, 2013 License No. 378

BALANCE SHEET AS AT 31ST DECEMBER, 2012

	Notes	SR	As at 31-12-2011 SR	₹ in '000s	As at 31-12-2011 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	3	**1175926**	129826	**17180**	1843
Accounts receivable		**894677**	5277220	**13071**	74936
Due from a related party	9	**99731**	—	**1457**	—
Contract retentions		**1990245**	1142239	**29078**	16220
Advances, prepayments and deposits		**134128**	56957	**1960**	809
Unbilled revenue		**4901292**	1504281	**71608**	21361
Total current assets		**9195999**	8110523	**134354**	115169
NON-CURRENT ASSETS					
Property and equipment	4	**81481**	80764	**1190**	1147
TOTAL ASSETS		**9277480**	8191287	**135544**	116316
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable, accrued and other liabilities	5	**6279956**	5462218	**91750**	77563
Contract advances		**737476**	1034563	**10775**	14691
Retentions payable		**229222**	229222	**3349**	3255
Total current liabilities		**7246654**	6726003	**105874**	95509
NON-CURRENT LIABILITIES					
End-of-service indemnities	6	**1867311**	1544653	**27281**	21934
SHAREHOLDERS' EQUITY/(DEFICIT)					
Share Capital	1	**2600000**	2600000	**37986**	36920
Statutory Reserve	7	**959649**	959649	**14020**	13627
Accumulated Losses	1	**(26947001)**	(27189885)	**(393696)**	(386096)
Additional paid-in capital/Subordinated loan for losses	14	**23550867**	23550867	**344079**	334422
Total shareholders' equity/(deficit)		**163515**	(79369)	**2389**	(1127)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9277480**	8191287	**135544**	116316

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) = ₹ 14.61 being the exchange rate prevailing as on 31st December, 2012. Previous year figures have been converted @ 1 SR = ₹ 14.20 being the exchange rate prevailing as on 31st December, 2011.

Jeddah, 16th March, 2013 *Director* **Mohammad Hanif Patvi**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes		2011		2011
		SR	SR	**₹ in '000s**	₹ in '000s
Contract Revenues	13	**14895746**	4217852	**214648**	55170
Contract Costs	10	**(11577909)**	(3714470)	**(166838)**	(48585)
Gross Profit		**3317837**	503382	**47810**	6585
General and administrative expenses	11	**(3107838)**	(2270636)	**(44784)**	(29700)
Operating Profit/(Loss)		**209999**	(1767254)	**3026**	(23115)
Finance charges		**(39488)**	(120530)	**(569)**	(1577)
Other income	12	**146923**	210059	**2117**	2748
Net Income/(Loss) before Income tax		**317434**	(1677725)	**4574**	(21944)
Income tax	8	**(74550)**	(446488)	**(1074)**	(5840)
NET INCOME/(LOSS)		**242884**	(2124213)	**3500**	(27784)

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

Note: The Statement of Income have been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 14.41 being the average of the exchange rates prevailing as on 31st December, 2011 (1 SR = ₹ 14.20) and as on 31st December, 2012 (1 SR = ₹ 14.61). Previous year figures have been converted into Indian Rupees @ 1 SR = ₹ 13.08 being the average of the exchange rates prevailing as on 31st December, 2010 (1 SR = ₹ 11.96) and as on 31st December, 2011 (1 SR = ₹ 14.20).

Jeddah, 16th March, 2013 *Director* **Mohammad Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

		Share Capital		**Statutory Reserve**		**Accumulated Losses**		**Subordinated loan for losses / additional paid-in capital**		**Total**	
	Notes	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
1st January, 2011		2600000	31096	959649	11477	(25065672)	(299785)	23550867	281668	2044844	24456
Net Loss for 2011		—	—	—	—	(2124213)	(27784)	—	—	(2124213)	(27784)
Income Tax	8	—	—	—	—	—	—	—	—	—	—
31st December, 2011		2600000	36920	959649	13627	(27189885)	(386096)	23550867	334422	(79369)	(1127)
Net Income for 2012		—	—	—	—	242884	3500	—	—	242884	3500
Income Tax	8	—	—	—	—	—	—	—	—	—	—
31st December, 2012		**2600000**	**37986**	**959649**	**14020**	**(26947001)**	**(393696)**	**23550867**	**344079**	**163515**	**2389**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net income/(loss) before income tax	**317434**	(1677725)	**4574**	(21944)
Adjustments for:				
Depreciation	**23933**	27484	**345**	360
Gain on sale of property and equipment	**(117000)**	(28500)	**(1686)**	(373)
Discount from suppliers on final settlement	—	(11913)	—	(156)
End-of-service indemnities	**375294**	127522	**5408**	1668
Finance charges	**39488**	120530	**569**	1577
Changes in operating assets and liabilities:				
Accounts receivable	**4382543**	165827	**61865**	(9838)
Due from a related party	**(99731)**	—	**(1457)**	—
Contract retentions	**(848006)**	(69909)	**(12858)**	(3395)
Advances, prepayments and deposits	**(77171)**	77977	**(1151)**	805
Unbilled revenue	**(3397011)**	(1289307)	**(50247)**	(18789)
Accounts payables, accrued and other liabilities	**743188**	727082	**13803**	19619
Contract advances	**(297087)**	968238	**(3822)**	13898
Retentions payable	—	(39264)	—	44
Cash from/(used in) operations	**1045874**	(901958)	**15280**	(12808)
Finance charges paid	**(39488)**	(120530)	**(569)**	(1577)
End-of-service indemnities paid	**(52636)**	(111297)	**(758)**	(1456)
Net cash from/(used in) operating activities	**953750**	(1133785)	**13934**	(16100)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(24650)**	(6290)	**(360)**	(89)
Proceeds from sale of property and equipment	**117000**	28500	**1686**	373
Net cash from investing activities	**92350**	22210	**1349**	315
Net change in cash and bank balances	**1046100**	(1111575)	**15337**	(13003)
Cash and bank balances, 1st January	**129826**	1241401	**1844**	14847
Cash and bank balances, 31st December	**1175926**	129826	**17180**	1844

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

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. In 2003, 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 ("U.A.E.") and 61% by Voltas Limited, a company registered in India. During 2011, Metrovol FZE was liquidated in U.A.E. and Voltas Limited had initiated the legal process in the Kingdom of Saudi Arabia to transfer the shareholding held by Metrovol FZE to Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands.

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 (21st August, 1985).

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, 2012, 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 15th March, 2013 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 straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

Machinery	15%
Furniture and fixtures	20%
Office equipment	15%
Vehicles	20%
Porta cabins	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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

(f) End-of-service indemnities

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

(g) 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 bank balances, accounts receivable, due from a related party, unbilled revenue, contract retentions and other receivables, 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, retentions payable and other payables, and are initially measured at their fair values and thereafter stated at their cost.

3. CASH AND BANK BALANCES

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**1175926**	129826	**17180**	1843

4. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
Cost:	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Machinery	502880	7141	23300	340	—	—	**526180**	**7687**
Furniture and fixtures	372614	5291	—	—	—	—	**372614**	**5444**
Office equipment	868166	12328	1350	20	—	—	**869516**	**12704**
Vehicles	710873	10094	—	—	(371244)	(5424)	**339629**	**4962**
Porta cabins	55630	790	—	—	—	—	**55630**	**813**
Total Cost	2510163	35644	24650	360	(371244)	(5424)	**2163569**	**31610**
Depreciation:								
Machinery	502880	7141	938	14	—	—	**503818**	**7361**
Furniture and fixtures	372614	5291	—	—	—	—	**372614**	**5444**
Office equipment	790908	11231	21795	314	—	—	**812703**	**11874**
Vehicles	710873	10094	—	—	(371244)	(5424)	**339629**	**4962**
Porta cabins	52124	740	1200	17	—	—	**53324**	**779**
Total Depreciation	2429399	34497	23933	345	(371244)	(5424)	**2082088**	**30420**
Net Book Value at 1st January	80764	1147						
Net Book Value at 31st December							**81481**	**1190**

5. ACCOUNTS PAYABLE, ACCURED AND OTHER LIABILITIES

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts payable	**2834792**	2673299	**41416**	37961
Accrued Liabilities	**1305665**	829155	**19076**	11774
Due to related parties (Note 9)	**1618461**	1513276	**23646**	21488
Provision for income tax (Note 8)	**521038**	446488	**7612**	6340
	6279956	5462218	**91750**	77563

6. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**1544653**	1528428	**21934**	18280
Provision for the year	**375294**	127522	**5408**	1668
Payments during the year	**(52636)**	(111297)	**(758)**	(1456)
31st December	**1867311**	1544653	**27281**	21934

7. 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.

8. ZAKAT AND INCOME TAX

The Company had taxable losses from 2008 to 2011, therefore no provisions for income tax were made for the said years. However, during the current year, the Company made a taxable profit, which is subject to income tax.

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**446488**	—	**6340**	—
Provision for the year	**74550**	446488	**1074**	5840
Under provision prior years	**—**	45717	—	598
Payments during the year	**—**	(45717)	**—**	(598)
31st December	**521038**	446488	**7612**	6340

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 0.04 million (₹ 5.70 lakhs) and filed an objection against the balance amount. During 2011, the objection was rejected by the DZIT, therefore, the Company made a provision for the remaining amount of SR 0.45 million (₹ 58.40 lakhs), which is still outstanding as of 31st December, 2012.

Outstanding assessments:

The tax returns for the years 2008, 2009, 2010 and 2011 are under review by the DZIT.

9. RELATED PARTY TRANSACTIONS

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

Names	**Relationship**
Voltas Limited	Shareholder
Voltas Netherlands B.V.	Shareholder
Weathermaker Limited	Affiliate
Universal Weathermaker Factory L.L.C.	Affiliate
Olayan Voltas Contracting Company Limited	Affiliate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

9. RELATED PARTY TRANSACTIONS (contd.)

During the current year, the Company purchased ducting materials amounting to SR 1.2 million (₹ 172.92 lakhs) [2011 : SR 1 million (₹ 130.80 lakhs)] from one of the affiliates.

Due from a related party as of 31st December, 2012 represents amount receivable from Olayan Voltas Contracting Company Limited.

