VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2013-2014

CONTENTS

UNIVERSAL COMFORT PRODUCTS LIMITED

Directors :

Anil George *(Chairman)*
Nani Javeri
Pradeep Kumar Bakshi
Jayant Balan

DIRECTORS' REPORT
TO THE MEMBERS

The Directors have pleasure in presenting their Thirteenth Annual Report and Audited Accounts for the year ended 31st March, 2014.

2. The Company has recorded higher Revenue of ₹ 928.82 crores for the year ended 31st March, 2014 as compared to ₹ 740.41 crores in the previous year. Accordingly, Profit before tax was higher at ₹ 69.73 crores for the year under review as compared to ₹ 41.39 crores in the previous year. The Company had exceptional income of ₹ 4.83 crores basically due to profit on sale of land and building at Dadra. Net Profit was ₹ 57.53 crores for the year under review as compared to ₹ 32.09 crores in the previous year.

3. Taking into consideration the performance of the Company, the Directors recommend a maiden dividend of ₹ 10 per equity share of ₹ 10 each (100%) for the year 2013-14.

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

5. 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, 2014.

6. 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, 2014 and of the profit of the Company for the year ended 31st March, 2014.

   (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.

7. The Central Government has approved the appointment of M/s. Sagar & Associates, Cost Auditors, for conducting cost audit for the year ended 31st March, 2014. The due date for filing the Cost Audit Report with the Ministry of Corporate Affairs for the year ended 31st March, 2013 was 30th September, 2013 and the Cost Audit Report was filed on 24th September, 2013. The due date for filing the Cost Audit Report for the year ended 31st March, 2014 is 30th September, 2014.

8. During the year under review, the Registered Office of the Company has been shifted to Voltas House 'B', T. B. Kadam Marg, Chinchpokli, Mumbai 400 033 effective 31st July, 2013. The requisite approvals required in respect thereof were obtained, including from the Regional Director, North Western Region, Ahmedabad.

9. In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Pradeep Kumar Bakshi retires by rotation and being eligible, offers himself for reappointment.

10. In line with the requirements of the Companies Act, 2013, Mr. Nani Javeri is proposed to be appointed as an Independent Director of the Company for a term of five years upto 3rd July, 2019 and the approval of the shareholders is being sought at the ensuing Annual General Meeting (AGM) on 4th July, 2014. Mr. Nani Javeri satisfies the test of independence as stipulated under Section 149(6) of the Act.

11. Mr. Anil George and Mr. Jayant Balan were appointed as Additional Directors by the Board of Directors on 31st July, 2013 and hold office upto the date of the forthcoming AGM. The Company has received notices under Section 160 of the Companies Act, 2013 from a shareholder proposing their appointment as Directors of the Company. The Resolutions seeking approval of the shareholders for appointment of Mr. Anil George and Mr. Jayant Balan as Directors of the Company have been incorporated in the AGM Notice. Mr. M. M. Miyajiwala ceased to be a Director of the Company with effect from 31st July, 2013. The Directors place on record their sincere appreciation of the valuable services and advice given by Mr. M. M. Miyajiwala during his long tenure on the Board, since October 2001.

12. The shareholders are also required to appoint Statutory Auditors of the Company at the ensuing AGM. It is proposed to reappoint Messrs Deloitte Haskins & Sells, Baroda (DHS), the present Auditors of the Company for the year 2014-15. DHS have pursuant to Section 139(1) of the Companies Act, 2013, given their consent for appointment and furnished a certificate confirming that their appointment would be in accordance with the conditions prescribed under the Act.

13. As regards the items of the Notice of the Annual General Meeting relating to the Special Business, the Resolutions incorporated in the Notice and the Explanatory Statements thereto fully indicate the reasons for seeking the approval of the shareholders to those proposals. The attention of the shareholders is drawn to these.

On behalf of the Board of Directors

Anil George
Chairman

Mumbai, 23rd April, 2014

ANNEXURE TO THE DIRECTORS' REPORT

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific areas in which R&D carried out by the Company

- High energy efficient star rated Split air conditioners with Rotary and Scroll compressors in accordance with BEE guidelines.
- High energy efficient star rated Window air conditioners with Rotary compressors in accordance with BEE guidelines.
- Air conditioners which work at high ambient to enable customer experience comfort in extreme summer conditions.
- Three New Facia for Window air conditioners.
- Anti bacterial filter in all Window air conditioners to improve the health of consumers.
- All Weather ACs.
- DC Inverter ACs locally in India.
- ACs with zero ODP alternate refrigerant (R-410a).
- Local IDU with three new facia.
- Universal remote for complete range of air conditioners.

2. Product and processes developed through in-house technology

- 2 TR Split air conditioner – 5 star rated in line with BEE directive with energy efficient Rotary compressors.
- New range of 5 star rated Split air conditioners in line with BEE directive.
- New Range of 5 star rated Window Air conditioner.
- Development of T3 type ACs which cools effectively even at 52 deg C.

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 2013-14 was ₹ 67.89 lakhs. The R&D expenditure was 0.07% of the gross turnover.

5. Energy Conservation

Substantial reduction in electricity consumption due to change over from 250 W 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, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of

India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 23rd April, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/ 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, 2014 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, 2014 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	Supreme Court	2002-05	101.66
Sales tax Laws	Sales Tax	High Court	2003-04	429.41
Sales tax Laws	Sales Tax	High Court	2004-05	111.52
Finance Act, 1994	Service Tax	Commissioner (Appeal) of Central Excise 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.117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 23rd April, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

		Note	₹ **In Lakhs**	As at 31-3-2013 ₹ In Lakhs
A.	**EQUITY AND LIABILITIES**			
	1. SHAREHOLDERS' FUNDS			
	(a) Share capital	2	**2764.20**	2764.20
	(b) Reserves and surplus	3	**11812.05**	9293.05
			14576.25	12057.25
	2. NON-CURRENT LIABILITIES			
	(a) Deferred tax liabilities (net)	29	**198.13**	228.06
	(b) Long-term provisions	4	**8.17**	7.42
			206.30	235.48
	3. CURRENT LIABILITIES			
	(a) Trade payables	5	**9048.28**	8324.57
	(b) Other current liabilities	6	**133.61**	160.58
	(c) Short-term provisions	7	**3480.11**	0.20
			12662.00	8485.35
		TOTAL	**27444.55**	20778.08
B.	**ASSETS**			
	1. NON-CURRENT ASSETS			
	(a) Fixed assets			
	(i) Tangible assets	8	**1416.91**	2364.47
	(ii) Intangible assets	8	**16.71**	21.57
			1433.62	2386.04
	(b) Long-term loans and advances	9	**1384.46**	2279.47
			2818.08	4665.51
	2. CURRENT ASSETS			
	(a) Inventories	10	**17184.00**	14611.88
	(b) Trade receivables	11	**7063.19**	705.85
	(c) Cash and cash equivalents	12	**25.28**	44.94
	(d) Short-term loans and advances	13	**354.00**	749.90
			24626.47	16112.57
		TOTAL	**27444.55**	20778.08
	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

Ketan Vora
Partner
Mumbai, 23rd April, 2014

For and on behalf of the Board

Chairman **Anil George**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 23rd April, 2014

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

			Note	₹ In Lakhs	2012-13 ₹ In Lakhs
1.	**REVENUE FROM OPERATIONS (GROSS)**		14	**92882.19**	74040.88
	Less: Excise duty			**—**	—
	Revenue from Operations (net)			**92882.19**	74040.88
2.	**OTHER INCOME**		15	**56.73**	34.90
3.	**TOTAL REVENUE (1+2)**			**92938.92**	74075.78
4.	**EXPENSES**				
	(a)	Cost of materials consumed	16(a)	**81089.99**	75784.48
	(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	16(b)	**2474.91**	(7338.03)
	(c)	Employee benefits expense	17	**180.17**	146.78
	(d)	Finance costs	18	**0.56**	—
	(e)	Depreciation and amortisation expense	8	**132.93**	134.57
	(f)	Other expenses	19	**2087.16**	1209.06
	TOTAL EXPENSES			**85965.72**	69936.86
5.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3 - 4)**			**6973.20**	4138.92
6.	**EXCEPTIONAL ITEMS**			**482.74**	—
7.	**PROFIT BEFORE TAX (5 - 6)**			**7455.94**	4138.92
8.	**TAX EXPENSE**				
	(a)	Current tax expense		**1750.00**	928.67
	(b)	Excess provision of earlier years written back		**(17.10)**	—
	(c)	Deferred tax		**(29.94)**	37.72
	(d)	MAT Credit Entitlement		**—**	(36.34)
				1702.96	930.05
9.	**PROFIT AFTER TAX (7 -8)**			**5752.98**	3208.87
10.	**BASIC AND DILUTED EARNINGS PER SHARE OF ₹ 10/- EACH (in ₹)**		30	**20.81**	11.61
	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

Ketan Vora
Partner
Mumbai, 23rd April, 2014

For and on behalf of the Board

Chairman **Anil George**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 23rd April, 2014

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

		₹ In Lakhs	2012-13 ₹ In Lakhs
A.	**Cash flow from Operating activities**		
	Net Profit before tax	**7455.94**	4138.92
	Adjustments for:		
	Depreciation and amortisation	**132.93**	134.57
	(Profit) / loss on sale / write off of assets	**(475.65)**	(13.42)
	Provision for Employee benefits	**0.75**	2.79
	Operating profit / (loss) before working capital changes	**7113.97**	4262.86
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(2572.12)**	(7551.38)
	Trade receivables	**(6357.34)**	862.67
	Short-term loans and advances	**395.90**	(280.24)
	Long-term loans and advances	**737.94**	—
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**723.71**	3351.67
	Other current liabilities	**38.34**	9.78
	Short-term Provisions	**21.11**	—
	Cash generated from operations	**101.51**	655.36
	Net income tax (paid) / refunds	**(1351.00)**	(865.21)
	Net cash flow from / (used in) Operating activities (A)	**(1249.49)**	(209.86)
B.	**Cash Flow from Investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(34.15)**	(102.52)
	Exceptional items - Proceeds from sale of fixed assets (Net)	**1329.29**	22.50
	Net cash flow from / (used in) Investing activities (B)	**1295.14**	(80.02)
C.	**Cash Flow from Financing activities**		
	Net cash flow from / (used in) Financing activities (C)	**—**	—
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**45.65**	(289.87)
	Cash and cash equivalents at the beginning of the year	**(20.37)**	269.50
	Cash and cash equivalents at the end of the year	**25.28**	(20.37)
	(Refer Note 6 and Note 12)		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Ketan Vora
Partner
Mumbai, 23rd April, 2014

For and on behalf of the Board

Chairman **Anil George**
Director **Pradeep Kumar Bakshi**
Manager **Mahendra K. Sharma**
Mumbai, 23rd April, 2014

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

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 Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") [(which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs)] and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

The 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, 2014 (contd.)

2. SHARE CAPITAL

				As at 31-3-2013	
		Number of shares	**₹ In Lakhs**	Number of shares	₹ 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.

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

			As at 31-3-2013	
	Number of Shares held	**₹ In Lakhs**	Number of Shares held	₹ In Lakhs
Equity Shares of ₹ 10 each with voting rights	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20

(iii) All the above Equity Shares have the same rights to dividend, voting and in case of repayment of Capital.

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

			As at 31-3-2013	
Class of shares / Name of shareholder	**Number of Shares held**	**% holding in that class of shares**	Number of Shares held	% 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

			As at 31-3-2013
		₹ In Lakhs	₹ In Lakhs
(a)	General reserve		
	Opening balance	**—**	—
	Add: Transferred from Statement of Profit and Loss	**600.00**	—
	Closing balance	**600.00**	—
(b)	Surplus in Statement of Profit and Loss		
	Opening balance	**9293.05**	6084.18
	Add: Profit for the year	**5752.98**	3208.87
	Less: Proposed Dividend	**2764.20**	—
	Tax on dividend	**469.78**	—
	Transferred to General reserve	**600.00**	—
	Closing balance	**11212.05**	9293.05
		11812.05	9293.05

4. LONG TERM PROVISIONS

			As at 31-3-2013
		₹ In Lakhs	₹ In Lakhs
Provision for employee benefits			
(i)	Provision for compensated absences	**1.92**	1.87
(ii)	Provision for gratuity	**6.25**	5.55
		8.17	7.42

5. TRADE PAYABLES

		As at 31-3-2013
	₹ In Lakhs	₹ In Lakhs
Trade payables	**9048.28**	8324.57

Due on account of goods purchased and services rendered (Refer Note 32)

6. OTHER CURRENT LIABILITIES

			As at 31-3-2013
		₹ In Lakhs	₹ In Lakhs
Other payables			
(i)	Statutory obligations	**101.89**	74.79
(ii)	Advances from customers	**11.65**	12.02
(iii)	Others	**20.07**	8.46
(iv)	Book Overdraft	**—**	65.31
		133.61	160.58

7. SHORT TERM PROVISIONS

				As at 31-3-2013
			₹ In Lakhs	₹ In Lakhs
(a)	Provision for employee benefits			
	(i)	Provision for compensated absences	**0.18**	0.15
	(ii)	Provision for gratuity (net)	**0.13**	0.05
			0.31	0.20
(b)	Others			
	(i)	Provision for tax	**245.82**	—
	(ii)	Provision for proposed equity dividend	**2764.20**	—
	(iii)	Provision for dividend tax on proposed dividend	**469.78**	—
			3479.80	—
			3480.11	0.20

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

8. FIXED ASSETS

₹ In Lakhs

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	Balance as at 1-4-2013	Additions	Disposals	**Balance as at 31-3-2014**	Balance as at 1-4-2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	**Balance as at 31-3-2014**	**Balance as at 31-3-2014**	**Balance as at 31-3-2013**
Tangible Assets										
(a) Land										
- Freehold	**164.41**	**—**	**164.41**	**—**	**—**	**—**	**—**	**—**	**—**	**164.41**
	164.41	*—*	*—*	*164.41*	*—*	*—*	*—*	*—*	*164.41*	*164.41*
- Leasehold	**256.26**	**—**	**—**	**256.26**	**16.97**	**2.81**	**—**	**19.78**	**236.48**	**239.29**
	256.26	*—*	*—*	*256.26*	*14.15*	*2.81*	*—*	*16.97*	*239.29*	*242.11*
(b) Buildings - Own use*	**1945.03**	**5.01**	**1170.55**	**779.49**	**596.93**	**64.33**	**488.43**	**172.83**	**606.66**	**1348.10**
	1957.06	*2.17*	*14.20*	*1945.03*	*538.79*	*64.96*	*6.83*	*596.93*	*1348.10*	*1418.26*
(c) Plant and Equipment	**1408.54**	**20.15**	**445.93**	**982.76**	**850.24**	**54.32**	**438.84**	**465.72**	**517.04**	**558.30**
	1444.24	*72.39*	*108.09*	*1408.54*	*899.57*	*57.20*	*106.37*	*850.24*	*558.30*	*544.65*
(d) Furniture and Fixtures	**67.82**	**—**	**—**	**67.82**	**31.95**	**3.23**	**—**	**35.18**	**32.63**	**35.87**
	67.82	*—*	*—*	*67.82*	*28.68*	*3.27*	*—*	*31.95*	*35.87*	*39.16*
(e) Vehicles	**26.96**	**—**	**—**	**26.96**	**19.44**	**0.65**	**—**	**20.09**	**6.87**	**7.52**
	20.08	*6.88*	*—*	*26.96*	*19.08*	*0.36*	*—*	*19.44*	*7.52*	*1.00*
(f) Office equipment - Owned	**56.22**	**8.99**	**3.10**	**62.11**	**45.24**	**2.73**	**3.10**	**44.87**	**17.23**	**10.98**
	54.76	*1.46*	*—*	*56.22*	*41.88*	*3.21*	*—*	*45.24*	*10.98*	*12.88*
Total	**3925.24**	**34.15**	**1783.99**	**2175.40**	**1560.77**	**128.07**	**930.37**	**758.47**	**1416.91**	**2364.47**
	3964.63	*82.90*	*122.29*	*3925.24*	*1542.16*	*131.81*	*113.20*	*1560.77*	*2364.47*	
Intangible Assets										
Computer software	**83.34**	**—**	**39.60**	**43.74**	**61.77**	**4.86**	**39.60**	**27.03**	**16.71**	**21.57**
	63.72	*19.62*	*—*	*83.34*	*59.01*	*2.76*	*—*	*61.77*	*21.57*	*4.71*
Total	**83.34**	**—**	**39.60**	**43.74**	**61.77**	**4.86**	**39.60**	**27.03**	**16.71**	**21.57**
	63.72	*19.62*	*—*	*83.34*	*59.01*	*2.76*	*—*	*61.77*	*21.57*	
Grand Total	**4008.58**	**34.15**	**1823.59**	**2219.14**	**1622.54**	**132.93**	**969.97**	**785.50**	**1433.62**	**2386.04**
	4028.35	*102.52*	*122.29*	*4008.58*	*1601.17*	*134.57*	*113.20*	*1622.54*	*2386.04*	

Figures in italics are for the previous year.