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

	SR	2011 SR	₹ in '000s	2011 ₹ in '000s
Voltas Limited	**232915**	315035	**3403**	4473
Weathermaker Limited	**25547**	91365	**373**	1298
Voltas Netherlands B.V.	**54466**	54466	**796**	773
Universal Weathermaker Factory L.L.C.	**1305533**	1052410	**19074**	14944
	1618461	1513276	**23646**	21488

10. CONTRACT COSTS

	SR	2011 SR	₹ in '000s	2011 ₹ in '000s
Material cost	**9247719**	3220076	**133260**	42119
Sub-contractor cost	**694985**	116068	**10015**	1518
Salaries and benefits	**1603175**	359266	**23102**	4699
Other expenses	**32030**	19060	**461**	249
	11577909	3714470	**166838**	48585

11. GENERAL AND ADMINISTRATIVE EXPENSES

	SR	2011 SR	₹ in '000s	2011 ₹ in '000s
Salaries and benefits	**1333777**	1219759	**19220**	15955
Rent (Note 16)	**385294**	445876	**5552**	5832
Vehicle expenses	**48460**	116311	**698**	1521
Communication, travel and insurance	**143445**	82568	**2067**	1080
Office expenses	**54706**	175665	**788**	2298
Depreciation	**23933**	27484	**345**	359
Other expenses	**1118223**	202973	**16114**	2655
	3107838	2270636	**44784**	29700

12. OTHER INCOME

	SR	2011 SR	₹ in '000s	2011 ₹ in '000s
Gain on sale of Property and equipment	**117000**	28500	**1686**	373
Receipts against bad debts written off	**30000**	97259	**432**	1272
Long outstanding liabilities written back	**403**	68117	**6**	891
Discount from suppliers on final settlement	—	11913	—	156
Scrap sales	**500**	—	**7**	—
Others	**(980)**	4270	**(14)**	56
	146923	210059	**2117**	2748

13. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue from three customers (2011 : three) amounted to approximately SR 13.75 million (₹ 1981.38 lakhs) [2011 : SR 3.99 million (₹ 521.89 lakhs)], which represents approximately 92% (2011 : 95%) of the total contract revenue.

14. ADDITIONAL PAID-IN CAPITAL / SUBORDINATED LOAN FOR LOSSES

During 2006, the shareholders resolved to provide an interest free loan to the Company amounting to SR 3.25 million (₹ 474.83 lakhs) as a subordinated loan for losses as the accumulated losses exceeded one-half of the Company's share capital. During the years 2007, 2008 and 2009, the shareholders provided additional amounts of SR 0.25 million (₹ 36.53 lakhs), SR 9 million (₹ 1314.90 lakhs) and SR 8.50 million (₹ 1241.85 lakhs), respectively.

Further, during 2009, an amount of SR 1.74 million (₹ 254.21 lakhs) was transferred from short-term debts to subordinated loan and the shareholders waived a balance of SR 0.81 million (₹ 118.34 lakhs) due to them. The subordinated loan is not repayable until the accumulated losses are recovered from future profits.

The Shareholders resolved to consider this balance as additional paid-in capital.

15. 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.

16. OPERATING LEASE ARRANGEMENTS

		2011		2011
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**385294**	445876	**5552**	5832

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

17. CONTINGENCIES

As of 31st December, 2012, the Company has outstanding letters of credit amounting to SR 1.70 million (₹ 246.93 lakhs) [2011: SR 1 million (₹ 141.87 lakhs)] and bank guarantees amounting to SR 0.45 million (₹ 66.19 lakhs) [2011: SR 0.65 million (₹ 92.58 lakhs)], which were issued in the normal course of business operation.

18. FAIR VALUES

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

19. COMPARATIVES FIGURES

Certain figures for 2011 have been reclassified to conform with the presentation in current year.

Jeddah, 16th March, 2013 Director **Mohammad Hanif Patvi**

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

Directors :

P. N. Dhume *(Chairman)*
Issa Lalbuksh Al Raisi
M.M. Miyajiwala
Gavin J. Appleby

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and Accounts for the year ended 31st December, 2012.

2. The Company recorded higher turnover of Omani Rial (RO) 3.577 million for the year ended 31st December, 2012, as compared to RO 3.359 million in the previous year. However, on account of high costs of execution as well as new orders booked at low margins due to stiff competition, net profit was lower at RO 0.021 million for the year under review as compared to RO 0.278 million in the previous year.

3. With the local Government announcing budget spending on various infrastructural projects and carry forward order book of RO 3.911 million, the Company expects to achieve better performance during 2013.

4. The Directors do not recommend any dividend for the year ended 31st December, 2012 (previous year : RO 0.750 million).

5. M/s. PKF L.L.C., Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Muscat, 28th January, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS 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, 2012, 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 2 to 20.

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, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF L.L.C.
Chartered Accountants
Sultanate Of Oman

Muscat, 5th March, 2013

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2012

	Notes	RO	As at 31-12-2011 RO	₹ in '000s	As at 31-12-2011 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**205868**	236663	**29274**	32707
Other financial assets	9	**373000**	265837	**53041**	36739
		578868	502500	**82315**	69446
CURRENT ASSETS					
Inventories	4	**141328**	123729	**20097**	17099
Contract and other receivables	5	**3061715**	2915282	**435376**	402892
Amounts due from customers for contract work	6	**302344**	41472	**42993**	5731
Cash and cash equivalents	8	**6594**	207924	**938**	28735
Other current financial assets	9	**150924**	993910	**21461**	137358
		3662905	4282317	**520865**	591815
TOTAL ASSETS		**4241773**	4784817	**603180**	661261
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share Capital	10	**250000**	250000	**35550**	34550
Legal Reserve		**83334**	83334	**11850**	11516
General Reserve		**750000**	750000	**106650**	103650
Accumulated Profits		**893273**	1622306	**127023**	224203
Equity Funds		**1976607**	2705640	**281073**	373919
NON-CURRENT LIABILITIES					
Staff end-of-service gratuity		**234358**	221330	**33326**	30588
CURRENT LIABILITIES					
Bank borrowings	7	**17991**	—	**2558**	—
Trade and other payables	11	**1463978**	1178906	**208178**	162925
Amounts due to customers for contract work	6	**42233**	172335	**6006**	23817
Provision for tax		**506606**	506606	**72039**	70012
		2030808	1857847	**288781**	256754
TOTAL EQUITY AND LIABILITIES		**4241773**	4784817	**603180**	661261

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 Rial (RO) = ₹ 142.20 being the exchange rate prevailing as on 31st December, 2012. Previous year figures have been converted @ 1 RO = ₹ 138.20 being the exchange rate prevailing as on 31st December, 2011.

Directors **P. N. Dhume**
Issa Lalbuksh Al Raisi
Muscat, 28th January, 2013 **M. M. Miyajiwala**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	RO	As at 31-12-2011 RO	₹ in '000s	As at 31-12-2011 ₹ in '000s
REVENUE		**3577119**	3359379	**501512**	427632
Cost of works executed	12	**(3132400)**	(2624007)	**(439162)**	(334023)
GROSS PROFIT		**444719**	735372	**62350**	93609
Other operating income	13	**31785**	19191	**4456**	2443
Staff costs		**(127950)**	(131563)	**(17939)**	(16747)
Director's remuneration		**(9285)**	(8700)	**(1302)**	(1107)
Depreciation		**(104317)**	(102364)	**(14625)**	(13030)
Other operating expenses	14	**(216146)**	(214125)	**(30304)**	(27257)
PROFIT FROM OPERATING ACTIVITIES		**18806**	297811	**2636**	37911
Interest income		**11309**	14789	**1586**	1883
Finance costs	15	**(9148)**	(6276)	**(1283)**	(799)
NET PROFIT BEFORE TAX		**20967**	306324	**2939**	38995
Income tax expense for current year		**—**	(27621)	**—**	(3516)
Income tax expense for earlier years		**—**	(346)	**—**	(44)
NET PROFIT AFTER TAX		**20967**	278357	**2939**	35435
Other comprehensive income for the year		**—**	—	**—**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**20967**	278357	**2939**	35435

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 Rial (RO) = ₹ 140.200 being the average of the exchange rates prevailing as on 31st December, 2011 (1 RO = ₹ 138.200) and as on 31st December, 2012 (1 RO = ₹ 142.200). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 127.295 being the average of the exchange rates prevailing as on 31st December, 2010 (1 RO = ₹116.390) and as on 31st December, 2011 (1 RO = ₹ 138.200).

Directors **P. N. Dhume**
Issa Lalbuksh Al Raisi
Muscat, 28th January, 2013 **M. M. Miyajiwala**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

	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 31st December, 2010	150000	17458	50000	5820	850000	98932	2896033	337069	3946033	459279
Total comprehensive income for the year	—	—	—	—	—	—	278357	35435	278357	35435
Issue of Share Capital	100000	13820	—	—	(100000)	(13820)	—	—	—	—
Transfer to Legal Reserve	—	—	33334	4607	—	—	(33334)	(4607)	—	—
Dividends paid	—	—	—	—	—	—	(1518750)	(193269)	(1518750)	(193269)
As at 31st December, 2011	250000	34550	83334	11516	750000	103650	1622306	224203	2705640	373919
Total comprehensive income for the year	—	—	—	—	—	—	20967	2939	20967	2939
Dividends paid	—	—	—	—	—	—	(750000)	(105150)	(750000)	(105150)
As at 31st December, 2012	**250000**	**35550**	**83334**	**11850**	**750000**	**106650**	**893273**	**127023**	**1976607**	**281073**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

		As at 31-12-2011		As at 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**20967**	306324	**2940**	38995
Adjustments for:				
Depreciation	**104317**	102364	**14625**	13030
Profit on disposal of property, plant and equipment	**(8017)**	(5333)	**(1124)**	(679)
Interest income	**(11309)**	(14789)	**(1586)**	(1883)
Finance costs	**9148**	6276	**1283**	799
Operating profit before changes in operating assets and liabilities	**115106**	394842	**16138**	50262
(Increase)/decrease in contract and other receivables	**(50949)**	417783	**(17262)**	(5995)
Increase in amounts due from/to customers for contract work (net)	**(390974)**	(25556)	**(55073)**	(120)
Increase in inventories	**(17599)**	(48200)	**(2997)**	(8309)
Increase in trade and other payables	**285072**	180405	**42353**	46709
Increase/(decrease) in staff end-of-service gratuity	**13028**	(13913)	**2738**	3208
Change in related parties' balances	**—**	9438	**—**	1106
Cash (used in)/generated from operating activities	**(46316)**	914799	**(6586)**	126425
Finance costs paid	**(9148)**	(6276)	**(1283)**	(799)
Taxes paid	**(95484)**	(190)	**(12155)**	(22)
Net cash (used in)/generated from operating activities (A)	**(150948)**	908333	**(21465)**	125532
Cash flows from investing activities				
Interest received	**11309**	14789	**1586**	1883
Decrease in time deposit	**735823**	413643	**99595**	20669
Purchase of property, plant and equipment	**(73676)**	(103760)	**(10329)**	(13208)
Proceeds from disposal of property, plant and equipment	**8171**	6046	**1146**	770
Net cash from investing activities (B)	**681627**	330718	**96927**	45705
Cash flows from financing activities				
Interest on bank overdraft	**17991**	—	**2558**	—
Dividends paid	**(750000)**	(1518750)	**(105150)**	(193329)
Net cash used in financing activities (C)	**(732009)**	(1518750)	**(104092)**	(209891)
Net decrease in cash and cash equivalents (A+B+C)	**(201330)**	(279699)	**(27797)**	(28019)
Cash and cash equivalents at beginning of year	**207924**	487623	**28735**	56754
Cash and cash equivalents at end of year	**6594**	207924	**938**	28735

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

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 ultimate parent company is Voltas Limited, India.

(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 year, 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 % - 33.33%
Furniture and fixtures and equipment	15.00% - 33.33%
Vehicles	33.33%

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.

(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 recognized 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 tax on profits earned by the Company during the current year has not been made in the financial statements as the net profits are below the tax free statutory allowance of RO 30000/- (₹ 4206000). Additional tax liability that may arise in future on completion of pending income tax assessments for the tax years 2008 to 2012 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 50324 (₹ 7156073) [previous year: RO 40506 (₹ 5597929)].

(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 not to transfer to further legal reserve as legal reserve has reached 1/3 of the 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 year end. Losses on contracts are fully recognized when identified. 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 year-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 recognized as an expense in the year in which they are incurred.

(n) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year end date. All differences are taken to 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 customers for contract work, bank fixed deposits.
- 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-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 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 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

(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 recognized 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 recognized 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

(i) 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:

- Amendments to IFRS 7 : Disclosures – Transfers of Financial Assets.

(ii) 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:

- IFRS 9 : Financial Instruments (1st January, 2015)
- Presentation of Items in Other Comprehensive Income – Amendments to IAS 1 (1st July, 2012)
- Amendments to IAS 19 – Employee benefits (1st July, 2013)
- IFRS 13 : Fair Value Measurement (1st January, 2013)
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (1st January, 2013)
- Annual improvements to IFRSs 2009-2011 cycle (1st January, 2013)
  - IAS 1 : Presentation of Financial Statements
  - IAS 16 : Property, Plant and Equipment
  - IAS 32 : Financial Instruments – Presentation

3. PROPERTY, PLANT AND EQUIPMENT

	Porta Cabins		Capital Equipment and Accessories		Furniture, Fixture and Equipment		Vehicles		Total	
Cost	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 1st January, 2012	26237	3626	1227072	169581	105209	14540	588519	81333	1947037	269080
Additions	5000	701	35195	4934	5831	818	27650	3876	73676	10329
Disposals	—	—	(29796)	(4177)	(30846)	(4325)	(21071)	(2954)	(81713)	(11456)
As at 31st December, 2012	**31237**	**4442**	**1232471**	**175257**	**80194**	**11404**	**595098**	**84623**	**1939000**	**275726**
Accumulated depreciation										
As at 1st January, 2012	22304	3082	1111478	153606	73327	10134	503265	69551	1710374	236373
Depreciation for the year	1230	172	48308	6773	11755	1648	43024	6032	104317	14625
Adjustment relating to disposals	—	—	(29767)	(4173)	(30725)	(4308)	(21067)	(2954)	(81559)	(11435)
As at 31st December, 2012	**23534**	**3347**	**1130019**	**160689**	**54357**	**7730**	**525222**	**74687**	**1733132**	**246453**
Net book value										
As at 31st December, 2011	3933	544	115594	15975	31882	4406	85254	11782	236663	32707
As at 31st December, 2012	**7703**	**1095**	**102452**	**14569**	**25837**	**3674**	**69876**	**9936**	**205868**	**29274**

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

4. INVENTORIES

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
Materials	**220328**	196729	**31331**	27188
Provision for slow moving inventories	**(79000)**	(73000)	**(11234)**	(10089)
	141328	123729	**20097**	17099

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

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
Opening balance	**73000**	73000	**10381**	10089
Provision made	**6000**	—	**853**	—
Closing balance	**79000**	73000	**11234**	10089

5. CONTRACT AND OTHER RECEIVABLES

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
Contract receivables	**2621476**	2544783	**372774**	351689
Retentions	**239711**	291227	**34087**	40248
	2861187	2836010	**406861**	391937
Provision for doubtful debts	**(338170)**	(355734)	**(48088)**	(49162)
	2523017	2480276	**358773**	342775
Advances to staff	**17312**	14062	**2462**	1943
Prepaid expenses	**700**	2800	**100**	387
Advance tax	**506392**	410908	**72009**	56787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

		As at 31-12-2011		As at 31-12-2011
5. CONTRACT AND OTHER RECEIVABLES (contd.)	**RO**	RO	**₹ in '000s**	₹ in '000s
Deposits	**3518**	3344	**500**	462
Interest accrued on bank fixed deposits	**10813**	4123	**1538**	570
Other receivables	**363**	169	**51**	23
	3062115	2915682	**435433**	402947
Provision for doubtful receivables	**(400)**	(400)	**(57)**	(55)
	3061715	2915282	**435376**	402892

Other receivables are amount due from related parties.

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

		As at 31-12-2011		As at 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**355734**	355734	**49162**	41404
Provision written off against debtors	**(17564)**	—	(2462)	—
Closing balance	**338170**	355734	**48088**	49162

There is no movement in provision for doubtful receivables account during the year.

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

		As at 31-12-2011		As at 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**104603**	258061	**14875**	35664
Over 1 year	**653268**	646268	**92895**	89314
	757871	904329	**107770**	124978

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

		As at 31-12-2011		As at 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**338170**	355734	**48088**	49162
Provision	**338170**	355734	**48088**	49162
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**1765146**	1575947	**251004**	217796

		As at 31-12-2011		As at 31-12-2011
6. CONTRACTS IN PROGRESS	**RO**	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**2790752**	1298975	**396845**	179518
Progress billings	**2530641**	1429838	**359857**	197604
Retentions receivable	**80977**	50798	**11515**	7020
Advances received	**128860**	119961	**18324**	16579

			As at 31-12-2011		As at 31-12-2011
7.	**BANK BORROWING**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Bank overdraft	**17991**	—	**2558**	—

			As at 31-12-2011		As at 31-12-2011
8.	**CASH AND CASH EQUIVALENTS**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Bank balances:				
	Current accounts	**1794**	205921	**255**	28458
	Smart card balances	**3244**	1954	**461**	270
		5038	207875	**716**	28728
	Cash on hand	**1556**	49	**221**	7
		6594	207924	**938**	28735

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

(a) Lien on fixed deposits of RO 373000 (₹ 53040600) with the bank.

(b) Personal guarantees of RO 1000000 (₹ 142200000) from the Legal heirs of Late Lalbuksh Essa Al Raisi (signed by power of attorney holder, Mr. Issa Lalbuksh Essa Al Raisi)

			As at 31-12-2011		As at 31-12-2011
9.	**OTHER CURRENT FINANCIAL ASSETS**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Fixed deposits with banks	**523924**	1259747	**74502**	174097
	Less : Current Portion	**(150924)**	(993910)	**(21461)**	(137358)
		373000	265837	**53041**	36739

Fixed deposits of RO 373000 (₹ 53040600) [previous year : RO 373000 (₹ 51548600)] are pledged with banks as security against credit facilities.

10. SHARE CAPITAL

The share capital comprises 250000 shares (previous year : 250000 shares) of face value RO 1/- each, fully paid.

			As at 31-12-2011		As at 31-12-2011
11.	**TRADE AND OTHER PAYABLES**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Trade payables	**846922**	509278	**120432**	70382
	Accruals	**474881**	530130	**67528**	73264
	Other payables	**526**	526	**75**	73
	Advance from customers	**141649**	138972	**20142**	19206
		1463978	1178906	**208178**	162925

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

			2011		2011
12.	**COST OF WORKS EXECUTED**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Materials consumed	**1377859**	1023851	**193176**	130331
	Labour expenses	**911347**	886201	**127771**	112809
	Sub contract expenses	**354719**	260654	**49732**	33180
	Other direct expenses	**488475**	453301	**68484**	57703
		3132400	2624007	**439162**	334023

			2011		2011
13.	**OTHER OPERATING INCOME**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Credit balance written back	**23210**	—	**3254**	—
	Profit on disposal of property, plant and equipment	**8017**	5333	**1124**	679
	Miscellaneous income	**558**	13858	**78**	1764
		31785	19191	**4456**	2443

			2011		2011
14.	**OTHER OPERATING EXPENSES**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Rent	**68640**	68240	**9623**	8687
	Repairs and maintenance	**9371**	16675	**1314**	2123
	Insurance	**39520**	25957	**5541**	3304
	Electricity and water charges	**21388**	21923	**2999**	2790
	Telephones, fax and postage	**17735**	17463	**2486**	2223
	Travelling and conveyance	**15767**	14662	**2211**	1866
	Vehicle expenses	**2042**	3283	**286**	418
	Advertisement and business promotion expenses	**8130**	10740	**1140**	1367
	Printing and stationery	**5134**	6047	**720**	770
	Visa expenses	**4282**	3085	**600**	393
	Miscellaneous expenses	**24137**	26050	**3384**	3316
		216146	214125	**30304**	27257

			2011		2011
15.	**FINANCE COSTS**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Bank charges	**9148**	6276	**1283**	799

16. DIVIDENDS

Dividend paid of RO 750000 (₹ 105150000) [previous year: RO 1518750 (₹ 193329281)] represents a dividend per share of RO 3/- (₹ 420.60) [previous year: RO 6.075 (₹ 773.32)].

17. 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:

	Directors	**Other related parties**	**2012 Total**	2011 Total	**2012 Total**	2011 Total
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**41700**	**24000**	**65700**	61590	**9211**	7840
Director's remuneration	**9285**	**—**	**9285**	8700	**1302**	1107

The Company also provides funds to and receives funds from related parties as and when required as working capital facilities.