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

9. LONG TERM LOANS AND ADVANCES

		₹ In Lakhs	As at 31-3-2013 ₹ In Lakhs
Unsecured, considered good			
(a)	Security deposits	**3.12**	3.22
(b)	Advance income tax	**40.52**	40.52
(c)	MAT credit entitlement	**1271.82**	1439.07
(d)	Balances with government authorities - VAT credit receivable	**116.15**	796.66
		1431.61	2279.47
	Less: Provision for VAT credit receivable	**47.15**	—
		1384.46	2279.47

10. INVENTORIES

(At lower of cost and net realisable value)

		As at 31-3- 2013
	₹ In Lakhs	₹ In Lakhs
(a) Raw materials	**12233.42**	7186.39
(b) Finished goods	**4950.58**	7425.49
	17184.00	14611.88

11. TRADE RECEIVABLES

		As at 31-3- 2013
	₹ 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
Other Trade receivables	**7063.19**	698.44
	7063.19	705.85

12. CASH AND CASH EQUIVALENTS

		As at 31-3- 2013
	₹ In Lakhs	₹ In Lakhs
Balances with banks in current accounts	**25.28**	44.94

13. SHORT-TERM LOANS AND ADVANCES

		As at 31-3- 2013
	₹ In Lakhs	₹ In Lakhs
Unsecured, considered good		
(a) Security deposits	**33.40**	24.43
(b) Loans and advances to employees	**—**	0.50
(c) Prepaid expenses	**19.12**	—
(d) Balances with government authorities		
(i) Customs	**—**	0.02
(ii) VAT credit receivable	**299.10**	722.31
(e) Advances to Suppliers	**2.38**	2.64
	354.00	749.90

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

14. REVENUE FROM OPERATIONS

			2012-13
		₹ In Lakhs	₹ In Lakhs
(a)	Sale of products	**92795.09**	73977.41
(b)	Other operating revenues		
	– Unclaimed Credit balances Written back	**50.70**	27.84
	– Sale of Scrap	**36.40**	35.63
		92882.19	74040.88

15. OTHER INCOME

			2012-13
		₹ In Lakhs	₹ In Lakhs
(a)	Net gain/(loss) on foreign currency transactions and translation	**(0.33)**	0.40
(b)	Income Tax refund	**1.39**	—
(c)	Profit on sale of fixed assets	**—**	13.42
(d)	Cash discount from suppliers	**55.67**	21.08
		56.73	34.90

16. (a) COST OF MATERIALS CONSUMED

		2012-13
	₹ In Lakhs	₹ In Lakhs
Opening stock	**7186.39**	6973.04
Add: Purchases	**86137.02**	75997.83
	93323.41	82970.87
Less: Closing stock	**12233.42**	7186.39
Cost of materials consumed (Refer Note 21)	**81089.99**	75784.48

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

		2012-13
	₹ In Lakhs	₹ In Lakhs
Inventories at the end of the year		
– Finished goods	**4950.58**	7425.49
– Work-in-progress	**—**	—
	4950.58	7425.49
Inventories at the beginning of the year		
– Finished goods	**7425.49**	87.46
– Work-in-progress	**—**	—
	7425.49	87.46
Net (increase)/decrease	**2474.91**	(7338.03)

17. EMPLOYEE BENEFITS EXPENSE

			2012-13
		₹ In Lakhs	₹ In Lakhs
(a)	Salaries and wages	**158.59**	128.16
(b)	Contributions to provident and other funds	**5.31**	3.83
(c)	Staff welfare expenses	**16.27**	14.79
		180.17	146.78

18. FINANCE COSTS

		2012-13
	₹ In Lakhs	₹ In Lakhs
Interest expense (Refer Note 32)	**0.56**	—

19. OTHER EXPENSES

		2012-13
	₹ In Lakhs	₹ In Lakhs
Consumption of stores and spare parts	**76.71**	50.84
Outside service charges	**354.81**	341.19
Power and fuel	**71.50**	55.36
Rent including lease rentals	**127.47**	46.65
Repairs and maintenance - Buildings	**9.89**	2.08
Repairs and maintenance - Machinery	**63.31**	77.26
Insurance	**37.94**	7.32
Rates and taxes	**2.64**	0.84
Travelling and conveyance	**9.75**	11.50
Printing and stationery	**8.32**	3.96
Freight and forwarding	**204.96**	66.53
Sales commission	**800.06**	328.25
Advertising	**0.11**	0.17
Legal and professional	**24.64**	21.29
Payments to auditors (Refer Note 25)	**38.67**	34.69
Bad trade and other receivables, loans and advances written off	**11.35**	7.95
Loss on fixed assets sold / scrapped / written off	**7.09**	—
Miscellaneous expenses	**237.94**	153.18
	2087.16	1209.06

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

20. Contingent Liabilities

		As at 31-3-2013
	₹ 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).

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

Items	Unit of Measurement	**Quantity**	**₹ In Lakhs**
Compressors	**Numbers**	**451652**	**22853.78**
	Numbers	*428618*	*21082.78*
Fan Coil Unit	**Numbers**	**468399**	**26212.71**
	Numbers	*416897*	*23366.45*
Kits	**Numbers**	**454884**	**29009.62**
	Numbers	*444690*	*28464.05*
Others		**(*)**	**3013.88**
		(*)	*2871.21*
			81089.99
			75784.49

(*) 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	**1.35**	**81088.64**	**81089.99**	**100.00**
	(22.19)	*75762.30*	*75784.49*	*100.00*
Total	**1.35**	**81088.64**	**81089.99**	**100.00**
	22.19	*75762.30*	*75784.49*	*100.00*

Figures in itallics 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	**378000**	**454670**
	250000	*444671*

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.

(iii) Annual installed capacity is based on 280 days single shift in a year.

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

Class of Goods	Unit of Measurement	Sales		Opening Stocks		Closing Stocks	
		Quantity	₹ In Lakhs	Quantity	₹ In Lakhs	Quantity	₹ In Lakhs
Air conditioners							
- Room air conditioners (Including Split Units)	Numbers	**473349**	**88716.45**	**45692**	**7425.49**	**27013**	**4950.58**
		399730	*70788.51*	*751*	*87.46*	*45692*	*7425.49*
Others							
- Raw materials			**4078.64**	—	—	—	—
			3188.90	—	—	—	—
Total			**92795.09**	—	—	—	—
			73977.41	—	—	—	—

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	2012-13 ₹ In Lakhs
Audit Fees	**14.75**	13.00
Tax Audit Fees	**4.25**	3.90
Tax Matters	**0.33**	6.54
Other Services	**14.93**	7.80
Reimbursement of Expenses	**0.17**	0.39
Service Tax on Above	**4.24**	3.05
	38.67	34.68

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

26. Related Party Disclosure

Party: Voltas Limited — Relationship: Holding Company

Party: Mahendra K. Sharma — Relationship: Key Management Personnel

Nature of transactions	**₹ In Lakhs**	2012-13 ₹ In Lakhs
Purchase of goods	**55925.30**	46486.57
Sale of goods	**82114.96**	68940.79
Reimbursement of Staff cost	**41.10**	30.00
Commission paid	**800.06**	328.25
Related Party Balances		
Net Receivable	**7024.18**	554.69

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

	₹ In Lakhs	2012-13 ₹ In Lakhs
Materials	**38.22**	15.20
Employee benefits expense	**21.14**	19.65
Others	**8.53**	14.77
	67.89	49.62

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	2012-13 ₹ In Lakhs
Provident Fund	**4.54**	3.84

(b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2014. 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		2012-13
Discount Rate	**9.31%**	8.25%
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**	Indian Assured Lives (2006-08) Ultimate

	₹ In Lakhs	2012-13 ₹ In Lakhs
B. Table showing change in Benefit Obligation		
Liability at the beginning of the year	**5.61**	3.56
Interest Cost	**0.46**	0.30
Current Service Cost	**1.50**	1.24
Past Service Cost (Non Vested Benefit)	**—**	—
Past Service Cost (Vested Benefit)	**—**	—
Benefit Paid	**—**	—
Actuarial (Gain)/Loss on obligations	**(1.19)**	0.51
Liability at the end of the year	**6.38**	5.61

28. Employee Benifits (contd.)

C. This is an unfunded Gratuity Scheme. Hence, no disclosure made for funded assets.

	₹ In Lakhs	2012-13 ₹ In Lakhs
D. Amount Recognised in Balance sheet		
Liability at the end of the year	**6.38**	5.61
Fair Value of Plan Assets at the end of the year	**—**	—
Difference	**6.38**	5.61
Unrecognised Past Service Cost	**—**	—
Amount Recognised in Balance Sheet	**6.38**	5.61
E. Amount Recognised in Income Statement		
Current Service Cost	**1.50**	1.24
Interest Cost	**0.46**	0.30
Expected Return on Plan Asset	**—**	—
Net Actuarial (Gain)/ Loss to be Recognised	**(1.19)**	0.51
Past Service Cost (Non Vested Benefit) Recognised	**—**	—
Past Service Cost (Vested Benefit) Recognised	**—**	—
Expenses Recognised in Statement of Profit and Loss	**0.77**	2.05
F. Balance Sheet Reconciliation		
Opening Net Liability	**5.61**	3.56
Expenses as above	**0.77**	2.05
Employer's Contribution	**—**	—
Amount Recognised in Balance Sheet	**6.38**	5.61

G. Experience Adjustment	**₹ In Lakhs**	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs	2010-11 ₹ In Lakhs	2009-10 ₹ In Lakhs
Present value of defined benefit obligation	**6.38**	5.61	3.56	2.22	12.02
Plan Assets	**—**	—	—	—	—
Surplus/(Deficit)	**—**	—	—	—	—
On Plan Liability (Gain)/Loss	**(0.02)**	0.27	0.17	(0.95)	(3.04)
On Plan Asset (Gain)/Loss	**—**	—	—	—	—

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

28. Employee Benifits (contd.)

H. Expected contribution to defined benefit plan in next year ₹ 6.38 Lakhs (Previous year: ₹ 5.61 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 ₹ 198.13 Lakhs (Previous year : ₹ 228.06 Lakhs) for the year as indicated below.

The break-up of deferred tax liability and deferred tax asset are as under:

	₹ In Lakhs	As at 31-3-2013 ₹ In Lakhs
Deferred Tax Liability		
Depreciation	**242.18**	230.65
Total (A)	**242.18**	230.65
Deferred Tax Assets		
Employee Benefits	**3.23**	2.59
Statutory Liability	**40.82**	—
Total (B)	**44.05**	2.59
Net Deferred Tax Liability/(Asset) (A-B)	**198.13**	228.06

30. Earnings Per Share

		2012-13
Profit After Tax (₹ in Lakhs)	**5752.98**	3208.87
Number of Equity Shares	**2,76,42,000**	2,76,42,000
Basic and Diluted Earnings per Share of ₹ 10 each (₹)	**20.81**	11.61

31. Exceptional Items

	₹ In Lakhs	2012-13 ₹ In Lakhs
Profit on Sale of Property	**482.74**	—

32. Micro, Small and Medium Enterprises Development Act, 2006

		₹ In Lakhs	2012-13 ₹ In Lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**7.56**	—
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0.56**	—
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**—**	—
(iv)	The amount of interest due and payable for the year	**0.56**	—
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**0.56**	—
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**—**	—

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

For and on behalf of the Board

Chairman **Anil George**

Director **Pradeep Kumar Bakshi**

Mumbai, 23rd April, 2014

Manager **Mahendra K. Sharma**

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

P. N. Dhume *(Chairman)*
Anil George
M. Gopi Krishna
Jayant Balan

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirty-First Annual Report and Audited Accounts for the year ended 31st March, 2014.

2. The Company has recorded Revenue of ₹ 103.05 crores and incurred net loss of ₹ 6.90 crores for the year ended 31st March, 2014 as compared to Revenue of ₹ 84.96 crores and loss of ₹ 13.06 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 2013-14.

3. The Company had taken Inter-Corporate Deposits (ICDs) from Voltas Limited to meet its funds requirements from time to time. In order to reduce the interest burden and improve the Net Worth, the Company had on 1st October, 2013 issued and allotted 37,00,000 – 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each to Voltas Limited by converting ICDs of ₹ 37 crores. The Authorised Capital of the Company was increased from ₹ 30 crores to ₹ 67 crores to provide for issue of 37,00,000 – 0.01% Cumulative Redeemable Preference Shares of ₹ 100 each. The Paid-up Capital of the Company is ₹ 63.83 crores comprising 18,25,782 equity shares of ₹ 10 each and 62,00,000 – 0.01% Cumulative Redeemable Preference Shares of ₹ 100 each.

4. During the year under review, the erstwhile Promoters have transferred their balance shareholding (16.33%) in the Company to Voltas Limited, the holding company, comprising 2,98,211 equity shares of ₹10 each on 14th October, 2013. The entire equity share capital of the Company is held by Voltas Limited and accordingly, the Company is a wholly-owned subsidiary of Voltas Limited with effect from 14th October, 2013. Mr. Prashant G. Kandoi, a Director, representing the Promoters resigned and ceased to be a Director of the Company with effect from 14th October, 2013.

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

6. 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.

7. 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.

8. The Registered Office of the Company has been shifted from Voltas Premises, T. B. Kadam Marg, Chinchpokli, Mumbai 400 033 to Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033 with effect from 9th May, 2014.

9. In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. M. Gopi Krishna retires by rotation and being eligible, offer himself for re-election.

10. The Board of Directors had at its Meeting held on 23rd July, 2013, appointed Mr. Jayant Balan as an Additional Director with effect from 29th July, 2013 and he holds office upto the date of the forthcoming Annual General Meeting (AGM). The Company has received a Notice under Section 160 of the Act from a shareholder proposing the appointment of Mr. Jayant Balan as a Director of the Company. The Resolution seeking approval of the shareholders for appointment of Mr. Jayant Balan as a Director of the Company has been incorporated in the Notice of the forthcoming AGM.

11. Mr. M. M. Miyajiwala ceased to be a Director of the Company with effect from 23rd July, 2013. The Directors place on record their sincere appreciation of the valuable services and advice given by Mr. M. M. Miyajiwala during his tenure on the Board, since March 2011.

12. The shareholders are also required to appoint Statutory Auditors of the Company at the ensuing AGM. It is proposed to reappoint Messrs Deloitte Haskins & Sells, Baroda (DHS), Chartered Accountants, the present Auditors of the Company for the year 2014-15. DHS have pursuant to Section 139(1) of the Companies Act, 2013, given their consent for appointment and furnished a certificate confirming that their appointment would be in accordance with the conditions prescribed under the Act.

13. As regards items of the Notice of the Annual General Meeting relating to the Special Business, the Resolutions incorporated in the Notice and the Explanatory Statements thereto fully indicate the reasons for seeking the approval of the shareholders to those proposals. The attention of the shareholders is drawn to these.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Mumbai, 9th May, 2014

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, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

(b) in the case of the Statement of Profit and Loss, of the 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

I. We draw attention to Significant Accounting Policy g(ii) of Note 1 of the financial statement, 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 substantially eroded. As the Parent company has assured the Company of continued support, including by way of infusion of funds from time to time, this statement has been prepared on a going concern basis as set out in Note 30 to the financial statement.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117364W)

Ketan Vora
Partner
Membership No.100459

Mumbai, 9th May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/ 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 off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventories:

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

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were 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 ₹ Nil and the maximum amount involved including the interest during the year was ₹ 631.39 Lakhs (2 parties).