18. TAXATION

(a) The accounting net profit for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the taxable profit for the year. Taxation has been provided at the applicable rate of 12% (previous year: 12%) after the basic exemption in accordance with Income Tax Law in Sultanate of Oman. Taxation for the tax years 2008 to 2011 are subject to agreement with the taxation authorities.

(b) The income tax expense as per the statement of comprehensive income comprises:

		2011		2011
	RO	RO	**₹ in '000s**	₹ in '000s
Current Tax:				
Charge for the current year	—	27621	—	3516
Charge for the earlier years	—	346	—	44
Income Tax expense	—	27967	—	3560

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

		2011		2011
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit of RO 20967* (₹ 2939573) [previous year: RO 306324 (₹ 38993514)] at applicable tax rates	—	34702	—	4417
Add / less tax effect of:				
Profit on sale of property, plant and equipment not considered as taxable income for tax purposes	—	(640)	—	(81)
Depreciation adjustment based on depreciation rates as per tax law	—	(6441)	—	(820)
Tax expense as per statement of comprehensive income	—	27621	—	3516

* Since net profit is below the basic exemption of RO 30000 (₹ 4206000), no tax is payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

19. FINANCIAL INSTRUMENTS

Management of risk

The Management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and 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 Rial 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, smart card, fixed and time deposit accounts, amounts due from customers for contract work, and contract 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, smart card, fixed and time deposit accounts are placed with reputed financial institutions. Contract receivables are stated net of provision for doubtful debts. As at the year end, RO 2329878 (₹ 331308652) constituting 81% [previous year: RO 1613185 (₹ 222942167) constituting 57%] of contract debtors and retentions are due from three debtors (previous year: one debtor). Previous year: RO 1466775 (₹ 202708305) i.e. 34% of the current assets was receivable from two reputed banks who had confirmed their balances payable to the Company. As at the year end, due from customers for contract work of RO 302344 (₹ 42993317) are in the process of being certified by consultants / clients. 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.

Risk exposure on uncertified debts

At the year end, uncertified dues of RO 528903 (₹ 75210007) [comprising of dues from main contract of RO 505224 (₹ 71842853) and dues of RO 23679 (₹ 3367154) for work carried out based on engineering / verbal instructions] pertaining to different contracts, are outstanding for more than one year and are receivable from various customers, against which a provision of RO 338170 (₹ 48087774) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact on the Company.

Interest rate risk

The Company's fixed deposits are at interest rates of 0.25% to 2.75% per annum (previous year: 0.25% to 2.75% per annum). Most of the other financial assets and liabilities are non-interest bearing. Reasonably possible changes to interest rates at the year end are unlikely to have a significant impact on profit or equity.

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.

(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 year end is given below:

	Less than 3 months	**3 months to 1 year**	**1 year to 5 years**	**Total**	**Total**
	RO	**RO**	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2012					
Staff end-of-service gratuity	**—**	**—**	**234358**	**234358**	**33326**
Book overdraft	**17991**	**—**	**—**	**17991**	**2558**
Trade and other payables	**1463978**	**—**	**—**	**1463978**	**208178**
Amounts due to customers for contract work	**42233**	**—**	**—**	**42233**	**6006**
Provision for tax (net of advance tax)	**214**	**—**	**—**	**214**	**30**
	1524416	**—**	**234358**	**1758774**	**250098**

	Less than 3 months	3 months to 1 year	1 year to 5 years	Total	Total
	RO	RO	RO	RO	₹ in '000s
As at 31st December, 2011					
Staff end-of-service gratuity	—	—	221330	221330	30588
Trade and other payables	1178906	—	—	1178906	162925
Amounts due to customers for contract work	172335	—	—	172335	23817
Provision for tax (net of advance tax)	95698	—	—	95698	13225
	1446939	—	221330	1668269	230555

20. CONTINGENT LIABILITIES

		As at 31-12-2011		As at 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilised letter of credit	**770**	7821	**109**	1081
Banker's letters of guarantee	**686914**	999930	**97679**	138190
	687684	1007751	**97788**	139271

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.

21. 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.

Directors **P. N. Dhume**
Issa Lalbuksh Al Raisi
Muscat, 28th January, 2013 **M. M. Miyajiwala**

VOLTAS OMAN L.L.C.

Directors :

M. M. Miyajiwala *(Chairman)*
Akber M. Sultan *(Vice Chairman)*
Gavin J. Appleby
Satish G. Dandekar
Minoo M. Saher

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Second Annual Report and Accounts for the year ended 31st December, 2012.

2. The Company commenced execution of projects during the financial year ended 31st December, 2012 and reported turnover of Omani Rial (RO) 0.698 million with net loss of RO 0.178 million during the said year.

3. During the year under review, the Company succeeded in securing four projects worth RO 4.122 million amidst stiff competition and with reasonable margins. With the local Government announcing budget spending on several projects in infrastructure segment, the Company is well poised for strategically pursuing some of the large MEP projects to achieve a satisfactory level of order booking during the year 2013.

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

On behalf of the Board of Directors

M. M. Miyajiwala
Chairman

Muscat, 28th January, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
VOLTAS OMAN L.L.C.

Report on the Financial Statements

We have audited the accompanying financial statements of **VOLTAS OMAN L.L.C.**, which comprise the statement of financial position as at 31st December, 2012, 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 2 to 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 VOLTAS OMAN L.L.C. as of 31st December, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We draw attention to Note No. 2 to these financial statements regarding the going concern concept.

PKF L.L.C.
Chartered Accountants

Muscat, Sultanate of Oman
22nd January, 2013

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2012

	Notes	RO	31-12-2011 RO	₹ in '000s	31-12-2011 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	4	**23298**	29643	**3313**	4097
CURRENT ASSETS					
Inventories		**31192**	—	**4436**	—
Trade and other receivables	5	**567036**	1405	**80633**	194
Cash and cash equivalent	6	**198770**	312634	**28265**	43206
Bank margin account		**78781**	3000	**11203**	415
		875779	317039	**124537**	43815
TOTAL ASSETS		**899077**	346682	**127850**	47912
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share Capital	7	**500000**	500000	**71100**	69100
Accumulated losses		**(386180)**	(208025)	**(54915)**	(28749)
Equity Funds		**113820**	291975	**16185**	40351
Amount due to a member	8	**—**	11489	**—**	1588
Amount due to ultimate parent company		**115032**	8847	**16358**	1223
Members' Funds		**228852**	312311	**32543**	43162
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**6524**	2878	**928**	398
CURRENT LIABILITIES					
Trade and other payables	9	**452128**	31493	**64293**	4352
Amount due to a related party	10	**532**	—	**76**	—
Amounts due to customers for contract work	11	**211041**	—	**30010**	—
		663701	31493	**94379**	4352
TOTAL EQUITY AND LIABILITIES		**899077**	346682	**127850**	47912

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 Rial (RO) = ₹ 142.20 being the exchange rate prevailing as on 31st December, 2012. Previous year figures have been converted @ 1 RO = ₹ 138.20 being the exchange rate prevailing as on 31st December, 2011.

Directors **M. M. Miyajiwala**
Akber M. Sultan
Minoo M. Saher

Muscat, 22nd January, 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	**RO**	15-2-2011 to 31-12-2011 RO	**₹ in '000s**	15-2-2011 to 31-12-2011 ₹ in '000s
Revenue		**697695**	—	**97817**	—
Cost of works executed	12	**(653834)**	—	**(91668)**	—
Gross Profit		**43861**	—	**6149**	—
Miscellaneous income	13	**8**	707	**1**	91
Staff costs		**(157475)**	(122990)	**(22078)**	(15765)
Depreciation		**(10765)**	(9289)	**(1509)**	(1191)
Other operating expenses	14	**(53647)**	(76379)	**(7521)**	(9790)
Loss from Operating Activities for the Year / Period		**(178018)**	(207951)	**(24958)**	(26655)
Interest income		**112**	—	**16**	—
Finance cost	15	**(249)**	(74)	**(35)**	(9)
Net Loss for the Year / Period Before Tax		**(178155)**	(208025)	**(24977)**	(26664)
Income tax expense		—	—	—	—
Total Comprehensive Loss for the Year / Period		**(178155)**	(208025)	**(24977)**	(26664)

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 Rial (RO) = ₹ 140.20 being the average of the exchange rates prevailing as on 31st December, 2011 (1 RO = ₹ 138.20) and as on 31st December, 2012 (1 RO = ₹ 142.20). Previous period figures have been converted into Indian Rupees @ 1 RO = ₹ 128.18 being the average of the exchange rates prevailing as on 15th February, 2011 (1 RO = ₹ 118.16) and as on 31st December, 2011 (1 RO = ₹ 138.20).

Directors **M. M. Miyajiwala**
Akber M. Sultan
Minoo M. Saher

Muscat, 22nd January, 2013

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Share Capital		**Accumulated losses**		**Total**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
Issue of Share Capital	500000	59080	—	—	500000	59080
Total comprehensive net loss for the period	—	—	(208025)	(26664)	(208025)	(26664)
As at 31st December, 2011	500000	69100	(208025)	(28749)	291975	40351
Total comprehensive net loss for the year	—	—	(178155)	(24977)	(178155)	(24977)
As at 31st December, 2012	**500000**	**71100**	**(386180)**	**(54915)**	**113820**	**16185**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2012

	RO	15-02-2011 to 31-12-2011 RO	₹ in '000s	15-02-2011 to 31-12-2011 ₹ in '000s
Cash flows from operating activities				
Net comprehensive loss for the Year / Period before tax	**(178155)**	(208025)	**(24977)**	(26664)
Adjustments for:				
Depreciation on property, plant and equipment	**12075**	9289	**1693**	1191
Finance cost	**249**	74	**35**	9
Interest income	**(112)**	—	**(16)**	—
Operating loss before changes in operating assets and liabilities	**(165943)**	(198662)	**(23265)**	(25464)
Increase in trade and other receivables	**(565631)**	(1405)	**(80438)**	(194)
Increase in trade and other payables	**420635**	31493	**59940**	4352
Increase in staff end-of-service gratuity payable	**3646**	2878	**530**	398
Increase in inventories	**(31192)**	—	**(4436)**	—
Increase in amount due to customers for contract work	**211041**	—	**30010**	—
Member's balance	**(11489)**	11489	**(1588)**	1588
Ultimate parent company's balance	**106185**	8847	**15135**	1223
Related party's balance	**532**	—	**76**	—
Cash used in operating activities	**(32216)**	(145360)	**(4581)**	(20089)
Tax paid	**—**	—	**—**	—
Net cash used in operating activities (A)	**(32216)**	(145360)	**(4581)**	(20089)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(5730)**	(38932)	**(803)**	(4990)
Net cash used in investing activities (B)	**(5730)**	(38932)	**(815)**	(5380)
Cash flows from financing activities				
Interest income received	**112**	—	**16**	—
Finance cost paid	**(249)**	(74)	**(35)**	(9)
Issue of share capital	**—**	500000	**—**	59080
Bank margin account	**(75781)**	(3000)	**(10788)**	(415)
Net cash (used in) / from financing activities (C)	**(75918)**	496926	**(10796)**	68675
Net (decrease) / increase in cash equivalent (A+B+C)	**(113864)**	312634	**(14941)**	43206
Cash and cash equivalents at beginning of year / period	**312634**	—	**43206**	—
Cash and cash equivalents at end of year / period	**198770**	312634	**28265**	43206

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012

1. LEGAL STATUS AND PRINCIPAL BUSINESS ACTIVITIES

(a) VOLTAS OMAN L.L.C. is a Limited Liability Company, registered under the Commercial Laws of the Sultanate of Oman.

(b) The parent company is Voltas Netherlands B.V. and the ultimate parent company is Voltas Limited, Mumbai, India.

(c) The Company undertakes electrical and mechanical contracting works.

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

2. GOING CONCERN CONCEPT

As per the statement of financial position, the Company has incurred net accumulated losses aggregating to RO 386180 (₹ 54914796) as at 31st December, 2012. However, the financial statements have been prepared on a going concern basis as the members have agreed to support the operations of the Company and are confident that the Company would be able to generate sufficient net profits in future to make it an economically viable unit.

3. 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:

Equipment	15.00%
Furniture and fixtures	33.33%
Computers and software	33.33%

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.

(b) Impairment

The carrying amounts of the property, plant and equipment 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 property, plant and equipment 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 items. Cost is determined on the moving weighted average cost 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) Contract and other receivables

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 represents costs incurred on contracts plus recognised profits less recognised losses and progress billings. Contract costs comprises of costs of materials, labour, sub-contract costs and attributable overheads.

(f) Cash and cash equivalent

Cash and cash equivalent comprise cash on hand, 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) Legal Reserve

Legal Reserve is created by appropriating 10% of the net profit for the year as required by Article 154 of the Commercial Companies Law of Oman 1974. There is no transfer to legal reserve during the period on account of the comprehensive net loss incurred by the Company. The Company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

(h) 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 leave salary 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 gratuity amounts to RO 4318 (₹ 614020) [previous year: RO 3365 (₹ 465043)].

Accrual for staff passage is made on proportionate leave entitlement of employees in accordance with Company's rules.

(i) Trade and other payables

Liabilities are recognized 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.

(j) Taxation

Provision for income tax for the current year has not been made in the financial statements on account of the net tax loss incurred during the year arrived at after making suitable adjustments as per the Law of Income Tax on companies in Oman to the net comprehensive loss incurred during the period as per Company's financial statements. As per the Law of Income Tax on companies in Oman, tax losses incurred shall be carried forward for a period of five years after expiry of the tax year in which it was incurred and shall be deducted in computation of taxable income of those years. The net accumulated tax loss of RO 386558 (₹ 54195432) for the tax year 2011 and 2012 that are subject to finalization of income tax assessments by the Income Tax Authority in Oman and is available for set off against future taxable income in Oman. Deferred tax amount on unused tax losses and temporary differences are not recognized due to uncertainty regarding the availability of future taxable net profit against which the unused tax losses and temporary differences can be utilized.

(k) Financial instruments

- Financial instruments of the Company comprise trade and other receivables, bank margin account, cash and cash equivalent, amounts due from / to customers for contract work, trade and other payables, amounts due to related parties and members.
- 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-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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

(l) Revenue

Revenue recognition on contracts

Works billed represents contract billings to clients on completed contracts and incomplete contracts for works executed upto the year 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. In case of incomplete 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 the year end.

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 year end. Losses, if any, on jobs not completed are provided for when identified.

Interest income

Interest income is recognised on a time proportion basis.

(m) Operating lease rentals

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

(n) 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 recognized as an expense in the year in which they are incurred.

(o) 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.

(p) Significant judgements and key assumptions

(i) 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 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 recognized in the year in which the estimate is revised and in any future year 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.

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 credit worthiness 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.

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 Company's Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are 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/sub-contractors, work disputes, recovery of uncertified contract / variation of 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.

Staff end-of-service gratuity

The Company computes the liability of staff end-of-service gratuity assuming that all employees were to leave as of 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.

(q) Adoption of new International Financial Reporting Standards

(i) 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:

- Amendments to IFRS 7 : Disclosures – Transfer of Financial Assets.

(ii) 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:

- IFRS 9 : Financial Instruments (1st January, 2015)
- Presentation of Items in Other Comprehensive Income : Amendments to IAS 1 (1st July, 2012)
- Amendments to IAS 19 : Employee benefits (1st July, 2013)
- IFRS 13 : Fair Value Measurement (1st January, 2013)
- Annual improvements to IFRSs 2009-2011 cycle (1st January, 2013)
  - IAS 1 : Presentation of Financial Statements
  - IAS 16 : Property, Plant and Equipment
  - IAS 32 : Financial Instruments : Presentation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

4. PROPERTY, PLANT AND EQUIPMENT

	Equipment		Furniture and fixtures		Computers and software		Total	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
Cost								
As at 1st January, 2012	2018	279	22968	3174	13946	1927	38932	5380
Additions	—	—	2000	280	3730	523	5730	803
Reclassification	4361	611	—	—	(4361)	(611)	—	—
As at 31st December, 2012	**6379**	**907**	**24968**	**3550**	**13315**	**1893**	**44662**	**6350**
Accumulated depreciation								
As at 1st January, 2012	231	32	6567	908	2491	344	9289	1284
Charge for the year	266	38	7705	1080	4104	575	12075	1693
Reclassification	1222	171	—	—	(1222)	(171)	—	—
As at 31st December, 2012	**1719**	**244**	**14272**	**2029**	**5373**	**764**	**21364**	**3037**
Net book value								
As at 31st December, 2011	1787	247	16401	2267	11455	1583	29643	4097
As at 31st December, 2012	**4660**	**663**	**10696**	**1521**	**7942**	**1129**	**23298**	**3313**

5. TRADE AND OTHER RECEIVABLES

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
Contract receivables	**465185**	—	**66149**	—
Contract retentions	**48646**	—	**6917**	—
Contract debtors billed on account of advances receivables for materials	**25503**	—	**3627**	—
	539334	—	**76693**	—
Advance to a supplier	**1120**	—	**159**	—
Advance to staff	**2824**	575	**402**	79
Prepayments	**4558**	830	**648**	115
Other advances	**19200**	—	**2730**	—
	567036	1405	**80633**	194

Contract receivables and retentions aggregating to RO 513831 (₹ 73066768) in respect of jobs executed by the Company include uncertified billings of RO 442490 (₹ 62922078). The Management of the Company is confident that the uncertified billings are fully recoverable and will be certified in due course by clients' consultants / clients.

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

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
3 months to 1 year	**99655**	—	**14171**	—
Over 1 year	**—**	—	**—**	—
	99655	–	**14171**	–

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

	RO	As at 31-12-2011 RO	**₹ in '000s**	As at 31-12-2011 ₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**439679**	**—**	**62522**	**—**

6. CASH AND CASH EQUIVALENT

		As At 31-12-2011		As At 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current account	**197169**	312634	**28037**	43206
Smart card	**1510**	—	**215**	—
Cash on hand	**91**	—	**13**	—
	198770	312634	**28265**	43206

7. SHARE CAPITAL

	Share %		As At 31-12-2011		As At 31-12-2011
		RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35%**	**175000**	175000	**24885**	24185
Voltas Netherlands B.V.	**65%**	**325000**	325000	**46215**	44915
	100%	**500000**	500000	**71100**	69100

The share capital comprises of 500000 shares of face value RO 1 each fully paid up.

8. AMOUNT DUE TO A MEMBER

		As At 31-12-2011		As At 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	—	11489	—	1588

9. TRADE AND OTHER PAYABLES

		As At 31-12-2011		As At 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables *	**170744**	7831	**24280**	1082
Advance received from customers	**205503**	—	**29223**	—
Accruals	**75881**	23662	**10790**	3270
	452128	31493	**64293**	4352

* Trade payables include RO 2049 (₹ 291368) [(previous year: RO 1600 (₹ 221120)] due to related parties on account of trade dealings.

10. 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 companies under common ownership and / or common management control and members. The balances with related parties at the period end have separately disclosed in the financial statements.

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

	Ultimate parent company	**Member company**	**Other related parties**		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Purchase of property, plant and equipment	—	—	**4860**	**4860**	34529	**681**	4426
Expenses debit	**14706**	**2000**	**1189**	**17895**	14480	**2509**	1856
Purchases	**115031**	—	—	**115031**	—	**16127**	—

The Company provides funds to and receives funds from related parties as and when required as working capital facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2012 (contd.)

11. CONTRACT IN PROGRESS

		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less losses	**697695**	—	**97817**	—
Progress billings	**908736**	—	**127405**	—
Advance on contracts	**205503**	—	**29223**	—
Retentions receivables	**48646**	—	**6917**	—

12. COST OF WORKS EXECUTED

		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**409704**	—	**57441**	—
Wages and related expenses	**142507**	—	**19979**	—
Depreciation on property, plant and equipment	**1310**	—	**184**	—
Sub contract costs	**77478**	—	**10862**	—
Other direct cost	**22835**	—	**3201**	—
	653834	—	**91668**	—

13. OTHER OPERATING INCOME

		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Exchange gain	**8**	707	**1**	91

14. OTHER OPERATING EXPENSES

		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**17102**	23250	**2398**	2980
Repairs and maintenance	**303**	165	**42**	21
Insurance	**708**	77	**99**	10
Electricity and water	**1229**	1041	**172**	133
Telephones, fax and postage	**5777**	4495	**810**	576
Travelling and conveyance	**5388**	5336	**755**	684
Tender charges	**7847**	12755	**1100**	1635
Vehicle expenses	**2082**	1713	**292**	220
Advertisement and business promotion expenses	**180**	3989	**25**	511
Entertainment expenses	**30**	—	**4**	—
Miscellaneous expenses	**13001**	23558	**1823**	3020
	53647	76379	**7521**	9790

15. FINANCE COST

		15-2-2011 to 31-12-2011		15-2-2011 to 31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**249**	74	**35**	9

16. FINANCIAL INSTRUMENTS

Management of risk

The Management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

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

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

Exposures to the aforementioned risks are detailed below:

(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 and margin accounts 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.