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

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

(vi) In our opinion and according to the information and explanations given to us, there is 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 transactions 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, 2014 for a period of more than six months from the date they became payable except ₹ 38.06 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, 2014 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.	Sales Tax Laws	CST	Commercial Tax Officer	2005-06, 2010-11	79.99
			Dy. Commissioner (Appeals)	2007-08, 2008-09, 2009-10	108.31
			Senior Audit Officer	2006-07, 2009-10	50.34
2.	Sales Tax Laws	Value Added Tax	Commercial Tax Officer	2010-11	21.79
			Commercial Tax Officer (Appeals)	2004-05	4.15
			Dy. Commissioner (Appeals)	2005-06 to 2010-11	312.14
			Jt. Commissioner of Tax	2008-09	15.53
3.	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 of the Company, we report that funds raised on short-term basis have, *prima facie,* not been used during the year for long term investment.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.117364W)

Ketan Vora
Partner
Membership No. 100459

Mumbai, 9th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	2	**6382.58**	2682.58
(b) Reserves and surplus	3	**(4398.42)**	(3708.04)
		1984.16	(1025.46)
2. NON-CURRENT LIABILITIES			
(a) Other long-term liabilities	4	**44.03**	34.57
(b) Long-term provisions	5	**16.73**	26.76
		60.76	61.33
3. CURRENT LIABILITIES			
(a) Short-term borrowings	6	**6085.55**	7799.46
(b) Trade payables	7	**4073.79**	4915.09
(c) Other current liabilities	8	**5247.42**	4674.45
(d) Short-term provisions	9	**2.32**	3.31
		15409.08	17392.31
	TOTAL	**17454.00**	16428.18
B. ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	10(A)	**43.29**	58.92
(ii) Intangible assets	10(B)	**26.88**	46.63
		70.17	105.55
(b) Long-term loans and advances	11	**279.47**	268.59
(c) Other non-current assets	12	**1130.98**	994.08
		1410.45	1262.67
2. CURRENT ASSETS			
(a) Inventories	13	**204.23**	226.68
(b) Trade receivables	14	**7939.90**	7692.40
(c) Cash and cash equivalents	15	**12.58**	105.70
(d) Short-term loans and advances	16	**647.76**	710.53
(e) Other current assets	17	**7168.91**	6324.65
		15973.38	15059.96
	TOTAL	**17454.00**	16428.18
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

Ketan Vora
Partner
Mumbai, 9th May, 2014

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Madathil Valsaraj**

Mumbai, 9th May, 2014

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

		Note	₹ in Lakhs	2012-13 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	18	**10110.30**	8345.11
2.	**OTHER INCOME**	19	**194.85**	151.11
3.	**TOTAL REVENUE (1 + 2)**		**10305.15**	8496.22
4.	**EXPENSES**			
	(a) Cost of sales - Traded goods	20(A)	**134.69**	598.71
	(b) Cost of sales, services	20(B)	**8079.89**	6705.18
	(c) Employee benefits expense	21	**371.55**	450.88
	(d) Finance costs	22	**902.51**	818.40
	(e) Depreciation and amortisation expense	10	**33.46**	35.09
	(f) Other expenses	23	**1473.43**	1209.77
	TOTAL EXPENSES		**10995.53**	9818.03
5.	**LOSS BEFORE TAX (3 - 4)**		**(690.38)**	(1321.81)
6.	**TAX EXPENSE**			
	Current tax - Provision for taxation of earlier years written back		—	(15.68)
7.	**LOSS AFTER TAX (5 - 6)**		**(690.38)**	(1306.13)
8.	**EARNINGS PER EQUITY SHARE OF ₹ 10/- EACH**	29		
	Basic and Diluted (in ₹)		**(37.81)**	(71.54)
	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

Ketan Vora
Partner
Mumbai, 9th May, 2014

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Madathil Valsaraj**

Mumbai, 9th May, 2014

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

				2012-13
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
A.	**Cash flow from Operating Activities**			
	Net Loss before extraordinary items and tax		**(690.38)**	(1321.81)
	Adjustments for:			
	Depreciation and amortisation	**33.46**		35.09
	(Profit) / loss on sale / write off of assets	**1.28**		(0.82)
	Finance costs	**902.51**		818.40
	Interest income	**(0.37)**		(1.27)
	Provision for Employee Benefit	**(11.02)**		(26.70)
	Bad and Doubtful Debts / Advances	**408.64**		115.00
			1334.50	939.70
	Operating Profit / (Loss) before Working Capital changes		**644.12**	(382.11)
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	**22.45**		83.62
	Trade receivables	**(604.04)**		(1382.70)
	Short-term loans and advances	**10.67**		(137.36)
	Long-term loans and advances	**(49.07)**		(25.05)
	Other current assets	**(844.26)**		(295.26)
	Other non-current assets	**(136.90)**		(18.47)
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	**(841.30)**		(392.41)
	Other current liabilities	**302.83**		612.63
	Other long-term liabilities	**9.46**		(53.10)
			(2130.16)	(1608.10)
	Cash generated from Operations		**(1486.04)**	(1990.21)
	Net income tax (paid) / refunds		**38.19**	327.64
	Net cash flow from / (used in) Operating Activities (A)		**(1447.85)**	(1662.57)

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

		₹ in Lakhs	₹ in Lakhs	2012-13 ₹ in Lakhs
B.	**Cash flow from Investing Activities**			
	Capital expenditure on fixed assets, including capital advances	**(0.34)**		(61.75)
	Proceeds from sale of fixed assets	**0.98**		57.37
	Proceeds from / (investment in) Fixed deposit	**37.53**		(40.63)
	Interest Income	**0.37**		1.27
	Net cash flow from / (used in) Investing Activities (B)		**38.54**	(43.74)
C.	**Cash flow from Financing Activities**			
	Net increase / (decrease) in working capital borrowings	**(163.91)**		447.70
	Proceeds from other short-term borrowings	**2150.00**		1850.00
	Finance cost	**(632.37)**		(584.67)
	Net cash flow from / (used in) Financing Activities (C)		**1353.72**	1713.03
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(55.59)**	6.72
	Cash and cash equivalents at the beginning of the year		**61.17**	54.45
	Cash and cash equivalents at the end of the year		**5.58**	61.17
	Reconciliation of Cash and cash equivalents with the Balance Sheet:			
	Cash and cash equivalents as per Balance Sheet (Refer Note 15)		**12.58**	105.70
	Less: Bank balances not considered as Cash and cash equivalents Balances held as margin money (Refer Note (ii) below)		**7.00**	44.53
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15		**5.58**	61.17

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.

(iii) During the year, upon conversion of Inter Corporate Deposit, 0.01% Cumulative Redeemable Preference Shares of ₹ 3700 Lakhs were issued. Same are not included in the cash flow statement being non cash item.

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Ketan Vora
Partner
Mumbai, 9th May, 2014

For and on behalf of the Board

Chairman **P. N. Dhume**
Director **M. Gopi Krishna**
Manager **Madathil Valsaraj**

Mumbai, 9th May, 2014

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

NATURE OF BUSINESS

Rohini Industrial Electricals Limited, subsidary 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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") [which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs] and the relevant provisions of the 1956 Act / 2013 Act, as applicable.

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

(ii) Job Contracts

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

(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.

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

(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 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

	Number	**₹ in Lakhs**	As at 31-3-2013 Number	As at 31-3-2013 ₹ 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	**62,00,000**	**6200.00**	25,00,000	2500.00
		6700.00		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) *	**62,00,000**	**6200.00**	25,00,000	2500.00
		6382.58		2682.58

\# All the Equity Shares have same rights to dividend, voting and in case of repayment of capital subject to preferential rights prescribed under law or those of preference shareholders.

* The Cumulative Redeemable Preference Shares are reedemable on the expiry of 7 years from the date of allotment (29th March, 2012: 25,00,000 No. of shares and 1st October, 2013 : 37,00,000 No. of shares) 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.

	Number	**₹ in Lakhs**	As at 31-3-2013 Number	As at 31-3-2013 ₹ 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**	25,00,000	2500.00
Shares Issued during the year	**37,00,000**	**3700.00**	—	—
Shares bought back during the year	**—**	**—**	—	—
Shares outstanding at the end of the year	**62,00,000**	**6200.00**	25,00,000	2500.00

18,25,782 Equity Shares (31st March, 2013 : 15,27,571) are held by Voltas Limited, the holding company.
62,00,000 - 0.01% Cumulative Redeemable Preference Shares (31st March, 2013 : 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	**No. of Shares held**	**% of Holding**	As at 31-3-2013 No. of Shares held	As at 31-3-2013 % of Holding
Equity Shares :				
Voltas Limited	**18,25,782**	**100%**	15,27,571	83.67%
Preference Shares :				
Voltas Limited	**62,00,000**	**100%**	25,00,000	100%

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

3. RESERVES AND SURPLUS

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(a)	Securities premium account #	**492.43**	492.43
(b)	General reserve #	**2053.76**	2053.76
(c)	Deficit in Statement of Profit and Loss		
	Opening balance	**(6254.23)**	(4948.10)
	Add: Loss for the year	**(690.38)**	(1306.13)
	Closing balance	**(6944.61)**	(6254.23)
		(4398.42)	(3708.04)

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

4. OTHER LONG-TERM LIABILITIES

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
Trade Payables	**44.03**	34.57

5. LONG-TERM PROVISIONS

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
Provision for employee benefits:			
(i)	Provision for compensated absences	**10.67**	12.80
(ii)	Provision for gratuity	**6.06**	13.96
		16.73	26.76

6. SHORT-TERM BORROWINGS

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(a)	Loans repayable on demand		
	From banks :		
	Secured	**3457.98**	3621.89
	(Secured by first charge on Stock received under inland LC, Advance payment guarantees and book debt)		
(b)	Loans and advances from related parties (Refer Note 28)		
	Unsecured :		
	Voltas Limited	**2500.00**	3550.00
(c)	Other loans and advances		
	Unsecured :		
	Mr. Prashant G. Kandoi (Non- Executive Director up to 14th October, 2013)	—	250.00
	Mr. Gopal M. Kandoi	—	250.00
	Mr. Prashant G. Kandoi (Non- Executive Director up to 14th October, 2013) (Interest Free) [Refer Note 14(a)]	**127.57**	127.57
		6085.55	7799.46

7. TRADE PAYABLES

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
Trade payables:		
Micro, Small and Medium Enterprises (Refer Note 25)	**36.73**	31.36
Others :	**4037.06**	4883.73
	4073.79	4915.09

8. OTHER CURRENT LIABILITIES

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(a) Interest accrued and due on borrowings	**807.70**	537.56
(b) Other payables		
(i) Statutory obligations	**170.29**	178.52
(ii) Advances from customers	**4084.06**	3180.01
(iii) Others :		
Billing in Excess of contract revenue	**185.37**	778.36
	5247.42	4674.45

9. SHORT-TERM PROVISIONS

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits :		
Provision for compensated absences	**1.96**	2.95
(b) Provision - Others :		
Provision for tax	**0.36**	0.36
	2.32	3.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 (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, 2013	Additions	Deductions	**As at 31 March, 2014**	Up to 31 March, 2013	For the Year	On Deductions	**Up to 31 March, 2014**	**As at 31 March, 2014**	As at 31 March, 2013
				(1+2-3)				(5+6-7)	(4-8)	(1-5)
	(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**	(10)
A. Tangible Assets:										
1. Plant & Machinery	**69.89**	**—**	**28.19**	**41.70**	**62.14**	**1.89**	**28.19**	**35.84**	**5.86**	7.75
	82.12	*—*	*12.23*	*69.89*	*65.46*	*8.63*	*11.95*	*62.14*	*7.75*	*16.66*
2. Furniture & Fittings	**33.38**	**0.17**	**0.31**	**33.24**	**25.91**	**1.52**	**0.29**	**27.14**	**6.10**	7.47
	33.38	*—*	*—*	*33.38*	*24.26*	*1.65*	*—*	*25.91*	*7.47*	*9.12*
3. Vehicles	**63.92**	**—**	**—**	**63.92**	**49.35**	**3.77**	**—**	**53.12**	**10.80**	14.57
	80.52	*—*	*16.60*	*63.92*	*58.14*	*5.28*	*14.07*	*49.35*	*14.57*	*22.38*
4. Computers & Accessories	**72.95**	**0.13**	**15.87**	**57.21**	**63.69**	**3.76**	**14.85**	**52.60**	**4.61**	9.26
	72.09	*0.86*	*—*	*72.95*	*57.82*	*5.87*	*—*	*63.69*	*9.26*	*14.27*
5. Office Equipments	**35.76**	**0.04**	**2.58**	**33.22**	**15.89**	**2.77**	**1.36**	**17.30**	**15.92**	19.87
	28.70	*7.19*	*0.13*	*35.76*	*13.10*	*2.88*	*0.09*	*15.89*	*(19.87)*	*15.60*
	275.90	**0.34**	**46.95**	**229.29**	**216.98**	**13.71**	**44.69**	**186.00**	**43.29**	58.92
	296.81	*8.05*	*28.96*	*275.90*	*218.78*	*24.31*	*26.11*	*216.98*	*58.92*	*78.03*
B. Intangible Assets:										
Software	**63.89**	**—**	**—**	**63.89**	**17.26**	**19.75**	**—**	**37.01**	**26.88**	46.63
	10.19	*53.70*	*—*	*63.89*	*6.48*	*10.78*	*—*	*17.26*	*46.63*	*3.71*
Total (A+B)	**339.79**	**0.34**	**46.95**	**293.18**	**234.24**	**33.46**	**44.69**	**223.01**	**70.17**	105.55
	307.00	*61.75*	*28.96*	*339.79*	*225.26*	*35.09*	*26.11*	*234.24*	*105.55*	*81.74*
									70.17	105.55

Figures in italics are for the Previous year.

11. LONG-TERM LOANS AND ADVANCES

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(a)	Advance income tax	**103.88**	142.07
(b)	Other loans and advances :		
	Appeal Deposit for Sales Tax	**175.59**	126.52
		279.47	268.59

12. OTHER NON-CURRENT ASSETS

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
Retention Money		
(Unsecured, considered good)	1130.98	994.08

13. INVENTORIES

(At lower of cost and net realisable value)

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(a) Work-in-progress	**32.81**	—
(b) Stock-in-trade	**171.42**	226.68
	204.23	226.68

14. TRADE RECEIVABLES

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(a) Trade receivables outstanding for a period exceeding six months		
Secured, considered good #	**127.57**	127.57
Unsecured, considered good	**4901.69**	4554.49
Unsecured, considered Doubtful	**1307.37**	950.83
	6336.63	5632.89
Less: Provision for doubtful trade receivables	**1307.37**	950.83
	5029.26	4682.06
(b) Other Trade receivables		
Unsecured, considered good	**2910.64**	3010.34
	7939.90	7692.40
# Secured by way of Loan [Refer Note 6(c)]	**127.57**	127.57

15. CASH AND CASH EQUIVALENTS

		As at 31-3-2013
	₹ in Lakhs	₹ in Lakhs
(a) Cash and Bank Equivalents :		
Balances with bank - Current account	**5.58**	61.17
(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	**7.00**	4.53
	12.58	105.70

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

16. SHORT-TERM LOANS AND ADVANCES

		₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
(a)	Security deposits		
	Unsecured, considered good	**19.13**	24.04
	Unsecured, considered Doubtful	**12.13**	7.22
		31.26	31.26
	Less: Provision for doubtful Security deposits	**12.13**	7.22
		19.13	24.04
(b)	Loans and advances to employees		
	Unsecured, considered good	**13.41**	7.91
	Unsecured, considered Doubtful	**31.85**	35.00
		45.26	42.91
	Less: Provision for doubtful Employee Advances	**31.85**	35.00
		13.41	7.91
(c)	Prepaid expenses		
	Unsecured, considered good	**32.64**	19.40
(d)	Balances with government authorities		
	Unsecured, considered good		
	VAT credit receivable	**344.75**	399.04
(e)	Interest accrued	**17.43**	—
(f)	Others		
	(i) Other Deposits		
	Unsecured, considered good	**15.75**	42.05
	Unsecured, considered Doubtful	**42.47**	16.15
		58.22	58.20
	Less: Provision for doubtful Other deposits	**42.47**	16.15
		15.75	42.05
	(ii) Advances to Suppliers		
	Unsecured, considered good	**204.65**	218.09
	Unsecured, considered Doubtful	**26.16**	2.15
		230.81	220.24
	Less: Provision for doubtful Advances	**26.16**	2.15
		204.65	218.09
		647.76	710.53

17. OTHER CURRENT ASSETS

	₹ in Lakhs	As at 31-3-2013 ₹ in Lakhs
Unbilled Revenue	**7168.91**	6324.65

18. REVENUE FROM OPERATIONS

		₹ in Lakhs	2012-13 ₹ in Lakhs
(a)	Sale of traded products [Refer Note 31(a)]	**41.27**	495.80
(b)	Sale of services [Refer Note 31(b)]	**9845.54**	7620.62
(c)	Other Operating Income		
	– Sale of scrap	**1.52**	—
	– Liabilities/provisions no longer required written back (Trade payables/Advances from customers)	**221.97**	228.69
		10110.30	8345.11

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

19. OTHER INCOME

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Interest income		
	– On deposits with banks	**0.37**	1.27
	– On Income-tax refunds	**22.13**	22.03
	– Other Interest income	**35.30**	15.70
(b)	Profit on Sale of Fixed Assets (Net)	**—**	0.82
(c)	Other non-operating miscellaneous income	**170.52**	111.29
(d)	Net foreign exchange gain/(loss)	**(33.47)**	—
		194.85	151.11

20. (A) COST OF SALES - TRADED GOODS

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Opening stock of finished goods	**226.68**	266.83
(b)	Purchases [Refer Note 31(a)]	**79.43**	558.56
(c)	Closing stock of finished goods	**171.42**	226.68
		134.69	598.71

20. (B) COST OF SALES, SERVICES

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Opening Work-in-progress	**—**	43.47
(b)	Purchases and cost of jobs [Refer Note 31(b)]	**8112.70**	6661.71
(c)	Closing Work-in-progress	**32.81**	—
		8079.89	6705.18

21. EMPLOYEE BENEFITS EXPENSE

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Salaries and wages	**340.11**	397.51
(b)	Contributions to provident and other funds	**14.25**	39.33
(c)	Staff welfare expenses	**17.19**	14.04
		371.55	450.88

22. FINANCE COSTS

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Borrowings	**813.10**	760.49
(b)	Trade payables	**88.10**	55.99
(c)	Others		
	- Interest on delayed/deferred payment of income tax, VAT, Service and other taxes	**1.31**	1.92
		902.51	818.40

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

23. OTHER EXPENSES

			2012-13
		₹ in Lakhs	₹ in Lakhs
(a)	Power and fuel	**27.91**	33.50
(b)	Rent	**120.71**	139.30
(c)	Repairs and maintenance - Buildings	**7.82**	5.86
(d)	Repairs and maintenance - Machinery	**0.16**	0.15
(e)	Insurance	**35.19**	37.38
(f)	Communication	**11.29**	18.80
(g)	Travelling and conveyance	**119.92**	127.85
(h)	Printing and stationery	**10.41**	11.85
(i)	Freight and forwarding	**17.04**	27.15
(j)	Sales commission	**40.74**	32.46
(k)	Legal and professional	**39.43**	80.77
(l)	Auditors' Remuneration (Refer Note below)	**20.79**	19.00
(m)	Bad and Doubtful Debts / Advances	**408.64**	131.18
(n)	Loss on fixed assets sold / scrapped / written off (Net)	**1.28**	—
(o)	Outside Service Charges	**383.45**	388.12
(p)	Miscellaneous expenses	**228.65**	156.40
		1473.43	1209.77

Note: Payment to auditors comprises

			2012-13
		₹ 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	**7.79**	6.00
		20.79	19.00

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 ₹ 6893.60 Lakhs (31st March, 2013 : ₹ 6636.21 Lakhs), secured by first charge on stock received under Inland Letters of Credit, Advance Payment guarantees and book debts are further guaranteed by holding Company. 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 ₹ NIL (31st March, 2013 : ₹ 20.46 Lakhs).

(ii) Sales Tax Demands :
In respect of matters in which Company is in further appeal ₹ 769.88 Lakhs (31st March, 2013 : ₹ 525.90 Lakhs), net of payment ₹ 594.02 Lakhs (31st March, 2013 : ₹ 400.19 Lakhs).

(iii) Contractual matters in the course of business :
In respect of various cases filled by Vendor ₹ 30.05 Lakhs (31st March, 2013 : ₹ 48.79 Lakhs).

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

			As at 31-3-2013
		₹ in Lakhs	₹ in Lakhs
(a)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**20.10**	24.68
(b)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**16.63**	6.68
(c)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**—**	24.12
(d)	The amount of interest due and payable for the year	**4.71**	2.32
(e)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**16.63**	6.68
(f)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**1.06**	0.83

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

		2012-13
	₹ in Lakhs	₹ in Lakhs
Aggregate amount of costs incurred and recognised profits (Less recognised losses) up to 31st March, 2014 for all the contracts in progress	**36630.86**	35149.99
Advances received for such contracts in progress	**3294.20**	2775.72
The amount of retentions due for such contracts	**680.06**	782.59
The gross amount due from customers for such contracts	**7168.91**	6324.65
The gross amount due to customers for such contracts	**185.37**	778.36

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 ₹ 11.69 Lakhs (Year ended 31 March, 2013: ₹ 19.22 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:

			2012-13
		₹ in Lakhs	₹ in Lakhs
		Gratuity	Gratuity
(I)	**Components of employer expense**		
	Current service cost	**3.88**	8.46
	Interest cost	**1.67**	3.47
	Expected return on plan assets	**(0.51)**	(2.42)
	Actuarial losses/(gains)	**(2.88)**	6.30
	Total expense recognised in the Statement of Profit and Loss	**2.16**	15.81
	Actual contribution and benefit payments for the year		
	Actual benefit payments	**4.05**	29.24
	Actual contributions	**10.07**	6.00

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

(B) Defined benefit plans (contd.)

		2012-13
	₹ in Lakhs	₹ in Lakhs
	Gratuity	Gratuity
(II) Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	**(15.17)**	(17.31)
Fair value of plan assets	**9.11**	3.35
Funded status [Surplus / (Deficit)]	**(6.06)**	(13.96)
Net asset / (liability) recognised in the Balance Sheet	**(6.06)**	(13.96)
(III) Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	**17.32**	32.30
Current service cost	**3.88**	8.46
Interest cost	**1.67**	3.47
Actuarial (gains) / losses	**(3.65)**	2.33
Benefits paid	**(4.05)**	(29.24)
Present value of DBO at the end of the year	**15.17**	17.32
(IV) Change in fair value of assets during the year		
Plan assets at beginning of the year	**3.35**	28.15
Expected return on plan assets	**0.51**	2.42
Actual company contributions	**10.07**	6.00
Actuarial gain / (loss)	**(0.77)**	(3.98)
Benefits paid	**(4.05)**	(29.24)
Plan assets at the end of the year	**9.11**	3.35
Actual return on plan assets	**(0.27)**	(1.55)
(V) Composition of the plan asset is as follow		
Insurer Managed Funds	**100%**	100%

(C) Experience adjustments ₹ in Lakhs

Gratuity	**2013-14**	2012-13	2011-12	2010-11	2009-10
Present value of DBO	**15.17**	17.32	32.30	156.35	214.76
Fair value of plan assets	**9.11**	3.35	28.14	61.11	49.63
Funded status [Surplus / (Deficit)]	**(6.06)**	(13.96)	(4.15)	(95.23)	(165.12)
Experience gain / (loss) adjustments on plan liabilities	**(2.53)**	1.50	(78.85)	(86.55)	6.76
Experience gain / (loss) adjustments on plan assets	**(0.77)**	(3.98)	0.08	2.16	2.13

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

	2013-14	2012-13
Mortality (Indian Assured Lives Mortality)	**2006-08**	2006-08
Discount rate	**9.00%**	8.10%
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 ₹ 10 Lakhs (Previous year : ₹ 8 Lakhs)

28. Related party transactions

(a) Details of related parties :

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

(b) Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31st March, 2014:

Nature of Transaction	**Holding Company**	
		2012-13
	₹ in Lakhs	₹ in Lakhs
(i) Sale of goods	**2984.73**	1771.00
(ii) Purchase of fixed assets	**—**	0.94
(iii) Sale of fixed assets	**0.98**	—
(iv) Receiving of services		
1. Interest Paid	**304.40**	293.12
2. Salaries and Wages	**9.64**	0.68
3. Staff welfare expenses	**13.11**	9.77
4. Rent Paid	**89.97**	117.03
5. Legal and Professional Charges	**10.66**	3.37
6. Other Expenses Paid	**10.70**	3.64
(v) Other income- Interest Received	**—**	13.75
(vi) Finance		
1. Loan Receipt	**2650.00**	2000.00
2. Loan Payment	**3700.00**	150.00
3. Issue of 0.01% Cumulative Redeemable Preference Shares	**3700.00**	—
(vii) Balances outstanding at the end of the year		
1. Trade receivables	**497.91**	1067.39
2. Advance from Customers	**303.47**	367.82
3. Trade payables	**425.27**	379.83
4. Interest accrued and due on borrowings	**807.70**	533.74
5. Borrowings	**2500.00**	3550.00

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

29. Earnings per share

		2012-13
Net loss for the year from continuing operations (₹ in Lakhs)	**(690.38)**	(1306.13)
Weighted average number of equity shares	**18,25,782**	18,25,782
Earnings per share from continuing operations - Basic & Diluted (₹)	**(37.81)**	(71.54)

30. Although the Company is incurring losses and its net worth has substantialy 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**	
		2012-13		2012-13
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Sale of traded Products	**79.43**	558.56	**41.27**	495.80

(B) Services

Class of Services	**Purchases**		**Sales**	
		2012-13		2012-13
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Works contract, and installation and erection services	**8112.70**	6661.71	**9845.54**	7620.62

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 **Madathil Valsaraj**
Mumbai, 9th May, 2014

WEATHERMAKER LIMITED

Directors :

P. N. Dhume
Gavin J. Appleby
B. G. Prabhuajgaonkar
Jayant Balan *(w.e.f. 2nd September, 2013)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty First Annual Report and Accounts for the year ended 31st December, 2013.

2. The slowdown in UAE market adversely impacted the performance of the Company during 2013 including order booking for speciality ducts and accessories. The Company recorded turnover of AED 16.576 million for the year ended 31st December, 2013 as compared to AED 29.527 million in the previous year. Substantially lower turnover and provisioning made for doubtful debts at the year end had resulted in net loss of AED 3.548 million for the year ended 31st December, 2013 as against net profit of AED 2.616 million in the previous year.

3. During the year under review, the Company had declared interim dividend of AED 3.750 million in September 2013 out of Retained Earnings. The Directors do not recommend any final dividend for the year ended 31st December, 2013. The interim dividend of AED 3.750 million be treated as final dividend for the year ended 31st December, 2013 (previous year : AED 2.250 million).

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

Directors **Gavin J. Appleby**
B. G. Prabhuajgaonkar

Dubai, 22nd April, 2014

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, 2013, and the statement of profit or loss and other 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 4 to 22.

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, 2013 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
United Arab Emirates

Dubai, *22nd April, 2014*

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2013

	Note	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
NON-CURRENT ASSETS					
Property, plant and equipment	6	**597222**	897282	**10063**	13387
CURRENT ASSETS					
Inventories	7	**1843433**	5005455	**31062**	74681
Trade and other receivables	8	**9794214**	16922377	**165033**	252482
Cash and cash equivalents	10	**3606736**	2304616	**60774**	34385
Other current financial assets	11	**418006**	2930385	**7043**	43722
		15662389	27162833	**263912**	405270
TOTAL ASSETS		**16259611**	28060115	**273975**	418657
SHAREHOLDER'S EQUITY FUNDS					
Share Capital	12	**1500000**	1500000	**25275**	22380
Retained Earnings		**11909528**	21457167	**200676**	320141
		13409528	22957167	**225951**	342521
NON-CURRENT LIABILITIES					
Provision for staff end-of-service gratuity	13	**593443**	766736	**10000**	11440
CURRENT LIABILITIES					
Acceptances		**131243**	1192960	**2211**	17799
Trade and other payables	14	**2125397**	3143252	**35813**	46897
		2256640	4336212	**38024**	64696
TOTAL LIABILITIES		**2850083**	5102948	**48024**	76136
TOTAL EQUITY AND LIABILITIES		**16259611**	28060115	**273975**	418657

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 = ₹ 16.85 being the exchange rate prevailing as on 31st December, 2013. Previous year figures have been converted @ 1 AED = ₹ 14.92 being the exchange rate prevailing as on 31st December, 2012.

Directors **Gavin J. Appleby**
B. G. Prabhuajgaonkar

Dubai, 22nd April, 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Note	AED	2012 AED	₹ in '000s	2012 ₹ in '000s
Revenue		**16575660**	29527131	**263387**	434344
Cost of sales	17	**(15336192)**	(23443081)	**(243692)**	(344848)
Gross Profit		**1239468**	6084050	**19695**	89496
Other income	18	**273634**	591057	**4348**	8694
Distribution costs	19	**(487664)**	(683246)	**(7749)**	(10050)
Administrative expenses	20	**(4588467)**	(3395963)	**(72911)**	(49954)
Interest income	22	**15390**	19991	**245**	294
(Loss) / Profit for the year		**(3547639)**	2615889	**(56372)**	38480
Other comprehensive income for the year		**—**	—	**—**	—
Total Comprehensive Income for the year		**(3547639)**	2615889	**(56372)**	38480

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 = ₹ 15.89 being the average of the exchange rates prevailing as on 31st December, 2012 (1 AED = ₹ 14.92) and as on 31st December, 2013 (1 AED = ₹ 16.85). Previous year figures have been converted @ 1 AED = ₹ 14.71 being the average of the exchange rates prevailing as on 31st December, 2011 (1 AED = ₹ 14.50) and as on 31st December, 2012 (1 AED = ₹ 14.92).

Directors **Gavin J. Appleby**
B. G. Prabhuajgaonkar

Dubai, 22nd April, 2014

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Share Capital		**Retained Earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2012	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
Total comprehensive income for the year	—	—	(3547639)	(56372)	(3547639)	(56372)
Dividends paid during the year	—	—	(6000000)	(96758)	(6000000)	(96758)
Balance at 31st December, 2013	**1500000**	**25275**	**11909528**	**200676**	**13409528**	**225951**

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

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

	Note	**AED**	2012 AED	**₹ in '000s**	2012 ₹ in '000s
Cash flows from operating activities					
(Loss) / Profit for the year		**(3547639)**	2615889	**(56372)**	38480
Adjustments for:					
Depreciation on property, plant and equipment		**283275**	447018	**4501**	6576
Interest income		**(15390)**	(19991)	**(245)**	(294)
Profit on sale of property, plant and equipment		**(66746)**	(27359)	**(1061)**	(402)
Provision against slow moving inventories		**332253**	477680	**6654**	7156
Provision against doubtful debts		**2479170**	682283	**43490**	10266
Provision for end-of-service gratuity		**118573**	173203	**985**	2278
Decrease in inventories		**2829769**	1604908	**36966**	20939
Decrease / (increase) in trade and other receivables		**4648993**	(1407750)	**43958**	(27893)
(Decrease) / increase in trade and other payables		**(1017855)**	664404	**(11084)**	10954
Staff end-of-service gratuity paid		**(291866)**	(412224)	**(2425)**	(5421)
Decrease/(increase) in other current financial assets		**2512379**	(2513840)	**36678**	(37681)
Decrease in acceptances		**(1061717)**	(26119)	**(15588)**	(123)
Net cash generated from operating activities		**7203199**	2258102	**121374**	33691
Cash flows from investing activities					
Proceeds on disposal of property, plant and equipment		**91531**	32000	**1454**	471
Purchase of property, plant and equipment		**(8000)**	(29371)	**(127)**	(432)
Interest received		**15390**	19991	**245**	294
Net cash from investing activities		**98921**	22620	**1667**	337
Cash flows from financing activities					
Dividends paid		**(6000000)**	(600000)	**(96758)**	(8700)
Net cash used in financing activities		**(6000000)**	(600000)	**(96758)**	(8700)
Net increase in cash and cash equivalents		**1302120**	1680722	**26389**	25339
Cash and cash equivalents at beginning of year		**2304616**	623894	**34385**	9046
Cash and cash equivalents at end of year	10	**3606736**	2304616	**60774**	34385

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

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 and factory are located in Jebel Ali 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, 2013 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(c) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The 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 :

- IFRS 13: Fair Value Measurement

  IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

  In accordance with the transitional provisions of IFRS 13, the entity has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Other than the additional disclosures mentioned above, the change had no significant impact on the measurement of the entity's assets and liabilities.

- Amendments to IAS19: Employee benefits

  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.

- Annual improvements to IFRSs 2009-2011 cycle

  - IAS 1: Presentation of Financial Statements: The improvements provide that the entity is required to present third statement of financial position only when:

    (a) the entity applies the accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements; and

    (b) the retrospective application, restatement or reclassification has material effect on the information in the third statement of financial position.

    The amendments specify that related notes are not required to accompany the third statement of financial position.

    In the current year, the entity has applied a number of new and revised IFRSs (see above). However, there has not been any impact on the information in the statement of financial position as at 1st January, 2012 and accordingly the third statement of financial position has not been presented.

  - 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.

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 the profit or loss, unless this creates an accounting mismatch.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

(d) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also 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 operating 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.

Finished goods are stated at lower of cost and net realizable value. Cost comprises of direct materials, labour and other attributable overheads.

(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

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

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.

(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. When 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.

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.

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 2.722 million (₹ 45.871 million) [previous year : AED 5.552 million (₹ 82.838 million)] 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.

Impairment of trade and other receivables

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

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 0.593 million (₹ 10 million) [previous year : AED 0.767 million (₹ 11.440 million)] 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										
At 1st January, 2012	916833	13294	4449538	64519	483182	7006	729662	10850	6579215	95399
Additions	—	—	16237	239	13134	193	—	—	29371	432
Disposals	—	—	—	—	(18308)	(269)	(108900)	(1602)	(127208)	(1871)
At 31st December, 2012	916833	13679	4465775	66629	478008	7132	620762	9262	6481378	96702
Additions	—	—	—	—	8000	127	—	—	8000	127
Disposals	—	—	(749672)	(11912)	(7680)	(122)	(264762)	(4207)	(1022114)	(16241)
At 31st December, 2013	**916833**	**15449**	**3716103**	**62616**	**478328**	**8060**	**356000**	**5999**	**5467264**	**92124**
Accumulated depreciation										
At 1st January, 2012	901607	13074	3397334	49261	426425	6183	534279	7747	5259645	76265
Depreciation	1575	23	282702	4159	38286	563	124455	1831	447018	6576
Adjustment on disposal	—	—	—	—	(13667)	(201)	(108900)	(1602)	(122567)	(1803)
At 31st December, 2012	903182	13475	3680036	54906	451044	6730	549834	8204	5584096	83315
Depreciation	1575	25	219957	3495	14860	236	46883	745	283275	4501
Adjustment on disposal	—	—	(749672)	(11912)	(6940)	(110)	(240717)	(3825)	(997329)	(15847)
At 31st December, 2013	**904757**	**15245**	**3150321**	**53083**	**458964**	**7734**	**356000**	**5999**	**4870042**	**82061**
Carrying amount										
At 1st January, 2012	15226	220	1052204	15258	56757	823	195383	2833	1319570	19134
At 31st December, 2012	13651	204	785379	11723	26964	402	70928	1058	897282	13387
At 31st December, 2013	**12076**	**2014**	**565782**	**9533**	**19364**	**326**	—	—	**597222**	**10063**

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

	AED	As at 31-12-2012 AED	**₹ in '000s**	As at 31-12-2012 ₹ in '000s
7. INVENTORIES				
Raw materials	**634252**	2906387	**10688**	43363
Consumables	**2027531**	2570320	**34164**	38349
Work in progress	**26768**	75405	**451**	1125
Finished goods	**33792**	—	**569**	—
Less: Provision for slow moving inventories	**(878910)**	(546657)	**(14810)**	(8156)
	1843433	5005455	**31062**	74681

	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	**12574911**	17551572	**211887**	261869
Less: Provision for impairment of trade receivables	**(3072928)**	(889568)	**(51779)**	(13272)
	9501983	16662004	**160108**	248597
Advances	**83550**	34075	**1408**	508
Prepayments	**61909**	92168	**1043**	1375
Other receivables	**60028**	8335	**1012**	125
Deposits	**86744**	125795	**1462**	1877
	9794214	16922377	**165033**	252482

A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:

	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
Balance as at 1st January	**889568**	207285	**13272**	3006
Provisions made during the year	**2479170**	682283	**39394**	10036
Amount written off	**(273810)**	—	**(4351)**	—
Provisions no longer required	**(22000)**	—	**(350)**	—
Balance as at 31st December	**3072928**	889568	**51779**	13272

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

	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
6 months to 1 year	**968455**	3191171	**16318**	47612
Over 1 year	**5775008**	2915511	**97309**	43499

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

	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
Gross Value	**3072928**	889568	**51779**	13272
Provision	**(3072928)**	(889568)	**(51779)**	(13272)
Carrying value	**—**	—	**—**	—
Trade receivables not past due and not impaired	**2758520**	10555322	**46481**	157485

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:

	AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
Trade and other receivables	**6204273**	9480110	**104542**	141443

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

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

	AED	2012 AED	₹ in '000s	2012 ₹ in '000s
Sales	**8501637**	13245473	**135091**	194841
Purchases	**2347376**	3639883	**37300**	53543
Expenses charged to a related party	**694096**	460404	**11029**	6773
Expenses re-charged by a related party	**229952**	490159	**4766**	7210
Rental income on machinery	**—**	21938	**—**	323
Sale of property, plant and equipment	**61000**	—	**969**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

		AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
10.	**CASH AND CASH EQUIVALENTS**				
	Cash and cheques on hand	**8581**	11665	**145**	174
	Bank balances				
	- Current accounts	**1083244**	2292951	**18253**	34211
	- Fixed deposits	**2514911**	—	**42376**	—
		3606736	2304616	**60774**	34385

		AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
11.	**OTHER CURRENT FINANCIAL ASSETS**				
	Fixed deposits	**418006**	2930385	**7043**	43722

		AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
12.	**SHARE CAPITAL**				
	Authorised				
	500000 shares of USD 1 each converted at USD 1 = AED 3.6725	**1836250**	1836250	**30941**	27397
	Issued and paid up				
	408441 shares of USD 1 each converted at USD 1 = AED 3.6725	**1500000**	1500000	**25275**	22380

		AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
13.	**PROVISION FOR STAFF END-OF-SERVICE GRATUITY**				
	Opening balance as at 1st January	**766736**	1005757	**11440**	14583
	Provision for the year	**118573**	173203	**1884**	2548
	Paid during the year	**(291866)**	(412224)	**(4638)**	(6064)
	Closing balance as at 31st December	**593443**	766736	**10000**	11440

		AED	As at 31-12-2012 AED	₹ in '000s	As at 31-12-2012 ₹ in '000s
14.	**TRADE AND OTHER PAYABLES**				
	Trade payables	**1294338**	2321945	**21810**	34643
	Accruals	**772474**	795325	**13016**	11866
	Other payables	**58585**	25982	**987**	388
		2125397	3143252	**35813**	46897

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

15. DIVIDENDS

Dividends paid and approved by the shareholder during the year of AED 6 million (₹ 96.758 million) [previous year: AED 0.600 million (₹ 8.700 million)] represent a dividend per share of AED 14.70 (₹ 236.89) [previous year: AED 1.47 (₹ 21.30)].