The Company's bank current and margin accounts are placed with a reputed financial institution. As at year end 88.38% (previous year: Nil) of contract receivables was due from three (previous year: Nil) customers. Contract receivables and retentions aggregating to RO 513831 (₹ 73066768) include uncertified billings / debtors of RO 442490 (₹ 62922078) as stated in Note 5 to these financial statements. As at 31st December, 2012, amount of RO 275950 (₹ 39240090) [previous year: RO 315534 (₹ 43606799)] constituting 31.51% (previous year: 99.56%) of the current assets and 30.69% (previous year: 91.04%) of the total assets was due from one reputed bank situated in the Sultanate of Oman which has confirmed its balances payable to the Company. There are no significant concentrations of credit risk with any single debtor or group of companies or to debtors from a particular industry or to debtors outside the country in which the Company operates.

Interest rate risk

There are no significant interest rate risks as most of the financial assets and financial liabilities are non-interest bearing.

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.

(b) Fair values

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

17. CONTINGENT LIABILITIES

		31-12-2011		31-12-2011
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letters of guarantee	**11664**	3000	**1659**	415
Banker's letters of credit	**66598**	—	**9470**	—
	78262	3000	**11129**	415

18. 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 equivalent.

19. COMPARATIVE FIGURES

Current year's figures are not entirely comparable with previous period's figures, which was the initial period of start up of operations of the Company and for ten and a half months only.

Directors **M. M. Miyajiwala**
Akber M. Sultan
Minoo M. Saher

Muscat, 22nd January, 2013

VOLTAS NETHERLANDS B.V.

Directors :

P. N. Dhume *(Chairman)*
Gavin J. Appleby
B. G. Prabhuajgaonkar
Representative of TMF Netherlands B.V.
(formerly Tradman Netherlands B.V.)

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Fourteenth Annual Report and the Accounts for the year ended 31st March, 2013.

2. Based on the decision earlier taken, necessary actions were taken for closure and voluntary liquidation of Voice Antilles N.V., a wholly owned subsidiary of the Company in Curacao (erstwhile Netherlands Antilles). The legal process was completed on 14th September, 2012 and an amount of Euro 4.478 million was receivable from Voice Antilles on liquidation towards share capital and retained earnings. At the same time, the Company had purchased from Voice Antilles N.V. the 49% investment held in Universal Voltas L.L.C., Abu Dhabi, UAE.

3. The Company has reported higher profit of Euro 5.091 million for the year ended 31st March, 2013 as compared to Euro 2.184 million in the previous year. The Directors recommend dividend of Euro 3.000 million for the year ended 31st March, 2013, as against Euro 0.310 million in the previous year.

4. 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

Doha, Qatar, 9th April, 2013

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, 2013, 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 purposes based on our audit. We conducted our audit in accordance with the Dutch Law. This law requires that we comply with the 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 the 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, 2013, 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, 6th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Euro	As at 31-3-2012 Euro	₹ in '000s	As at 31-3-2012 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**618729**	618729	**42995**	42228
Reserves and Surplus	**9341404**	4559440	**649135**	311182
Shareholders' Funds	**9960133**	5178169	**692130**	353410
APPLICATION OF FUNDS				
Participations (at cost)				
Voice Antilles N.V. (in liquidation)	**—**	414661	—	28301
Saudi Ensas Company for Engineering Services W.L.L.	**160788**	160788	**11173**	10974
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1159588**	1159588	**80580**	79142
Voltas Oman L.L.C.	**636945**	636945	**44262**	43471
Voltas Qatar W.L.L.	**101056**	101056	**7022**	6897
Universal Voltas L.L.C.	**3763260**	—	**261509**	—
	5821637	2473038	**404546**	168785
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(160788)**	(160788)	**(11173)**	(10974)
	5660849	2312250	**393373**	157811
CURRENT ASSETS, LOANS AND ADVANCES				
Receivables from group companies	**222638**	1302516	**15471**	88896
Other receivables	**16754**	5447	**1164**	372
Bank Balances	**4082293**	1580874	**283679**	107895
Less: Current Liabilities	**(22401)**	(22918)	**(1557)**	(1564)
Net Current Assets	**4299284**	2865919	**298757**	195599
	9960133	5178169	**692130**	353410

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 69.49 being the exchange rate prevailing as on 31st March, 2013. Previous year figures have been converted @ 1 Euro = ₹ 68.25 being the exchange rate prevailing as on 31st March, 2012.

Directors **P. N. Dhume**

Abu Dhabi, 9th April, 2013 **B. G. Prabhuajgaonkar**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

	Euro	2011-12 Euro	₹ in '000s	2011-12 ₹ in '000s
OTHER INCOME				
Dividend from participations	**607586**	2224026	**41844**	146152
Liquidation payment Voice Antilles N.V.	**4477939**	—	**308396**	—
EXPENSES				
Operating and Administrative Expenses	**(139801)**	(86234)	**(9628)**	(5667)
Financial results	**145605**	46075	**10028**	3028
	5804	(40159)	**(400)**	(2639)
Profit	**5091329**	2183867	**350640**	143513

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 68.87 being the average of the exchange rates prevailing as on 31st March, 2012 (1 Euro = ₹ 68.25) and as on 31st March, 2013 (1 Euro = ₹ 69.49). Previous year figures have been converted into Indian Rupees @ 1 Euro = ₹ 65.715 being the average of the exchange rates prevailing as on 31st March, 2011 (1 Euro = ₹ 63.18) and as on 31st March, 2012 (1 Euro = ₹ 68.25).

Directors **P. N. Dhume**

Abu Dhabi, 9th April, 2013 **B. G. Prabhuajgaonkar**

NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

Objectives

The Corporation's object categories of business are:

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

General

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

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

Accounting period

The financial statements cover the period 1st April, 2012 up to and including 31st March, 2013.

Participations

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

		Acquisition costs	
	%	**Euro**	**₹ in '000s**
Saudi Ensas Company for Engineering Services W.L.L.	**39**	**160788**	**11173**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**1159588**	**80580**
Voltas Oman L.L.C.	**65**	**636945**	**44262**
Voltas Qatar W.L.L.	**49**	**101056**	**7022**
Universal Voltas L.L.C.	**49**	**3763260**	**261509**
Total acquisition costs		**5821637**	**404546**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(160788)**	**(11173)**
		5660849	**393373**

The participations are carried at acquisition costs.

Share Capital

The registered share capital amounts to Euro 1021005 (₹ 70949637)

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, 2012	**4559440**	**311182**
Profit for the year ended 31st March, 2013	**5091329**	**350640**
Dividend bookyear 2011/2012	**(309365)**	**(21114)**
Balance as per 31st March, 2013	**9341404**	**649135**

Receivables from group companies

	Euro	**₹ in '000s**
Receivable from Voice Antilles N.V. (in liquidation)	**44742**	**3109**
Loan to Saudi Ensas Company for Engineering Services W.L.L.	**177896**	**12362**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43068**	**2993**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43068)**	**(2993)**
Balance as per 31st March, 2013	**222638**	**15471**

The loan to Saudi Ensas Company for Engineering Services W.L.L. will be converted into equity capital in the future. Therefore, no interest is calculated.

Other receivables

	Euro	₹ in '000s
Prepayments	3754	261
Interest to be received	13000	903
	16754	1164

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	7623	530
ABN Amro Bank USD	209367	14549
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	3865299	268600
Balance as per 31st March, 2013	4082293	283679

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	15500	1077
Creditors	6901	480
Balance as per 31st March, 2013	22401	1557

Liabilities not shown in Balance Sheet

Contingent Assets and Liabilities

Voltas Netherlands B.V. had issued Corporate Guarantees to:

(i) Barwa Bank, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 161.925 million (Euro 35.456 million) (₹ 2463837440).

(ii) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 1.956 million) (₹ 135922440).

The aforesaid Corporate Guarantees were issued by Voltas Netherlands B.V., as a Shareholder in the respective entities. In case of call on the Guarantees by the beneficiaries, the responsibility to settle the amount in question up to the guaranteed amount would devolve on Voltas Limited, through Voltas Netherlands B.V., as the sole Shareholder.

The Company did not have any employees during 2012-13 (2011-12: Nil).

Dividends from participations

	Euro	₹ in '000s
Lalbuksh Voltas Engineering Services & Trading LLC	607586	41844

Operating and Administrative Expenses

	Euro	₹ in '000s
Management costs	21028	1448
Audit and advisory expenses	114827	7908
Legal fees	3924	270
Other costs	22	2
	139801	9628

Interest

	Euro	₹ in '000s
Interest received	(45860)	(3158)
Bank cost	1361	94
Exchange rate differences (gain)	(101106)	(6963)
	(145605)	(10028)

Directors **P. N. Dhume**

Abu Dhabi, 9th April, 2013 **B. G. Prabhuajgaonkar**

AUTO AIRCON (INDIA) LIMITED

Directors :

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Eighteenth Annual Report and Accounts for the year ended 31st March, 2013.

2. The Company has reported loss of Rs.0.12 lakh for the year ended 31st March, 2013 primarily on account of certain administrative and fixed overheads. 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, 2013 and of the loss of the Company for the year ended 31st March, 2013;

   (c) proper and sufficient care has 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. Vinod Chandrashekar 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, 9th May, 2013

AUDITORS' REPORT

TO THE MEMBERS OF
AUTO AIRCON (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Auto Aircon (India) Limited, which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

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

Emphasis of Matter

We draw your attention to Note No. 2(a). 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.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Ambrish Mehta
Partner
Mumbai, 9th May, 2013 Membership No. 016086

ANNEXURE TO THE AUDITORS' REPORT

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 explanations 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 explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public and therefore, provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder and directions issued by the Reserve Bank of India, where applicable, do not apply.