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

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

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

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
17. COST OF SALES				
Materials consumed and sub-contract costs	**9462829**	14948736	**150365**	219896
Purchase of finished goods	**2760142**	4630290	**43859**	68112
Wages and benefits	**2181503**	2638162	**34664**	38807
Staff end-of-service gratuity	**78432**	86331	**1246**	1270
Depreciation (Note 21)	**221532**	338664	**3520**	4982
Operating lease expenses	**63026**	63151	**1001**	929
Other direct costs	**568728**	737747	**9037**	10852
	15336192	23443081	**243692**	344848

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
18. OTHER INCOME				
Scrap sales	**184888**	376035	**2938**	5531
Profit on sale of property, plant and equipment	**66746**	27359	**1061**	402
Provisions no longer required written back	**—**	156375	**—**	2300
Provision for doubtful debts no longer required	**22000**	—	**350**	—
Net exchange gain	**—**	8135	**—**	120
Rental income on machinery	**—**	21938	**—**	323
Miscellaneous income	**—**	1215	**—**	18
	273634	591057	**4348**	8694

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
19. DISTRIBUTION COSTS				
Staff salaries and benefits	**121256**	152179	**1927**	2239
Staff end-of-service gratuity	**5447**	6990	**87**	103
Depreciation (Note 21)	**46883**	70067	**745**	1031
Other distribution costs	**314078**	454010	**4990**	6677
	487664	683246	**7749**	10050

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
20. ADMINISTRATIVE EXPENSES				
Staff salaries, benefits and rent	**1149338**	1482195	**18263**	21803
Staff end-of-service gratuity	**34694**	67312	**551**	990
Operating lease expenses	**82422**	90256	**1310**	1328
Depreciation (Note 21)	**14860**	38287	**236**	563
Inventory provision	**332253**	477680	**5280**	7027
Provision for doubtful accounts	**2479170**	682283	**39394**	10036
Other expenses	**495730**	557950	**7877**	8207
	4588467	3395963	**72911**	49954

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
21. DEPRECIATION				
Disclosed under cost of sales (Note 17)	**221532**	338664	**3520**	4982
Disclosed under distribution costs (Note 19)	**46883**	70067	**745**	1031
Disclosed under administrative expenses (Note 20)	**14860**	38287	**236**	563
	283275	447018	**4501**	6576

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
22. INTEREST INCOME				
On bank deposits	**15390**	19991	**245**	294

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			
		2012		2012		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**9658055**	16809712	**162738**	250801	—	—	—	—
Cash and cash equivalents	**3606736**	2304616	**60774**	34385	—	—	—	—
Other current financial assets	**418006**	2930385	**7044**	43721	—	—	—	—
Acceptances	—	—	—	—	**131243**	1192960	**2211**	17799
Trade and other payables	**—**	—	**—**	—	**1915748**	2855682	**32280**	42607
	13682797	22044713	**230555**	328907	**2046991**	4048642	**34491**	60406

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 it borrowings.

23. FINANCIAL INSTRUMENTS (contd.)

Exposures to the aforementioned risks are detailed below:

Credit risk

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

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

At the reporting date, 84% of trade receivables were due from four customers (previous year : 42% 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.

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
Not later than one year	**61900**	61900	**984**	911
Between one and five years	**247600**	247600	**3934**	3642
Later than five years	**242442**	304342	**3852**	4477

25. CONTINGENT LIABILITIES

		2012		2012
	AED	AED	**₹ in '000s**	₹ in '000s
Bankers' letters of guarantee	**400000**	769124	**6356**	11314
Unutilized balances of commercial letter of credit	**39744**	375911	**632**	5530

26. TAXATION

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

Directors **Gavin J. Appleby**
B. G. Prabhuajgaonkar

Dubai, 22nd April, 2014

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

Director :
Mohammad Hanif Patvi

Supervisory Board :
P. N. Dhume
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, 2013.

2. Due to slowdown in the execution of some of the on-going projects, the Company has reported turnover of SR 10.757 million and profit of SR 0.213 million for the year under review as compared to turnover of SR 14.896 million and profit of SR 0.243 million in the previous year. Nevertheless, with continued support of Voltas Limited, the holding company, the Company was able to garner certain profitable projects aggregating SR 13 million across the Kingdom of Saudi Arabia during the year 2013.

3. M/s. Deloitte & Touche Bakr Abulkhair & Co., Public Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

Mohammad Hanif Patvi
Director

Jeddah, 31st March, 2014

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, 2013, 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, 2013, 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, 2013 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
Certified Public Accountant
License No. 378

Jeddah, 31st March, 2014

BALANCE SHEET AS AT 31ST DECEMBER, 2013

	Note	SR	As at 31-12-2012 SR	₹ in '000s	As at 31-12-2012 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	3	**84243**	1175926	**1390**	17180
Accounts receivable		**2885689**	894677	**47614**	13071
Due from a related party	10	**26690**	99731	**440**	1457
Contract retentions		**3150248**	1990245	**51979**	29078
Advances, prepayments and deposits		**205480**	134128	**3390**	1960
Unbilled revenue		**2160708**	4901292	**35652**	71608
Total current assets		**8513058**	9195999	**140465**	134354
NON-CURRENT ASSETS					
Property and equipment	4	**55043**	81481	**908**	1190
TOTAL ASSETS		**8568101**	9277480	**141373**	135544
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to bank	5	**478899**	—	**7902**	—
Accounts payable, accrued and other liabilities	6	**5096746**	6279956	**84096**	91750
Contract advances		**459926**	737476	**7589**	10775
Retentions payable		**229222**	229222	**3782**	3349
Total current liabilities		**6264793**	7246654	**103369**	105874
NON-CURRENT LIABILITIES					
End-of-service indemnities	7	**1926988**	1867311	**31795**	27281
SHAREHOLDERS' EQUITY					
Share Capital	1	**2600000**	2600000	**42900**	37986
Statutory Reserve	8	**959649**	959649	**15834**	14020
Accumulated Losses	1	**(26734196)**	(26947001)	**(441114)**	(393696)
Additional paid-in capital/Subordinated loan for losses	15	**23550867**	23550867	**388589**	344079
Total shareholders' equity		**376320**	163515	**6209**	2389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8568101**	9277480	**141373**	135544

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) = ₹ 16.50 being the exchange rate prevailing as on 31st December, 2013. Previous year figures have been converted @ 1 SR = ₹ 14.61 being the exchange rate prevailing as on 31st December, 2012.

Jeddah, 31st March, 2014 *Director* **Mohammad Hanif Patvi**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Note	SR	2012 SR	₹ in '000s	2012 ₹ in '000s
Contract Revenues	14	**10756946**	14895746	**167378**	214648
Contract Costs	10, 11	**(8539988)**	(11577909)	**(132882)**	(166838)
Gross Profit		**2216958**	3317837	**34496**	47810
General and administrative expenses	12	**(2112153)**	(3107838)	**(32865)**	(44784)
Operating Profit		**104805**	209999	**1631**	3026
Finance charges		**(34624)**	(39488)	**(539)**	(569)
Other income	13	**183624**	146923	**2857**	2117
Net Income before Income tax		**253805**	317434	**3949**	4574
Income tax	9	**(41000)**	(74550)	**(638)**	(1074)
NET INCOME		**212805**	242884	**3311**	3500

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

Note: The Statement of Income has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 15.56 being the average of the exchange rates prevailing as on 31st December, 2012 (1 SR = ₹ 14.61) and as on 31st December, 2013 (1 SR = ₹ 16.50). Previous year figures have been converted into Indian Rupees @ 1 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).

Jeddah, 31st March, 2014 *Director* **Mohammad Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2013

		Share Capital		**Statutory Reserve**		**Accumulated Losses**		**Additional paid-in capital / Subordinated loan for losses**		**Total**	
	Notes	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
1st January, 2012		2600000	36920	959649	13627	(27189885)	(386096)	23550867	334422	(79369)	(1127)
Net Loss for 2012		—	—	—	—	242884	3500	—	—	242884	3500
Income Tax	9	—	—	—	—	—	—	—	—	—	—
31st December, 2012		2600000	37986	959649	14020	(26947001)	(393696)	23550867	344079	163515	2389
Net Income for 2013		—	—	—	—	212805	3311	—	—	212805	3311
Income Tax	9	—	—	—	—	—	—	—	—	—	—
31st December, 2013		**2600000**	**42900**	**959649**	**15834**	**(26734196)**	**(441114)**	**23550867**	**388589**	**376320**	**6209**

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

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

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net income before income tax	**253805**	317434	**3949**	4574
Adjustments for:				
Depreciation	**26438**	23933	**411**	345
Gain on sale of property and equipment	—	(117000)	—	(1686)
End-of-service indemnities	**126078**	375294	**1962**	5408
Finance charges	**34624**	39488	**539**	569
Changes in operating assets and liabilities:				
Accounts receivable	**(1991012)**	4382543	**(34543)**	61865
Due from a related party	**74166**	(99731)	**1035**	(1457)
Contract retentions	**(1160003)**	(848006)	**(22902)**	(12858)
Advances, prepayments and deposits	**(71352)**	(77171)	**(1431)**	(1151)
Unbilled revenue	**2740584**	(3397011)	**35956**	(50247)
Accounts payables, accrued and other liabilities	**(703172)**	743188	**(718)**	13803
Contract advances	**(277550)**	(297087)	**(2753)**	(3822)
Cash (used in)/from operations	**(947394)**	1045874	**(15632)**	15280
Finance charges paid	**(34624)**	(39488)	**(539)**	(569)
End-of-service indemnities paid	**(67526)**	(52636)	**(1051)**	(758)
Net cash (used in)/from operating activities	**(1049544)**	953750	**(17317)**	13934
INVESTING ACTIVITIES				
Purchase of property and equipment	—	(24650)	—	(360)
Proceeds from sale of property and equipment	—	117000	—	1686
Net cash from investing activities	—	92350	—	1349
FINANCING ACTIVITIES				
Due to bank	**478899**	—	**7902**	—
Income tax paid	**(521038)**	—	**(8107)**	—
Net cash used in financing activities	**(42139)**	—	**(695)**	—
Net change in cash and bank balances	**(1091683)**	1046100	**(15790)**	15337
Cash and bank balances, 1st January	**1175926**	129826	**17180**	1844
Cash and bank balances, 31st December	**84243**	1175926	**1390**	17180
Non-cash transactions:				
End-of-service indemnities transferred from related party	**1125**	—	**18**	—

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

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, 2013, 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 13th March, 2014 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.

(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

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**84243**	1175926	**1390**	17180

4. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
Cost:	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Machinery	526180	7687	—	—	—	—	**526180**	**8682**
Furniture and fixtures	372614	5444	—	—	—	—	**372614**	**6148**
Office equipment	869516	12704	—	—	—	—	**869516**	**14347**
Vehicles	339629	4962	—	—	—	—	**339629**	**5604**
Porta cabins	55630	813	—	—	—	—	**55630**	**918**
Total Cost	2163569	31610	—	—	—	—	**2163569**	**35699**
Depreciation:								
Machinery	503818	7361	3495	54	—	—	**507313**	**8371**
Furniture and fixtures	372614	5444	—	—	—	—	**372614**	**6148**
Office equipment	812703	11874	21744	338	—	—	**834447**	**13768**
Vehicles	339629	4962	—	—	—	—	**339629**	**5604**
Porta cabins	53324	779	1199	19	—	—	**54523**	**900**
Total Depreciation	2082088	30420	26438	411	—	—	**2108526**	**34791**
Net Book Value at 1st January	81481	1190						
Net Book Value at 31st December							**55043**	**908**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

5. DUE TO BANK

The Company has several credit facilities from a bank which bear commercial interest rates and are secured by the letter of comfort from its shareholder to the bank. These facilities include certain financial covenants which provide, among other items, restrictions relating to maximum level of total liabilities and tangible net worth. The Company has not complied with one of the financial covenants as of 31st December, 2013, and is in the process of getting the waiver from the bank. However, the Company believes that the bank will not call for an immediate repayment of the facilities.

6. ACCOUNTS PAYABLE, ACCURED AND OTHER LIABILITIES

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts payable	**2813898**	2834792	**46429**	41416
Accrued liabilities	**923598**	1305665	**15329**	19076
Due to related parties (Note 10)	**1318250**	1618461	**21751**	23646
Provision for income tax (Note 9)	**41000**	521038	**677**	7612
	5096746	6279956	**84096**	91750

7. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**1867311**	1544653	**27281**	21934
Provision for the year	**126078**	375294	**1962**	5408
Transferred during the year	**1125**	—	**18**	—
Payments during the year	**(67526)**	(52636)	**(1051)**	(758)
31st December	**1926988**	1867311	**31795**	27281

8. STATUTORY RESERVE

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

9. INCOME TAX

The Company had taxable losses from 2008 to 2012, 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.

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
1st January	**521038**	446488	**7612**	6340
Provision for the year	**41000**	74550	**638**	1074
Payments during the year	**(521038)**	—	**(8107)**	—
31st December	**41000**	521038	**677**	7612

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 was paid during the year.

Outstanding assessments:

The tax returns for the years 2009 to 2012 are under review by the DZIT.

10. RELATED PARTY TRANSACTIONS

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

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

The significant transactions and the related amounts are as follows:

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Purchases of material and services	**1095544**	1200000	**17047**	17292
Expenses incurred on behalf of affiliates	**384379**	—	**5981**	—

Due from a related party as of 31st December, 2013 represents amount receivable from Olayan Voltas Contracting Company Limited.

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

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Voltas Limited	**195000**	232915	**3217**	3403
Weathermaker Limited	**—**	25547	**—**	373
Voltas Netherlands B.V.	**54466**	54466	**899**	796
Voltas Limited K.S.A. Branch	**2050**	—	**34**	—
Universal Weathermaker Factory L.L.C.	**1066734**	1305533	**17601**	19074
	1318250	1618461	**21751**	23646

11. CONTRACT COSTS

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Material cost	**6309055**	9247719	**98169**	133260
Sub-contractor cost	**559250**	694985	**8702**	10015
Salaries and benefits	**1640441**	1603175	**25525**	23102
Other expenses	**31242**	32030	**486**	461
	8539988	11577909	**132882**	166838

12. GENERAL AND ADMINISTRATIVE EXPENSES

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**1299729**	1333777	**20224**	19220
Rent (Note 17)	**302293**	385294	**4704**	5552
Vehicle expenses	**31647**	48460	**492**	698
Communication, travel and insurance	**97915**	143445	**1524**	2067
Office expenses	**29780**	54706	**463**	788
Depreciation	**26438**	23933	**411**	345
Other expenses	**324351**	1118223	**5047**	16114
	2112153	3107838	**32865**	44784

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

13. OTHER INCOME

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Gain on sale of Property and equipment	—	117000	—	1686
Receipts against bad debts written off	**10000**	30000	**156**	432
Scrap sales	**164579**	500	**2561**	7
Others	**9045**	(577)	**140**	(8)
	183624	146923	**2857**	2117

14. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue from two customers (2012 : three) amounted to approximately SR 9.35 million (₹ 1454.86 lakhs) [2012 : SR 13.75 million (₹ 1981.38 lakhs), which represents approximately 87% (2012 : 92%) of the total contract revenue.

15. 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 (₹ 536.25 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 (₹ 41.25 lakhs), SR 9.00 million (₹ 1485 lakhs) and SR 8.50 million (₹ 1402.50 lakhs), respectively.

Further during 2009, an amount of SR 1.74 million (₹ 287.10 lakhs) was transferred from short term debts to subordinated loans and the Shareholders waived a balance of SR 0.81 million (₹ 133.65 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.

16. CREDIT RISK

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

The Company's credit risk is primarily attributable to its accounts receivable, contract retentions and unbilled revenues. The amounts presented in the balance sheet are net of allowance for doubtful assets, estimated by the Company's Management based on prior experience and their assessment of the current environment. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers/projects.

17. OPERATING LEASE ARRANGEMENTS

		2012		2012
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**302293**	385294	**4704**	5552

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

18. CONTINGENCIES

As of 31st December, 2013, the Company has outstanding letters of credit amounting to SR 2.00 million (₹ 335.90 lakhs) [2012: SR 1.70 million (₹ 246.93 lakhs)] and bank guarantees amounting to Nil [2012: SR 0.45 million (₹ 66.19 lakhs)], which were issued in the normal course of business.

19. FAIR VALUES

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

Jeddah, 31st March, 2014 *Director* **Mohammad Hanif Patvi**

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

Directors :

P. N. Dhume *(Chairman)*
Issa Lalbuksh Al Raisi
Gavin J. Appleby
B. G. Prabhuajgaonkar *(w.e.f. 26th August, 2013)*
Jayant Balan *(w.e.f. 23rd December, 2013)*

DIRECTORS' REPORT

TO THE MEMBERS

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

2. The Company recorded turnover of Omani Rial (RO) 3.437 million and net profit of RO 0.028 million for the year ended 31st December, 2013, as compared to turnover of RO 3.577 million and net profit of RO 0.021 million in the previous year. The Directors do not recommend any dividend for the year ended 31st December, 2013 (previous year : Nil).

3. During the year under review, the order book position of the Company improved substantially in the Irrigation and Water Management business segment. Major breakthrough was achieved with booking of fresh orders of RO 1.900 million in Irrigation segment and RO 2.000 million in Water Management segment.

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

.

On behalf of the Board of Directors

Gavin J. Appleby
Director

Muscat, 13th April, 2014

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, 2013, 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, 2013, 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
Percy R. Bhaya
Sultanate of Oman

Muscat, 7th April, 2014

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2013

	Note	RO	As at 31-12-2012 RO	₹ in '000s	As at 31-12-2012 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**191600**	205868	**30775**	29274
Other financial assets	9	**403478**	373000	**64807**	53041
		595078	578868	**95582**	82315
CURRENT ASSETS					
Inventories	4	**90855**	141328	**14593**	20097
Contract and other receivables	5	**2773069**	3061715	**445410**	435376
Amounts due from customers for contract work	6	**256169**	302344	**41146**	42993
Cash and cash equivalents	8	**296131**	6594	**47565**	938
Other current financial assets	9	**152996**	150924	**24574**	21461
		3569220	3662905	**573288**	520865
TOTAL ASSETS		**4164298**	4241773	**668870**	603180
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	10	**250000**	250000	**40155**	35550
Legal reserve		**83334**	83334	**13385**	11850
General reserve		**750000**	750000	**120465**	106650
Accumulated profits		**921461**	893273	**148006**	127023
Equity funds		**2004795**	1976607	**322011**	281073
NON-CURRENT LIABILITIES					
Staff end-of-service gratuity		**139764**	234358	**22449**	33326
CURRENT LIABILITIES					
Bank borrowing	7	—	17991	—	2558
Trade and other payables	11	**1107119**	1463978	**177825**	208178
Amounts due to customers for contract work	6	**585266**	42233	**94005**	6006
Provision for tax		**327354**	506606	**52580**	72039
		2019739	2030808	**324410**	288781
TOTAL EQUITY AND LIABILITIES		**4164298**	4241773	**668870**	603180

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) = ₹ 160.62 being the exchange rate prevailing as on 31st December, 2013. Previous year figures have been converted @ 1 RO = ₹ 142.20 being the exchange rate prevailing as on 31st December, 2012.

Directors **Gavin Appleby**
Issa Lalbuksh Al Raisi
Jayant Balan

Muscat, 13th April, 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Note	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
REVENUE		**3437306**	3577119	**520443**	501512
Cost of works executed	12	**(2971077)**	(3132400)	**(449851)**	(439162)
GROSS PROFIT		**466229**	444719	**70592**	62350
Other operating income	13	**82430**	31785	**12481**	4456
Staff costs		**(163246)**	(127950)	**(24717)**	(17939)
Director's remuneration		**(9232)**	(9285)	**(1398)**	(1302)
Depreciation		**(118546)**	(104317)	**(17949)**	(14625)
Other operating expenses	14	**(223191)**	(216146)	**(33793)**	(30304)
PROFIT FROM OPERATING ACTIVITIES		**34444**	18806	**5216**	2636
Interest income		**9044**	11309	**1369**	1586
Finance costs	15	**(11358)**	(9148)	**(1720)**	(1283)
NET PROFIT FOR THE YEAR BEFORE TAX		**32130**	20967	**4865**	2939
Income tax expense for current year		**(4156)**	—	**(629)**	—
Excess Provision of Income tax expense of earlier year now written back		**214**	—	**32**	—
NET PROFIT FOR THE YEAR AFTER TAX		**28188**	20967	**4268**	2939
Other comprehensive income for the year		**—**	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28188**	20967	**4268**	2939

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) = ₹ 151.41 being the average of the exchange rates prevailing as on 31st December, 2012 (1 RO = ₹142.20) and as on 31st December, 2013 (1 RO = ₹ 160.62). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Gavin Appleby**
Issa Lalbuksh Al Raisi
Muscat, 13th April, 2014 **Jayant Balan**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2013

	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, 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
Total comprehensive income for the year	—	—	—	—	—	—	28188	4268	28188	4268
As at 31st December, 2013	**250000**	**40155**	**83334**	**13385**	**750000**	**120465**	**921461**	**148006**	**2004795**	**322011**

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

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

	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**32130**	20967	**4865**	2940
Adjustments for:				
Depreciation	**118546**	104317	**17949**	14625
Profit on disposal of property, plant and equipment	**(7614)**	(8017)	**(1153)**	(1124)
Interest income	**(9044)**	(11309)	**(1369)**	(1586)
Finance costs	**11358**	9148	**1720**	1283
Operating profit before changes in operating assets and liabilities	**145376**	115106	**22011**	16138
Decrease / (increase) in contract and other receivables	**105452**	(50949)	**(30131)**	(17262)
Decrease / (increase) in amounts due from / to customers for contract work (net)	**589208**	(390974)	**89848**	(55073)
Decrease / (increase) in inventories	**50473**	(17599)	**5504**	(2997)
(Decrease) / increase in trade and other payables	**(356859)**	285072	**(30353)**	42353
(Decrease) / increase in staff end-of-service gratuity	**(94594)**	13028	**(10877)**	2738
Cash generated from / (used in) operating activities	**439056**	(46316)	**70521**	(6586)
Finance costs paid	**(11358)**	(9148)	**(1720)**	(1283)
Taxes paid	—	(95484)	—	(12155)
Net cash generated from / (used in) operating activities (A)	**427698**	(150948)	**68697**	(21465)
Cash flows from investing activities				
Interest received	**9044**	11309	**1369**	1586
(Increase) / decrease in time deposits	**(32550)**	735823	**(14879)**	99595
Purchase of property, plant and equipment	**(104459)**	(73676)	**(15816)**	(10329)
Proceeds from disposal of property, plant and equipment	**7795**	8171	**1180**	1146
Net cash (used in) / from investing activities (B)	**(120170)**	681627	**(19302)**	96927
Cash flows from financing activities				
(Decrease) / increase in bank overdraft	**(17991)**	17991	**(2558)**	2558
Dividends paid	—	(750000)	—	(105150)
Net cash used in financing activities (C)	**(17991)**	(732009)	**(2890)**	(104092)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**289537**	(201330)	**46627**	(27797)
Cash and cash equivalents at beginning of year	**6594**	207924	**938**	28735
Cash and cash equivalents at end of year	**296131**	6594	**47565**	938

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

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 has been made on the basis of the Company's taxable profits arrived at by making suitable adjustments for likely disallowances as per the tax law to the net profits as per the financial statements, and applying the tax rates specified in the Income Tax Law in Oman. Additional tax liability that may arise in future on completion of pending tax assessments for the tax year 2010 to 2013 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statement of the year in which the 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

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 51646 (₹ 8295381) [previous year: RO 50324 (₹ 7156073)].

(j) 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. 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 contract 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.

(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 and Financial Liabilities.
- IFRS 13 : Fair Value Measurement.
- Presentation of Items in Other Comprehensive Income : Amendments to IAS 1.
- Amendments to IAS 19 : Employee Benefits.
- Annual improvements to IFRSs 2009-2011 cycle.
    - IAS 1 : Presentation of Financial Statements.
    - IAS 16 : Property, Plant and Equipment
    - IAS 32 : Financial Instruments : Presentation.

(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)
- Amendments to IAS 32 : Offsetting Financial Assets and Liabilities (1st January, 2014)
- Amendments to IAS 19: Employee benefits (1st July, 2013)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

3. PROPERTY, PLANT AND EQUIPMENT

	Porta Cabins		Capital equipment and Accessories		Furniture, Fixtures and Equipment		Vehicles		Total	
	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s
Cost										
As at 1st January, 2013	31237	4442	1232471	175257	80194	11404	595098	84623	1939000	275276
Additions	4110	622	25460	3855	12909	1955	61980	9384	104459	15816
Disposals	—	—	—	—	(1276)	(193)	(43045)	(6517)	(44321)	(6710)
As at 31st December, 2013	**35347**	**5677**	**1257931**	**202049**	**91827**	**14749**	**614033**	**98626**	**1999138**	**321101**
Accumulated depreciation										
As at 1st January, 2013	23534	3347	1130019	160689	54357	7730	525222	74687	1733132	246453
Depreciation for the year	1876	284	51991	7872	11749	1779	52930	8014	118546	17949
Adjustment relating to disposals	—	—	—	—	(1100)	(167)	(43040)	(6517)	(44140)	(6684)
As at 31st December, 2013	**25410**	**4081**	**1182010**	**189854**	**65006**	**10441**	**535112**	**85950**	**1807538**	**290326**
Net book value										
As at 31st December, 2012	7703	1095	102452	14569	25837	3674	69876	9936	205868	29274
As at 31st December, 2013	**9937**	**1596**	**75921**	**12195**	**26821**	**4308**	**78921**	**12676**	**191600**	**30775**

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

4. INVENTORIES

	RO	As at 31-12-2012 RO	₹ in '000s	As at 31-12-2012 ₹ in '000s
Materials	**175855**	220328	**28246**	31331
Provision for slow moving inventories	**(85000)**	(79000)	**(13653)**	(11234)
	90855	141328	**14593**	20097

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

	RO	As at 31-12-2012 RO	₹ in '000s	As at 31-12-2012 ₹'000s
Opening balance	**79000**	73000	**12689**	10381
Provision made	**6000**	6000	**964**	853
Closing balance	**85000**	79000	**13653**	11234

5. CONTRACT AND OTHER RECEIVABLES

	RO	As at 31-12-2012 RO	₹ in '000s	As at 31-12-2012 ₹ in '000s
Contract receivables	**2429098**	2621476	**390162**	372774
Retentions	**318231**	239711	**51114**	34087
	2747329	2861187	**441276**	406861
Provision for doubtful debts	**(338170)**	(338170)	**(54317)**	(48088)
	2409159	2523017	**386959**	358773
Advances to staff	**15602**	17312	**2506**	2462
Prepaid expenses	—	700	—	100
Advance tax	**323198**	506392	**51912**	72009

5. CONTRACT AND OTHER RECEIVABLES (contd.)

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Deposits	**9603**	3518	**1542**	500
Interest accrued on bank fixed deposits	**3564**	10813	**572**	1538
Other receivables*	**12343**	363	**1983**	51
	2773469	3062115	**445475**	435433
Provision for doubtful receivables	**(400)**	(400)	**(64)**	(57)
	2773069	3061715	**445410**	435376

* Other receivables are amount due from related parties.
The movements in the provision for doubtful debts account are as follows:

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ '000s
Opening balance	**338170**	355734	**48088**	49162
Provision written off against debtors	**—**	(17564)	**—**	(2462)
Closing balance	**338170**	338170	**54317**	48088

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 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**123713**	104603	**19871**	14875
Over 1 year	**298020**	653268	**47868**	92895
	421733	757871	**67739**	107770

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

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**338170**	338170	**54317**	48088
Provision	**(338170)**	(338170)	**(54317)**	(48088)
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**1987426**	1765146	**319220**	251004

6. CONTRACTS IN PROGRESS

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹in '000s**	₹in '000s
Contract costs incurred plus recognised profits less recognised losses	**3668831**	2790752	**521708**	396845
Progress billings	**3997928**	2530641	**568505**	359857
Retentions receivable	**131766**	80977	**18737**	11515
Advances received	**12961**	128860	**1843**	18324

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

7. BANK BORROWING

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Bank overdraft	**—**	17991	**—**	2558

8. CASH AND CASH EQUIVALENTS

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹in '000s**	₹ in '000s
Bank balances:				
Current accounts	**295969**	1794	**47539**	255
Smart card balances	**6**	3244	**1**	461
	295975	5038	**47540**	716
Cash on hand	**156**	1556	**25**	221
	296131	6594	**47565**	938

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

(a) Lien on fixed deposits of RO 0.373 million (₹ 59.911 million) with the bank.

(b) Personal guarantees of RO 1.400 million (₹ 224.868 million) from the Legal heirs of Late Lalbuksh Essa Al Raisi (signed by power of attorney holder, Mr. Issa Lalbuksh Essa Al Raisi) .

9. OTHER CURRENT FINANCIAL ASSETS

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**556474**	523924	**89381**	74502
Less : Current Portion	**(152996)**	(150924)	**(24574)**	(21461)
	403478	373000	**64807**	53041

Fixed deposits of RO 0.373 million (₹ 59.911 million) [previous year : RO 0.373 million (₹ 53.041 million)] 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.

11. TRADE AND OTHER PAYABLES

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables	**558016**	846922	**89629**	120432
Accruals	**522378**	474881	**83904**	67528
Other payables	**526**	526	**84**	75
Advance from customers	**16199**	141649	**2602**	20143
Other advance	**10000**	—	**1606**	—
	1107919	1463978	**177825**	208178

			2012		2012
12.	**COST OF WORKS EXECUTED**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Materials consumed	**1089005**	1377859	**164886**	193176
	Labour expenses	**1124789**	911347	**170304**	127771
	Sub contract expenses	**166126**	354719	**25154**	49731
	Other direct expenses	**591157**	488475	**89507**	68484
		2971077	3132400	**449851**	439162

			2012		2012
13.	**OTHER OPERATING INCOME**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Credit balance written back	**70000**	23210	**10599**	3254
	Profit on disposal of property, plant and equipment	**7614**	8017	**1153**	1124
	Miscellaneous income	**4816**	558	**729**	78
		82430	31785	**12481**	4456

			2012		2012
14.	**OTHER OPERATING EXPENSES**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Rent	**65312**	68640	**9889**	9623
	Repairs and maintenance	**12185**	9371	**1845**	1314
	Insurance	**56894**	39520	**8614**	5541
	Electricity and water charges	**16355**	21388	**2476**	2999
	Telephones, fax and postage	**18843**	17735	**2853**	2486
	Travelling and conveyance	**11431**	15767	**1731**	2211
	Vehicle expenses	**1306**	2042	**198**	286
	Advertisement and business promotion expenses	**7802**	8130	**1181**	1140
	Printing and stationery	**6575**	5134	**996**	720
	Visa expense	**2690**	4282	**407**	600
	Miscellaneous expenses	**23798**	24137	**3603**	3384
		223191	216146	**33793**	30304

			2012		2012
15.	**FINANCE COSTS**	**RO**	RO	**₹ in '000s**	₹ in '000s
	Bank charges	**11358**	9148	**1720**	1283

16. DIVIDENDS

Dividend paid of RO 0.750 million (₹ 105.150 million) in previous year represents dividend per share of RO 3 (₹ 420.60).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

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/ Members	**Other related parties**	**Total**	2012 Total	**Total**	2012 Total
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**57265**	**—**	**57265**	65700	**8670**	9211
Director's remuneration	**9232**	**—**	**9232**	9285	**1398**	1302

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 2010 to 2013 are subject to agreement with the taxation authorities.

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

	RO	2012 RO	**₹ in '000s**	2012 ₹ in '000s
Current Tax:				
Charge for the current year	4156	—	629	—
Charge for the earlier years	(214)	—	(32)	—
Income Tax expense	3942	—	597	—

(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:

	RO	2012 RO	**₹ in '000s**	2012 ₹ in '000s
Tax on accounting profit of RO 0.032 (₹ 4.865 million) [previous year : RO 0.021 million* (₹ 2.940 million)] at applicable tax rates	**256**	—	**39**	—
Add / less tax effect of:				
Expenses disallowable	**390**	—	**59**	—
Profit on sale of property, plant and equipment not considered as taxable income for tax purposes	**(914)**	—	**(138)**	—
Provisions made (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**720**	—	**109**	—
Depreciation adjustment based on depreciation rates as per tax law	**3704**	—	**560**	—
Tax expense as per statement of comprehensive income	**4156**	—	**629**	—

*Since net profit for the year 2012 is below the basic exemption of RO 0.030 million (₹ 4.206 million), no tax is payable

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 Rials Omani is pegged.