(vii) The Company has an adequate internal audit system commensurate with its size and nature of its business.

(viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.

(ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2013 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 accounts 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 fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) The Company has no liability towards financial institutions, banks or debenture holders.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

(xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4(xiv) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

(xvi) The Company has not taken any term loan during the year.

(xvii) According to the information and explanations 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. 016086

Mumbai, 9th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	₹ in '000s	As at 31-3-2012 ₹ in '000s
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	**113000**	113000
(b) Reserves and Surplus	4	**(121032)**	(121020)
		(8032)	(8020)
(2) Current Liabilities			
(a) Trade Payables	5	**8472**	8614
(b) Other Current Liabilities	6	**3122**	3122
		11594	11736
TOTAL EQUITY AND LIABILITIES		**3562**	3716
II. ASSETS			
(1) Non-Current Assets			
Fixed Assets			
– Tangible Assets	7	**3**	3
		3	3
(2) Current Assets			
(a) Cash and Cash Equivalents	8	**15**	169
(b) Short-term Loans and Advances	9	**3544**	3544
		3559	3713
TOTAL ASSETS		**3562**	3716

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	₹ in '000s	2011-12 ₹ in '000s
CONTINUING OPERATIONS			
I. REVENUE FROM OPERATIONS		**—**	—
II. OTHER INCOME	10	—	1
III. TOTAL REVENUE (I + II)		—	1
IV. EXPENSES			
Other Expenses	11	**12**	177
TOTAL EXPENSES (IV)		**12**	177
V. PROFIT/(LOSS) BEFORE TAX (III - IV)		**(12)**	(176)
VI. TAX EXPENSE			
Current Tax		**—**	—
VII. PROFIT/(LOSS) AFTER TAX (V - VI)		**(12)**	(176)
VIII. EARNINGS PER EQUITY SHARE			
Basic and Diluted (₹)	14.1	**—**	(0.02)

The accompanying notes form an integral part of the Financial Statements.
In terms of our report attached.
For **DAMJI MERCHANT & CO.**
Chartered Accountants

Ambrish Mehta
Partner

Mumbai, 9th May, 2013

For and on behalf of the Board

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

Mumbai, 9th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		₹ in '000s	2011-12 ₹ in '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Taxation	**(12)**	(176)
	Add - Adjustments for :		
	Depreciation / Amortisation	**—**	—
	Operating Profit before Working Capital changes	**(12)**	(176)
	Less - Adjustments for:		
	Increase/(Decrease) in trade payables	**142**	(333)
	Cash generated from operations	**(154)**	157
	NET CASH FROM OPERATING ACTIVITIES	**(154)**	157
B.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(154)**	157
	CASH AND CASH EQUIVALENTS AS AT 1-4-2012	**169**	12
	CASH AND CASH EQUIVALENTS AS AT 31-3-2013	**15**	169
	Cash and Cash Equivalents consist of:		
	Cash and Bank balances	**15**	169

In terms of our report attached.
For **DAMJI MERCHANT & CO.**
Chartered Accountants

Ambrish Mehta
Partner

Mumbai, 9th May, 2013

For and on behalf of the Board

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

Mumbai, 9th May, 2013

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate Information

The principal activities of the Company are designing, manufacturing, assembling and marketing of Heating Ventilation and Air Conditioning Systems carried on from Pune.

2. Statement on Significant Accounting Policies

(a) Accounting Conventions

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention on the assumption that the Company is not a going concern. All assets and liabilities are at net realizable value.

(b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between actual results and the estimates are recognized in the periods in which the results are known / materialize.

(c) Fixed Assets

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

(d) 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).

(e) Excise Duty

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

(f) Provision for Income Tax

Income Tax is provided as per the tax payable under the 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. Share Capital

		As at 31-3-2012
	₹ in '000s	₹ in '000s
Authorised:		
- 1,20,00,000 (Previous year: 1,20,00,000) Equity Shares of ₹ 10/- each	**120000**	120000
Issued, Subscribed and Paid up:		
- 1,13,00,000 (Previous year: 1,13,00,000) Equity Shares of ₹ 10/- each	**113000**	113000

3. (a) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	Equity Shares	
	Numbers	₹ in '000s
Shares outstanding at the beginning of the year	**1,13,00,000**	113000
Shares Issued during the year	**—**	—
Shares bought back during the year	**—**	—
Shares outstanding at the end of the year	**1,13,00,000**	113000

(b) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held

				As at 31-3-2012	
Name of Shareholder	**Class of Shares**	**Number of Shares held**	**% of holding**	Number of Shares held	% of holding
Voltas Limited	Equity Shares with Voting Rights	**1,13,00,000**	**100**	1,13,00,000	100

4. Reserves and Surplus

		As at 31-3-2012
	₹ in '000s	₹ in '000s
Surplus/(deficit) in the statement of profit and loss		
(a) As per last Balance Sheet	**(121020)**	(120844)
(b) Additions		
(+) Net Profit/(Loss) for the current year	**(12)**	(176)
(c) Closing Balance	**(121032)**	(121020)
Total Reserves and Surplus	**(121032)**	(121020)

5. Current Liabilities

		As at 31-3-2012
	₹ in '000s	₹ in '000s
Trade Payables		
Due on account of goods purchased and services rendered - other than Acceptances	8472	8614

6. Other Current Liabilities

		As at 31-3-2012
	₹ in '000s	₹ in '000s
Other Liabilities	**3122**	3122

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

₹ in '000s

7. Tangible Assets

	Freehold Buildings	Plant and Machinery	Office and EDP Equipments	Furniture and fixtures	Total Tangible Assets
Gross Block at Cost:					
Cost at beginning of period	927	1617	130	324	2998
Cost at end of period	**927**	**1617**	**130**	**324**	**2998**
Impairment:					
Impairment at beginning of period	—	—	—	—	—
Impairment at end of period	**—**	**—**	**—**	**—**	**—**
Depreciation and Amortisation:					
Depreciation at beginning of period	926	1616	130	323	2995
Depreciation at end of period	**926**	**1616**	**130**	**323**	**2995**
Net book value at beginning of period	1	1	—	1	3
Net book value at end of period	**1**	**1**	**—**	**1**	**3**

8. Cash and cash equivalents

	₹ in '000s	As at 31-3-2012 ₹ in '000s
(a) Cash in hand	**1**	1
(b) Balances with banks		
- Current account	**14**	168
Total Cash and Bank balances	**15**	169
Total Cash and cash equivalents	**15**	169

9. Loans and Advances

(Unsecured, considered good otherwise stated)	**Long Term**	**Short Term**	**Total**	As at 31-3-2012 ₹ in '000s Long Term	Short Term	Total
(a) Advance with public bodies (Customs, Port Trust, etc.)	**–**	**16**	**16**	–	16	16
(b) Other loans and advances						
Other Advances recoverable in cash or in kind or for value to be received	**–**	**3528**	**3528**	–	3528	3528
	–	**3544**	**3544**	–	3544	3544

10. Other Income

	₹ in '000s	2011-12 ₹ in '000s
Other non-operating income (net of expenses directly attributable to such income)	**–**	1

11. Other Expenses

		2011-12
	₹ in '000s	₹ in '000s
(a) Travelling & Conveyance	**1**	2
(b) Auditors' Remuneration (Refer Note 13)	**3**	3
(c) Legal & Professional charges	**1**	160
(d) Other general expenses	**7**	12
	12	177

12. Additional information to the financial statements

12.1 Contingent Liability not provided for :

(a) Excise duty demands (including penalties) aggregating ₹ 473.35 lakhs. The Company 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.

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

13. Auditors' Remuneration	**₹ in '000s**	2011-12 ₹ in '000s
– Audit Fees	**3**	3

14. Disclosures under Accounting Standards

14.1 Annualised earnings per Equity Share have been calculated based on Net Profit/(Loss) after taxation of (₹ 12,194/-) [Previous year: ₹ (1,76,738/-)].

Weighted average number of Equity Shares used in computing basic and diluted earnings per Equity Share – 1,13,00,000.

		2011-12
Basic and Diluted earnings per share (₹)	**–**	(0.02)

14.2 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.

14.3 Related Party Disclosures:

Party	**Relation**	**₹ in '000s**	2011-12 ₹ in '000s
Voltas Limited	Holding Company		
- Amount payable towards liabilities/expenses incurred		**191**	191
- Amount outstanding at the year end		**8468**	8468

Signatures to Notes 1 to 14.

For and on behalf of the Board

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

Mumbai, 9th May, 2013

VOICE ANTILLES N.V.

Directors:

P. N. Dhume
Representative of
CTM Corporation N.V.

LIQUIDATION REPORT

The Directors present the Liquidation Report of Voice Antilles N.V. along with Balance Sheet in liquidation as on 14th September, 2012, on closure of the Company by voluntary liquidation in Willemstad, Curacao.

2. As reported last year, the Company initiated the legal process for closure of operations by way of voluntary liquidation and de-registration of the Company from the records of the concerned Authorities in Curacao (erstwhile Netherlands Antilles). On completion of the legal process of voluntary liquidation, the net Shareholders' Funds had been remitted to Voltas Netherlands B.V., the holding Company. The investment held by the Company in Universal Voltas L.L.C. has been transferred to Voltas Netherlands B.V.

On behalf of Voice Antilles N.V. (in liquidation)

P. N. Dhume
30th April, 2013

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
VOICE ANTILLES N.V. (in liquidation)

We have audited the accompanying financial statements of **Voice Antilles N.V.** (the "Company"), established in Curacao, which comprise the balance sheet in liquidation as at 14th September, 2012, the income statement and statement of cash flow for the period then ended, and a summary of accounting policies and other explanatory information.

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, using the Guidelines for annual reporting of the Dutch Accounting Standards Board, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of 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 in liquidation of the Company as at 14th September, 2012, and of its results and its cash flows for the period from 1st April, 2012 to 14th September, 2012 in accordance with Book 2 of the Curacao Civil Code, using Guidelines for annual reporting of the Dutch Accounting Standards Board applied on the basis described in Note 1.1 to the financial statements.

Emphasis of Matter Regarding Basis of Accounting

As discussed in Note 1.1 to the financial statements, on 14th September, 2012, management decided to cease operations of the Company and liquidate the Company. As a result, the Company has changed its basis of accounting from the going concern basis to the liquidation basis effective 14th September, 2012. Our opinion is not modified with respect to this matter.

Deloitte Dutch Caribbean

Curacao, 30th April, 2013

BALANCE SHEET IN LIQUIDATION AS AT 14TH SEPTEMBER, 2012

	Notes	USD	As at 31-3-2012 USD	₹ in '000s	As at 31-3-2012 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Receivable from Voltas Netherlands B.V.	4	**4864327**	—	**264133**	—
Investment in associate	4	**—**	4864327	**—**	248664
Time deposit	5	**186518**	186101	**10128**	9513
Interest receivable		**28**	206	**2**	11
Dividend receivable	6	**—**	2600871	**—**	132957
Cash at bank	7	**1333426**	266776	**72405**	13638
Total Current Assets		**6384299**	7918281	**346668**	404783
Total Assets		**6384299**	7918281	**346668**	404783
SHAREHOLDERS' EQUITY	8				
Share Capital		**400000**	400000	**21720**	20448
Retained Earnings		**5940890**	5971450	**322590**	305261
Total Shareholders' Equity		**6340890**	6371450	**344310**	325409
SHORT TERM LIABILITIES					
Dividend Payable		**—**	1500000	**—**	76680
Accounts Payable		**24162**	6550	**1312**	335
Provision for profit taxes		**19247**	40281	**1046**	2059
Total Current Liabilities		**43409**	1546831	**2358**	79074
Total Shareholders' Equity and Liabilities		**6384299**	7918281	**346668**	404783

Note: The Balance Sheet has been converted into Indian Rupees @ 1 USD = ₹ 54.30 being the exchange rate prevailing as on 14th September, 2012. Previous year figures have been converted @ 1 USD = ₹ 51.12 being the exchange rate prevailing as on 31st March, 2012.

P. N. Dhume
CTM Corporation N.V.
30th April, 2013

INCOME STATEMENT FOR THE PERIOD ENDED 14TH SEPTEMBER, 2012

	Notes	USD	2011-12 USD	₹ in '000s	2011-12 ₹ in '000s
INCOME					
Result from associate	4	**—**	4940732	**—**	236686
Other Income		**239**	2362	**13**	113
Total Income		**239**	4943094	**13**	236799
EXPENSES					
Management fee		**—**	1485	**—**	71
Audit fee		**9843**	5000	**519**	240
Time spent		**19414**	7282	**1023**	349
Administration services		**—**	835	**—**	40
Tax services		**—**	350	**—**	17
Bank Charges		**313**	475	**16**	23
Exchange currency differences		**904**	—	**48**	—
Miscellaneous expenses		**99**	139	**6**	7
Total expenses		**30573**	15566	**1612**	747
(Loss) / Profit before tax		**(30334)**	4927528	**(1599)**	236052
Profit tax		**(226)**	(19247)	**(12)**	(922)
Net (Loss) / Profit after tax		**(30560)**	4908281	**(1611)**	235130

Note: The Income Statement has been converted into Indian Rupees @ 1 USD = ₹ 52.71 being the average of the exchange rates prevailing as on 31st March, 2012 (1 USD = ₹ 51.12) and as on 14th September, 2012 (1 USD = ₹ 54.30). Previous year figures have been converted into Indian Rupees @ 1 USD = ₹ 47.905 being the average of the exchange rates prevailing as on 31st March, 2011 (1 USD = ₹ 44.69) and as on 31st March, 2012 (1 USD = ₹ 51.12).

P. N. Dhume
CTM Corporation N.V.
30th April, 2013

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 14TH SEPTEMBER, 2012

	USD	2011-12 USD	**₹ in '000s**	2011-12 ₹ in '000s
Cash flow from Operational Activities				
Net (Loss) / Profit	**(30560)**	4908281	**(1611)**	235130
Changes in Current Assets / Liabilities				
(Increase) in receivable from Voltas Netherlands B.V.	**(4864327)**	—	**(246133)**	—
(Increase) in time deposit	**(417)**	(2156)	**(614)**	(1293)
Decrease / (increase) in dividend receivable	**2600871**	(2600871)	**132957**	(132957)
Increase / (decrease) in accounts payable	**17612**	(34)	**977**	(41)
Decrease / (increase) in interest receivable	**178**	(206)	**9**	(11)
(Decrease) / increase in dividend payable	**(1500000)**	1500000	**(76680)**	76680
(Decrease) / increase in profit tax payable	**(21034)**	19247	**(1014)**	1119
Net cash flow from Operating Activities	**(3797677)**	3824261	**(206556)**	195496
Cash flow from Investing Activities				
Decrease / (increase) in investment in associate	**4864327**	(2339861)	**248664**	(135846)
Net cash flow (used in) Investing Activities	**4864327**	(2339861)	**264133**	(119614)
Cash flow from Financing Activities				
Dividend as of 31st March, 2011 – paid	**—**	(1500000)	**—**	(67035)
Dividend as of 31st March, 2012 – payable	**—**	(1500000)	**—**	(76680)
Net cash flow (used in) Financing Activities	**—**	(3000000)	**—**	(153360)
Net Increase / (Decrease) in Cash at Bank	**1066650**	(1515600)	**58767**	(66016)
Cash at Bank at beginning of year	**266776**	1782376	**13638**	79654
Cash at Bank at end of year	**1333426**	266776	**72405**	13638

NOTES TO THE ACCOUNTS IN LIQUIDATION AS AT 14TH SEPTEMBER, 2012

1. General

Voice Antilles N.V. ("the Company") was incorporated on 30th November, 1999 and is a corporation under the laws of the Curacao. The financial bookyear runs from 1st April, through 31st March. However, Management has decided to liquidate the Company as at 14th September, 2012.

These Financial Statements are approved by the Board of Directors on 30th April, 2013.

The Company is 100% owned by Voltas Netherlands B.V., The Netherlands. The Company's business purposes are: investment in overseas ventures, undertaking turnkey projects and trading activities.

1.1 Going Concern

The Board of Directors had decided to discontinue the operations of the Company in the year subsequent to 31st March, 2012. The investment in associate was reclassified as a receivable balance from Voltas Netherlands B.V. The Company's assets and liabilities are stated at their liquidation values. The liquidation date has been set to 14th September, 2012.

2. Accounting principles

These Financial statements are prepared based on Book 2 of the Civil Code of Curacao using the guidelines for financial reporting of the Dutch Accounting Standards Board.

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

The nominal values approach their liquidation values.

2.1 Foreign Currency exchange

Transactions in currencies other than US Dollar are recorded at 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 income statement.

3. Taxation

The Company is subject to the profit tax of Curacao at the rate of 2.4 – 3%, which is based on a tax ruling approved by the tax authorities.

4. Investment in Associate

During 2000, the Company acquired 49% of the outstanding share capital of Universal Voltas L.L.C., a company with its statutory seat in Abu Dhabi, for a price of USD 390000 from Omega Limited. The associate is carried at equity value.

	% of holding	**USD**	As at 31-3-2012 USD	**₹ in '000s**	As at 31-3-2012 ₹ in '000s
Universal Voltas L.L.C.,U.A.E.	49	**4864327**	4864327	**264133**	248664

NOTES TO THE ACCOUNTS IN LIQUIDATION AS AT 14TH SEPTEMBER, 2012 (contd.)

4. Investment in Associate (contd.)

Movement schedule as of 14th September, 2012 is as follows:	**USD**	**₹ in '000s**
Beginning Balance as on 1st April, 2012	4864327	248664
Receivable from Voltas Netherlands B.V.	(4864327)	(264133)
Ending Balance as on 14th September, 2012	—	—

5. Time Deposit

Time Deposit comprises one short-term bank deposit with maturity date of 20th December, 2012, with an interest rate on time deposit of 0.13% p.a.

6. Dividend Receivable

Dividend receivable is recognized when declared.

	USD	As at 31-3-2012 USD	**₹ in '000s**	As at 31-3-2012 ₹ in '000s
Opening balance	**2600871**	—	**132957**	—
Received payment	**(2600871)**	—	**(132957)**	—
Dividend declared	**—**	2600871	**—**	132957
Dividend paid	**—**	—	**—**	—
Closing balance	**—**	2600871	**—**	132957

7. Cash at bank

	USD	As at 31-3-2012 USD	**₹ in '000s**	As at 31-3-2012 ₹ in '000s
First Caribbean International Bank	**1333426**	266776	**72405**	13638

8. Share Capital

	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 1st April, 2011	400000	17876	1928703	86194	2134466	95389	4463169	199459
Allocation of Revaluation reserve	—	—	2134466	109114	(2134466)	(109114)	—	—
Dividend declared as of 31st March, 2011	—	—	(1500000)	(67035)	—	—	(1500000)	(67035)
Dividend payable as of 31st March, 2012	—	—	(1500000)	(76680)	—	—	(1500000)	(76680)
Result 2011 / 2012	—	—	4908281	235130	—	—	4908281	235130
Balance as of 31st March, 2012	400000	20448	5971450	305261	—	—	6371450	325709
Balance as of 1st April, 2012	400000	20448	5971450	305261	—	—	6371450	325709
Result as on 14th September, 2012	—	—	(30560)	(1611)	—	—	(30560)	(1611)
Balance as of 14th September, 2012	**400000**	**21720**	**5940890**	**322590**	**—**	**—**	**6340890**	**344310**

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 share capital is held by Voltas Netherlands B.V., The Netherlands.

9. Other Information

Statutory rules concerning appropriation of result

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

9.1 Proposed appropriation of result for the period ended 14th September, 2012

The Board of Directors proposes, with the approval of Supervisory Board, that the result (net loss) at liquidation of USD 30560 (₹ 1610818) should be allocated to the retained earnings.

9.2 Dividend

There were no dividends declared as at liquidation date.

9.3 Subsequent events

The Board of Directors had decided to discontinue the operations of the Company in subsequent year. Consequently, the assets and liabilities in these financial statements have been stated at their liquidation values. The liquidation date has been set at 14th September, 2012.

The Company declared an amount of USD 1476563 (₹ 80177371) payable to Voltas Netherlands B.V. which consists of a total amount of USD 6340890 (₹ 344310327) being the sum of share capital [USD 400000 (₹ 21720000)], retained earnings [USD 5940890 (₹ 322590327)], and on the other hand, the receivable from Voltas Netherlands B.V. was USD 4864327 (₹ 264132956).

P. N. Dhume
CTM Corporation N.V.
30th April, 2013

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