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

Exposures to the aforementioned risks are detailed below:

(a) Credit, interest Rate and Exchange Rate Risk Exposures

Credit risk

Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, bank current accounts, 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 2.113 million (₹ 339.340 million) constituting 77% [previous year : RO 2.330 million (₹ 331.309 million) constituting 81%] of contract debtors and retentions are due from three debtors (previous year : three debtors). As at the year end, RO 0. 852 million (₹ 136.919 million) i.e. 20% [previous year RO 1.467 million (₹ 208.575 million) i.e. 35%] of the total assets were receivable from two reputed banks who had confirmed their balances payable to the Company. There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors outside the industry and the country in which the Company operates.

Risk exposure on uncertified debts

At the year end, uncertified dues of RO 0.456 million (₹ 73.262 million) (comprising of dues from main contract of RO 0.432 million (₹ 69.458 million) and dues of RO 0.024 million (₹ 3.803 million) 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 0.338 million (₹ 54.317 million) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation order, 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 0.15% to 2.25% 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

(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, 2013					
Staff end-of-service gratuity	**—**	**—**	**139764**	**139764**	**22449**
Trade and other payables	**1107119**	**—**	**—**	**1107119**	**177825**
Amounts due to customers for contract work	**585266**	**—**	**—**	**585266**	**94005**
Provision for tax (net of advance tax)	**4156**	**—**	**—**	**4156**	**668**
	1696541	**—**	**139764**	**1836305**	**294947**

	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

20. CONTINGENT LIABILITIES

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilised letter of credit	**380079**	770	**61048**	109
Banker's letters of guarantee	**851599**	686914	**136784**	97679
	1231678	687684	**197832**	97788

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 **Gavin Appleby**
Issa Lalbuksh Al Raisi
Jayant Balan

Muscat, 13th April, 2014

VOLTAS OMAN L.L.C.

Directors :

Gavin J. Appleby *(Chairman)*
Akber M. Sultan *(Vice Chairman)*
Minoo M. Saher
B G Prabhuajgaonkar *(w.e.f. 26th August, 2013)*
Jayant Balan *(w.e.f. 26th August, 2013)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the third Annual Report and Accounts for the year ended 31st December, 2013.

2. During the year under review, the Company recorded higher turnover of Omani Rial (RO) 3.519 million and profit of RO 0.053 million as compared to turnover of RO 0.698 million and net loss of RO 0.178 million in the previous year. The Directors do not recommend any dividend for the year ended 31st December, 2013 (previous year : Nil).

3. The economy of Oman has started showing signs of recovery and the Government has budgeted higher expenditure in 2014 as compared to the previous year. The Company has during 2013, secured a large and prestigious MEP project for Kempinski Hotel worth RO 17.400 million and expects to sustain the order book position during 2014.

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

Gavin J. Appleby
Chairman

Muscat, 13th April, 2014

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, 2013, 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 19.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 2013, 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 of these financial statements regarding the going concern concept.

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

Muscat, 13th April, 2014

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2013

	Note	RO	As at 31-12-2012 RO	₹ in '000s	As at 31-12-2012 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	4	**33317**	23298	**5351**	3313
CURRENT ASSETS					
Inventories		**311937**	31192	**50103**	4436
Trade and other receivables	5	**2243830**	567036	**360404**	80633
Amounts due from customers for contract work	6	**290114**	—	**46598**	—
Cash and cash equivalents	7	**181773**	198770	**29196**	28265
Bank margin account		—	78781	—	11203
		3027654	875779	**486301**	124537
TOTAL ASSETS		**3060971**	899077	**491652**	127850
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share Capital	8	**500000**	500000	**80310**	71100
Accumulated losses		**(338551)**	(386180)	**(54378)**	(54915)
Legal reserve		**5292**	—	**850**	—
Equity Funds		**166741**	113820	**26782**	16185
Amount due to a member	9	**652**	—	**105**	—
Amount due to ultimate parent company		**20026**	115032	**3217**	16358
Members' Funds		**187419**	228852	**30104**	32543
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**17540**	6524	**2816**	928
CURRENT LIABILITIES					
Trade and other payables	10	**1954871**	452128	**313991**	64293
Amount due to related parties	16	**8760**	532	**1407**	76
Advance billing		**4500**	—	**723**	—
Amounts due to customers for contract works	6	**887881**	211041	**142611**	30010
		2856012	663701	**458732**	94379
TOTAL EQUITY AND LIABILITIES		**3060971**	899077	**491652**	127850

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) = ₹ 160.62 being the exchange rate prevailing as on 31st December, 2013. Previous year figures have been converted @ 1 RO = ₹ 142.20 being the exchange rate prevailing as on 31st December, 2012.

Directors **Gavin J. Appleby**
Akber Mustafa A. Sultan
Minoo M. Saher

Muscat, 13th April, 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Note	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Project Revenue		**3519404**	697695	**532873**	97817
Project cost of works executed	12	**(3246085)**	(653834)	**(491490)**	(91668)
Gross Profit		**273319**	43861	**41383**	6149
Other operating income	13	—	8	—	1
Staff costs		**(156044)**	(157475)	**(23627)**	(22078)
Depreciation		**(11918)**	(10765)	**(1805)**	(1509)
Other operating expenses	14	**(52348)**	(53647)	**(7926)**	(7521)
Profit / (Loss) from Operating Activities for the year		**53009**	(178018)	**8025**	(24958)
Interest income		—	112	—	16
Finance cost	15	**(88)**	(249)	**(13)**	(35)
Net Profit / (Loss) for the year		**52921**	(178155)	**8012**	(24977)
Other comprehensive income for the year		—	—	—	—
Total Comprehensive Profit / (Loss) for the year		**52921**	(178155)	**8012**	(24977)
Profit / (Loss) attributable to :					
- Owners of the parent company		**34399**	(115801)	**5208**	(16235)
- Non-controlling interests		**18522**	(62354)	**2804**	(8742)
		52921	(178155)	**8012**	(24977)
Total Comprehensive Profit / (Loss) attributable to :					
- Owners of the parent company		**34399**	(115801)	**5208**	(16235)
- Non-controlling interests		**18522**	(62354)	**2804**	(8742)
		52921	(178155)	**8012**	(24977)

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) = ₹ 151.41 being the average of the exchange rates prevailing as on 31st December, 2012 (1 RO = ₹ 142.20) and as on 31st December, 2013 (1 RO = ₹ 160.62). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Gavin J. Appleby**
Akber Mustafa A. Sultan
Muscat, 13th April, 2014 **Minoo M. Saher**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Share Capital		Legal reserve		Accumulated losses		Total	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
Issue of Share Capital	500000	69100	—	—	(208025)	(28749)	291975	40351
Total comprehensive net loss for the period	—	—	—	—	(178155)	(24977)	(178155)	(24977)
As at 31st December, 2012	500000	71100	—	—	(386180)	(54915)	113820	16185
Total comprehensive net profit for the year	—	—	—	—	52921	8012	52921	8012
Transfer to legal reserve	—	—	5292	850	(5292)	(850)	—	—
As at 31st December, 2013	**500000**	**80310**	**5292**	**850**	**(338551)**	**(54378)**	**166741**	**26782**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2013

	RO	2012 RO	**₹ in '000s**	2012 ₹ in '000s
Cash flows from operating activities				
Net comprehensive profit / (loss) for the year before tax	**52921**	(178155)	**8012**	(24977)
Adjustments for:				
Depreciation on property, plant and equipment	**18051**	12075	**2733**	1693
Finance costs	**88**	249	**13**	35
Interest income	—	(112)	—	(16)
Operating profit / (loss) before changes in operating assets and liabilities	**71060**	(165943)	**10759**	(23265)
Increase in trade and other receivables	**(1676794)**	(565631)	**(279771)**	(80438)
Increase in trade and other payables	**1502743**	420635	**249699**	59940
Increase in staff end-of-service gratuity payable	**11016**	3646	**1890**	530
Increase in advance billing	**4500**	—	**723**	—
Increase in inventories	**(280745)**	(31192)	**45668**	(4436)
Increase in amounts due from / to customers for contract work (net)	**386726**	211041	**66003**	30010
Member's balance	**652**	(11489)	**105**	(1588)
Ultimate parent company's balance	**(95006)**	106185	**(13141)**	15135
Related party's balance	**8228**	532	**1331**	76
Cash used in operating activities (A)	**(67620)**	(32216)	**(10861)**	(4581)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(28070)**	(5730)	**(4250)**	(803)
Net cash used in investing activities (B)	**(28070)**	(5730)	**(4509)**	(815)
Cash flows from financing activities				
Interest income received	—	112	—	16
Finance costs paid	**(88)**	(249)	**(13)**	(35)
Bank margin account	**78781**	(75781)	**11203**	(10788)
Net cash from / (used in) financing activities (C)	**78693**	(75918)	**12640**	(10796)
Net decrease in cash and cash equivalent (A+B+C)	**(16997)**	(113864)	**(931)**	(14941)
Cash and cash equivalents at beginning of year	**198770**	312634	**28265**	43206
Cash and cash equivalents at end of year	**181773**	198770	**29196**	28265

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

1. LEGAL STATUS AND BUSINESS ACTIVITY

(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 0.339 million (₹ 54.378 million) as at 31st December, 2013. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

(f) Cash and cash equivalents

Cash and cash equivalents 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. 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 of 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 0.014 million (₹ 2.124 million) [previous year: RO 0.004 million (₹ 0.605 million)].

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 on Company's taxable net profit earned by the Company during the current year arrived at after making suitable adjustments for likely disallowance as per the Law of Income Tax on companies in Oman to the comprehensive net profit as per the Company's financial statements, has not been made in the Company's financial statements in view of past accumulated tax losses incurred by the Company during the past years. As per the Income Tax Law 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 0.330 million (₹ 52.966 million) for the tax years 2011 and 2012 that are subject to finalization of income tax assessments by the Tax Authority in Oman are available for set off against future taxable income in Oman. Deferred tax amount on unused tax losses are not recognized on account of uncertainty regarding the availability of future taxable income against which the unused tax losses 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.

(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.

Maintenance revenue

Maintenance contract revenue is recognised evenly over the period of the contract.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

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 to 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 and Financial Liabilities.
- IFRS 13 : Fair Value Measurement.
- Presentation of Items in Other Comprehensive Income : Amendments to IAS 1.
- Amendments to IAS 19 : Employee Benefits.
- Annual improvements to IFRSs 2009-2011 cycle
  - IAS 1 : Presentation of Financial Statements.
  - IAS 16 : Property, Plant and Equipment.
  - IAS 32 : Financial Instruments : Presentation.

(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).
- Amendments to IAS 32 : Offsetting Financial Assets and Liabilities (1st January, 2014).
- Amendments to IAS 19 : Employee benefits : (1st July, 2013).

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, 2013	6379	907	24968	3550	13315	1893	44662	6350
Additions	7691	1164	4478	678	15901	2408	28070	4250
As at 31st December, 2013	**14070**	**2260**	**29446**	**4730**	**29216**	**4693**	**72732**	**11683**
Accumulated depreciation								
As at 1st January, 2013	1719	244	14272	2029	5373	764	21364	3037
Charge for the year	1741	264	9068	1373	7242	1096	18051	2733
As at 31st December, 2013	**3460**	**508**	**23340**	**3402**	**12615**	**1860**	**39415**	**5770**
Net book value								
As at 31st December, 2012	4660	663	10696	1521	7942	1129	23298	3313
As at 31st December, 2013	**10610**	**1704**	**6106**	**981**	**16601**	**2666**	**33317**	**5351**

5. TRADE AND OTHER RECEIVABLES

	RO	As at 31-12-2012 RO	**₹ in '000s**	As at 31-12-2012 ₹ in '000s
Contract receivables	**1632563**	465185	**262222**	66149
Contract retentions	**309771**	48646	**49755**	6917
Contract debtors billed on account of advances receivable for materials at sites	**249548**	25503	**40082**	3627
Maintenance receivable	**9000**	—	**1446**	—
	2200882	539334	**353505**	76693
Advance to suppliers	**22319**	1120	**3585**	159
Advance to staff	**10415**	2824	**1673**	402
Prepayments	**7895**	4558	**1268**	648
Other advances	**1301**	19200	**209**	2731
Deposits	**1018**	—	**164**	—
	2243830	567036	**360404**	80633

Contract receivables and retentions aggregating to RO 1.942 million (₹ 311.978 million) [previous year: RO 0.514 million (₹ 73.067 million)] in respect of jobs executed by the Company include uncertified billings of RO 1.183 million (₹ 190.007 million) [previous year: RO 0.442 million (₹ 62.922 million)]. 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 31-12-2012 RO	**₹ in '000s**	As at 31-12-2012 ₹ in '000s
3 months to 1 year	**526850**	99655	**84623**	14171
Over 1 year	**45239**	—	**7266**	—
	572089	99655	**91889**	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 31-12-2012 RO	**₹ in '000s**	As at 31-12-2012 ₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**1628793**	439679	**261617**	62522

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

6. CONTRACT IN PROGRESS

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**3962861**	697695	**600017**	97817
Progress billings	**4560628**	908736	**690525**	127405
Advance on contracts	**260090**	205503	**41776**	29223
Retentions receivables	**303753**	48646	**48789**	6917

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**179226**	197169	**28787**	28037
Bank smart card account	**1693**	1510	**272**	215
Cash on hand	**854**	91	**137**	13
	181773	198770	**29196**	28265

8. SHARE CAPITAL

	Share %		As at 31-12-2012		As at 31-12-2012
		RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35%**	**175000**	175000	**28109**	24885
Voltas Netherlands B.V.	**65%**	**325000**	325000	**52202**	46215
	100%	**500000**	500000	**80310**	71100

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

9. AMOUNT DUE TO A MEMBER

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.LC.	**652**	—	**105**	—

10. TRADE AND OTHER PAYABLES

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables *	**1157329**	170744	**185890**	24280
Advance received from customers	**509639**	205503	**81858**	29223
Accruals	**287903**	75881	**46243**	10790
	1954871	452128	**313991**	64293

* Trade payables include RO 0.078 million (₹ 12.458 million) [previous year RO 0.002 million (₹ 0.291 million)] due to related parties on account of trade dealings.

11. REVENUE

		2012		2012
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**3505904**	697695	**530829**	97817
Maintenance revenue	**13500**	—	**2044**	—
	3519404	697695	**532873**	97817

12. COST OF WORKS EXECUTED

	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Materials consumed and related expenses	**1764499**	409704	**267163**	57441
Wages and related expenses	**883999**	142507	**133846**	19979
Depreciation on property, plant and equipment	**6133**	1310	**929**	184
Sub contract costs	**463761**	77478	**70218**	10862
Other direct costs	**120544**	22835	**18252**	3202
	3238936	653834	**490408**	91668
Maintenance Project costs	**7149**	—	**1082**	—
	3246085	653834	**491490**	91668

13. OTHER OPERATING INCOME

	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Exchange gain	**—**	8	**—**	1

14. OTHER OPERATING EXPENSES

	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Rent	**18548**	17102	**2809**	2399
Repairs and maintenance	**1102**	303	**167**	42
Insurance	**750**	708	**114**	99
Electricity and water	**1481**	1229	**224**	172
Telephones, fax and postage	**6791**	5777	**1028**	810
Travelling and conveyance	**5544**	5388	**839**	755
Tender charges	**1020**	7847	**154**	1100
Vehicle expenses	**1057**	2082	**160**	292
Advertisement and business promotion expenses	**—**	180	**—**	25
Entertainment expenses	**88**	30	**13**	4
Miscellaneous expenses	**15967**	13001	**2418**	1823
	52348	53647	**7926**	7521

15. FINANCE COSTS

	RO	2012 RO	₹ in '000s	2012 ₹ in '000s
Interest on overdraft	**46**	—	**7**	—
Bank charges	**42**	249	**6**	35
	88	249	**13**	35

16. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2013 (contd.)

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

	Ultimate parent company RO	**Member company RO**	**Other related parties RO**	**Total RO**	2012 Total RO	**Total ₹ in '000s**	2012 Total ₹ in '000s
Purchase of property, plant and equipment from	**—**	**—**	**17502**	**17502**	4860	**2650**	681
Back to back expenses from	**4349**	**254**	**11232**	**15835**	15895	**2398**	2228
Purchases from	**2737**	**—**	**164252**	**166989**	115031	**25284**	16127
Expenses from	**13863**	**—**	**2633**	**16496**	—	**2498**	—
Allocation of expenses from	**—**	**398**	**6662**	**7060**	—	**1069**	—
Allocation of expenses to	**—**	**—**	**17713**	**17713**	—	**2682**	—
Materials transferred to	**—**	**—**	**1638**	**1638**	—	**248**	—

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

17. TAXATION

(a) The accounting net profit / (loss) for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the taxable net profit / tax loss for the year. Taxation has been provided at the applicable rate of 12% (previous year: 12%) after the basic exemption in accordance with the Income Tax Law in Oman. Taxation for the tax years 2011 and 2013 are subject to agreement with the Taxation Authority.

(b) The income tax expense as per the Statement of Comprehensive Income comprises :

	RO	As at 31-12-2012 RO	**₹ in '000s**	As at 31-12-2012 ₹ in '000s
Current tax				
Charge for the current year	**—**	**—**	**—**	**—**
Charge for the earlier years	**—**	**—**	**—**	**—**
Income tax expense	**—**	**—**	**—**	**—**

(c) The reconciliation between the income tax expense on the accounting net profit and income tax expense in the Statement of Comprehensive Income is as follows:

	RO	2012 RO	**₹ in '000s**	2012 ₹ in '000s
Tax on accounting profit / (loss) of RO 0.053 million (₹ 8.013 million) [previous year: loss of RO 0.178 million (₹ 24.977 million] at applicable tax rates	**6351**	(21379)	**962**	(2997)
Add / less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**345**	151	**52**	21
Tax fees not considered as deductible expense for income tax purpose	**120**	—	**18**	—
Previous years' tax losses brought forward	**(46387)**	(25159)	**(7023)**	(3527)
Tax loss carried forward to adjust against future taxable net profit	**39571**	(46387)	**5991**	(6503)
	—	—	**—**	—

18. 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 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 it 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 smart card accounts, amounts due from customers for contract work 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 smart card accounts are placed with a reputed financial institution. As at year end, 90.88% (previous year : 88.38%) of contract receivables was due from two (previous year : three) contract debtors. Contract receivables and retentions aggregating to RO 1.942 million (₹ 311.978 million) include uncertified billings / debtors of RO 1.183 million (₹ 190.007 million) as stated in Note 5 to these financial statements. As at previous year end, amount of RO 0.276 million (₹ 39.240 million) constituting 31.51% of the current assets and 30.69% 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.

(c) Liquidity Risk

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

	Less than 3 months	**3 to 12 months**	**1 year to 5 years**	**More than 5 years**	**Total**	Total
	RO	**RO**	**RO**	**RO**	**RO**	₹ in '000s
As at 31st December, 2013						
Staff end-of-service gratuity	**—**	**—**	**—**	**17540**	**17540**	**2817**
Trade and other payables	**1954871**	**—**	**—**	**—**	**1954871**	**313991**
Amounts due to customers for contract work	**887881**	**—**	**—**	**—**	**887881**	**142611**
Advance billing	**4500**	**—**	**—**	**—**	**4500**	**723**
Amount due to related parties	**8760**	**—**	**—**	**—**	**8760**	**1407**
	2856012	**—**	**—**	**17540**	**2873552**	**461550**
As at 31st December, 2012						
Staff end-of-service gratuity	—	—	—	6524	6524	928
Trade and other payables	452128	—	—	—	452128	64293
Amounts due to customers for contract work	211041	—	—	—	211041	30010
Amount due to related parties	532	—	—	—	532	76
	663701	—	—	6524	670225	95306

19. CONTINGENT LIABILITIES

		As at 31-12-2012		As at 31-12-2012
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letters of guarantee	**754500**	11664	**121188**	1659
Banker's letters of credit	**123753**	66598	**19877**	9470
	878253	78262	**141065**	11129

20. 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 **Gavin J. Appleby**
Akber Mustafa A. Sultan
Minoo M. Saher

Muscat, 13th April, 2014

VOLTAS NETHERLANDS B.V.

Directors :

P. N. Dhume
Gavin J. Appleby
B. G. Prabhuajgaonkar
Representative of TMF Netherlands B.V.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Fifteenth Annual Report and the Accounts for the year ended 31st March, 2014.

2. The Company has reported profit of Euro 1.341 million for the year ended 31st March, 2014 as compared to Euro 5.091 million in the previous year which also included Euro 4.478 million arising as a one time payment on voluntary liquidation of Voltas Antilles N.V., a wholly-owned subsidiary. The Directors recommended dividend of Euro 1.500 million for the year ended 31st March, 2014, as against Euro 3.000 million in the previous year.

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

On behalf of the Board of Directors

B. G. Prabhuajgaonkar
Director

Dubai, 22nd April, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MANAGEMENT, BOARD AND SHAREHOLDERS OF VOLTAS NETHERLANDS B.V.

As requested, we have audited the special purpose financial information of **Voltas Netherlands B.V.,** Delft, The Netherlands, for the year ended 31st March, 2014, which have been prepared for incorporation in the consolidated financial statements of Voltas Limited.

Management's Responsibility

Management is responsible for the preparation of this special purpose financial information in accordance with the accounting policies of the parent company. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of special purpose information that is free from material misstatement, whether due to fraud or error. This special purpose financial information is prepared solely to enable Voltas Limited to prepare its consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with the Dutch Law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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 special purpose financial information.

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 special purpose financial information of Voltas Netherlands B.V. for the year ended 31st March, 2014, is prepared, in all material respects, in accordance with the disclosed accounting policies.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we note that this special purpose financial information is prepared for purposes of providing information to Voltas Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Voltas Netherlands B.V. in accordance with Dutch GAAP and is not intended to give a true and fair view of the financial position of Voltas Netherlands B.V. as per 31st March, 2014, its result and its cash flow for the year then ended in accordance with Dutch GAAP. The special purpose financial information may, therefore, not be suitable for another purpose. This report is intended solely for Voltas Limited and should not be distributed to or used by parties other than Voltas Limited.

PKF Wallast
Drs. E. Bakker RA

Schiphol-Rijk, 30th April, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Euro	As at 31-3-2013 Euro	₹ in '000s	As at 31-3-2013 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**618729**	618729	**50983**	42995
Reserves and Surplus	**7682721**	9341404	**633056**	649135
Total Shareholders' Funds	**8301450**	9960133	**684039**	692130
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**160788**	160788	**13249**	11173
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1159588**	1159588	**95550**	80580
Voltas Oman L.L.C.	**636945**	636945	**52484**	44262
Voltas Qatar W.L.L.	**101056**	101056	**8327**	7022
Universal Voltas L.L.C.	**3763260**	3763260	**310093**	261509
	5821637	5821637	**479703**	404546
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(160788)**	(160788)	**(13249)**	(11173)
	5660849	5660849	**466454**	393373
CURRENT ASSETS, LOANS AND ADVANCES (NOMINAL VALUE)				
Receivables from group companies	**1632425**	222638	**134512**	15471
Other receivables	**5961**	16754	**491**	1164
Bank Balances	**1024638**	4082293	**84430**	283679
Less: Current Liabilities	**(22423)**	(22401)	**(1848)**	(1557)
Net Current Assets	**2640601**	4299284	**217585**	298757
	8301450	9960133	**684039**	692130

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 82.40 being the exchange rate prevailing as on 31st March, 2014. Previous year figures have been converted @ 1 Euro = ₹ 69.49 being the exchange rate prevailing as on 31st March, 2013.

Directors **Gavin J. Appleby**

Dubai, 22nd April, 2014 **B. G. Prabhuajgaonkar**

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

	Euro	2012-13 Euro	₹ in '000s	2012-13 ₹ in '000s
OTHER INCOME				
Dividend from participations	**1454529**	607586	**110472**	41844
Liquidation payment Voice Antilles N.V.	**—**	4477939	**—**	308396
EXPENSES				
Operating and Administrative Expenses	**(120403)**	(139801)	**(9145)**	(9628)
Financial results	**7191**	145605	**546**	10028
	(113212)	5804	**(8599)**	(400)
Profit	**1341317**	5091329	**101873**	350640

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 75.95 being the average of the exchange rates prevailing as on 31st March, 2013 (1 Euro = ₹ 69.49) and as on 31st March, 2014 (1 Euro = ₹ 82.40). Previous year figures have 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).

Directors **Gavin J. Appleby**

Dubai, 22nd April, 2014 **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, 2013 up to and including 31st March, 2014.

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**	**13249**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**1159588**	**95550**
Voltas Oman L.L.C.	**65**	**636945**	**52484**
Voltas Qatar W.L.L.	**49**	**101056**	**8327**
Universal Voltas L.L.C.	**49**	**3763260**	**310093**
Total acquisition costs		**5821637**	**479703**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(160788)**	**(13249)**
		5660849	**466454**

The participations are carried at acquisition costs.

Share Capital

The registered share capital amounts to Euro 1021005 (₹ 84130812)

The entire paid up share capital of the Company, consist of 13635 shares of Euro 45.38 each, is held by Voltas Limited, Mumbai, India.

The capital has been transferred into Euro's in accordance with Article 178c, Book 2 of the Netherlands Civil Code.

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2013	**9341404**	**649135**
Profit for the year ended 31st March, 2014	**1341317**	**101873**
Dividend bookyear 2012/2013	**(3000000)**	**(208470)**
Balance as per 31st March, 2014	**7682721**	**633056**

Receivables from group companies

	Euro	**₹ in '000s**
Receivable from Universal Voltas L.L.C.	**1454529**	**119853**
Loan to Saudi Ensas Company for Engineering Services W.L.L.	**177896**	**14659**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43068**	**3549**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43068)**	**(3549)**
Balance as per 31st March, 2014	**1632425**	**134512**

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	**3739**	**308**
Interest to be received	**2222**	**183**
	5961	**491**

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	22052	1817
ABN Amro Bank USD	192283	15844
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	810299	66769
Balance as per 31st March, 2014	1024638	84430

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	15500	1277
Creditors	6923	571
Balance as per 31st March, 2014	22423	1848

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 32.284 million) (₹ 2660.202 million).

(ii) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 1.839 million) (₹ 151.534 million).

(iii) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 4.550 million (Euro 8.582 million) (₹ 707.157 million).

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 2013-14 (2012 -13 : Nil).

Dividends from participations

	Euro	₹ in '000s
Universal Voltas L.L.C.	1454529	110472

Part of the dividend [Euro 0.582 million (₹ 44.189 million)] has been approved by the Board of Directors of Universal Voltas L.L.C. after the Balance Sheet date of the participation. In previous years, such dividend receipts were not recorded. Up till and including financial year 2012-13, dividend receipts were only recorded if these dividends were processed in the annual accounts of the participation.

Operating and Administrative Expenses

	Euro	₹ in '000s
Management costs	21707	1649
Audit and advisory expenses	89984	6834
Legal fees	8712	662
	120403	9145

Interest

	Euro	₹ in '000s
Interest received	(24317)	(1847)
Bank cost	331	25
Exchange rate differences	16795	1276
	(7191)	(546)

Directors **Gavin J. Appleby**

Dubai, 22nd April, 2014 **B. G. Prabhuajgaonkar**

AUTO AIRCON (INDIA) LIMITED

Directors :
Anil George
V. P. Malhotra
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Nineteenth Annual Report and Accounts for the year ended 31st March, 2014.

2. The Company has reported loss of ₹ 0.09 lakh for the year ended 31st March, 2014 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, 2014 and of the loss of the Company for the year ended 31st March, 2014;
   (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. V. P. Malhotra retires by rotation and being eligible, offers himself for reappointment.
5. Mr. Anil George was appointed as an Additional Director of the Company effective 1st August, 2013 and being eligible, is proposed to be appointed at the ensuing Annual General Meeting. Mr. M. M. Miyajiwala ceased to be a Director of the Company upon his resignation with effect from 1st August, 2013. The Directors wish to place on record their sincere appreciation of the valuable advice given by Mr. M. M. Miyajiwala during his long tenure on the Board since 29th March, 2004.
6. M/s. Damji Merchant & Co., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

Anil George
V. P. Malhotra
Directors

Mumbai, 20th May, 2014

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, 2014, 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, 2014;

(b) in the case of the Statement of Profit and Loss, 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, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014, from being appointed as a Director in terms of 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
Membership No. 016086

Mumbai, 20th May, 2014

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 explanation given to us, the Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to operations of the Company.

(v) In our opinion and according to the information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301of 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 there under and directions issued by the Reserve Bank of India, where applicable, do not apply.

(vii) As the Company has no business operations, the adequacy of internal audit system may not arise.

(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, 2014 for a period of more than six months from the date they became payable. Since there were no employees, the question of payment of dues on Provident Fund and Employees State Insurance does not arise;

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

Name of the Statute	Nature of the dues	Amount (₹ in Lakhs)	Forum where dispute is pending
Central Excise Act	Excise Duty	37.35	CESTAT
Bombay Sales Tax Act	Sales Tax	30.94	Tribunal

(x) The Company has accumulated losses exceeding fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses in the financial year and in the immediately preceding financial year.

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

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

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

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

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

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

(xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not raised funds during the year and hence, the question of use of such funds does not arise.

(xviii)The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

(xix) The Company has not issued any debentures, and hence, there is no requirement for creation of securities.

(xx) The Company has not raised any money by way of public issues during the year.

(xxi) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

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

Ambrish Mehta
Partner
Membership No. 016086

Mumbai, 20th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	₹ in '000s	As at 31-3-2013 ₹ in '000s
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	**113000**	113000
(b) Reserves and Surplus	4	**(121041)**	(121032)
		(8041)	(8032)
(2) Current Liabilities			
(a) Trade Payables	5	**8498**	8472
(b) Other Current Liabilities	6	**3122**	3122
		11620	11594
TOTAL EQUITY AND LIABILITIES		**3579**	3562
II. ASSETS			
(1) Non-Current Assets			
Fixed Assets			
– Tangible Assets	7	**3**	3
		3	3
(2) Current Assets			
(a) Cash and Cash Equivalents	8	**32**	15
(b) Short-term Loans and Advances	9	**3544**	3544
		3576	3559
TOTAL ASSETS		**3579**	3562

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

	₹ in '000s	2012-13 ₹ in '000s
CONTINUING OPERATIONS		
I. REVENUE FROM OPERATIONS	**—**	—
II. OTHER INCOME	**—**	—
III. TOTAL REVENUE (I + II)	**—**	—
IV. EXPENSES		
(a) Travelling & Conveyance	**—**	1
(b) Audit Fees	**3**	3
(c) Legal & Professional charges	**2**	1
(d) General expenses	**4**	7
TOTAL EXPENSES (IV)	**9**	12
V. PROFIT/(LOSS) BEFORE TAX (III - IV)	**(9)**	(12)
VI. TAX EXPENSE		
Current Tax	**—**	—
VII. PROFIT/(LOSS) AFTER TAX	**(9)**	(12)
VIII. EARNINGS PER EQUITY SHARE		
Basic and Diluted (₹)	**—**	—

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, 20th May, 2014

For and on behalf of the Board

Directors **Anil George**
V. P. Malhotra
Vinod Chandrashekar

Mumbai, 20th May, 2014

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

			2012-13
		₹ in '000s	₹ in '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit /(Loss) before Taxation	**(9)**	(12)
	Less - Adjustments for:		
	Increase/(Decrease) in trade payables	**26**	(142)
	NET CASH FROM OPERATING ACTIVITIES	**17**	(154)
B.	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**17**	(154)
	CASH AND CASH EQUIVALENTS AS AT 1-4-2013	**15**	169
	CASH AND CASH EQUIVALENTS AS AT 31-3-2014	**32**	15
	Cash and Cash Equivalents consist of:		
	Cash and Bank balances	**32**	15

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

Ambrish Mehta
Partner

Mumbai, 20th May, 2014

For and on behalf of the Board

Directors **Anil George**
V. P. Malhotra
Vinod Chandrashekar

Mumbai, 20th May, 2014

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

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 31-3-2013
	₹ 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 31-3-2013	
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 31-3-2013
	₹ in '000s	₹ in '000s
Surplus/(deficit) in the statement of profit and loss		
(a) As per last Balance Sheet	**(121032)**	(121020)
(b) Additions		
(+) Net Profit/(Loss) for the current year	**(9)**	(12)
(c) Closing Balance	**(121041)**	(121032)
Total Reserves and Surplus	**(121041)**	(121032)

5. Current Liabilities

		As at 31-3-2013
	₹ in '000s	₹ in '000s
Trade Payables		
Due on account of goods purchased and services rendered - other than Acceptances	**8498**	8472

6. Other Current Liabilities

		As at 31-3-2013
	₹ in '000s	₹ in '000s
Other Liabilities	**3122**	3122

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

7. Tangible Assets

₹ in '000s

	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	1618	130	324	2999
Cost at end of period	**927**	**1618**	**130**	**324**	**2999**
Impairment:					
Impairment at beginning of period	—	—	—	—	—
Impairment at end of period	**—**	**—**	**—**	**—**	**—**
Depreciation and Amortisation:					
Depreciation at beginning of period	926	1617	130	323	2996
Depreciation at end of period	**926**	**1617**	**130**	**323**	**2996**
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 31-3-2013 ₹ in '000s
(a) Cash in hand	**1**	1
(b) Balances with banks		
– Current account	**31**	14
Total Cash and Cash equivalents	**32**	15

9. Loans and Advances
(Unsecured, considered good otherwise stated)

	Long Term	**Short Term**	**Total**	As at 31-3-2013 ₹ 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. Additional information to the financial statements

10.1 Contingent Liability not provided for :

(a) Excise duty demands (including penalties) aggregating ₹ 37.35 lakhs. The Company is in appeal before CESTAT.

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

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

11. Disclosures under Accounting Standards

11.1 Annualised earnings per Equity Share have been calculated based on Net Profit / (Loss) after taxation of (₹ 8,868/-) [Previous Year: ₹ (12,194/-)].

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

		2012-13
Basic and Diluted earnings per share	—	—

11.2 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.

11.3 Related Party Disclosures:

Party	**Relation**	**₹ in '000s**	2012-13 ₹ in '000s
Voltas Limited	Holding Company		
– Amount payable towards liabilities/expenses incurred		**191**	191
– Amount outstanding at the year end		**8493**	8468

Signatures to Notes 1 to 11.

For and on behalf of the Board

Directors **Anil George**
V. P. Malhotra
Vinod Chandrashekar

Mumbai, 20th May, 2014

VOLTAS LIMITED
Registered Office: Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033
Tel: +91-22-6665 6666 Fax: +91-22-6665 6231
e-mail: shareservices@voltas.com Website: www.voltas.com CIN: L29308MH1954PLC009371
A TATA Enterprise