VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2014-2015

CONTENTS

UNIVERSAL COMFORT PRODUCTS LIMITED

Directors :
Anil George *(Chairman)*
Nani Javeri
Pradeep Kumar Bakshi
Jayant Balan
R. N. Mukhija *(w.e.f. 24th March, 2015)*
Sandhya S. Kudtarkar *(w.e.f. 24th March, 2015)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting their Fourteenth Annual Report and Audited Accounts for the year ended 31st March, 2015.

1. Financial highlights:

₹ in crores

	2014-15	2013-14
Revenue from operations	**1159**	929
Profit before Exceptional items	**94**	70
Exceptional items	**—**	5
Profit before Tax	**94**	75
Less: Provision for Income tax (net)	**22**	17
Profit after Tax	**72**	58
Add: Profit of previous year	**112**	93
Profit available for appropriations	**184**	151
Less: Transfer to General Reserve	**7**	6
Proposed Dividend	**41**	28
Dividend Tax	**8**	5
Depreciation on transition to Schedule II of Companies Act, 2013.	**1**	—
Profit carried to Balance Sheet	**127**	112

The Company has recorded higher Revenue of ₹ 1159 crores for the year ended 31st March, 2015 as compared to ₹ 929 crores in the previous year. Accordingly, Profit before exceptinal items and tax was higher at ₹ 94 crores for the year under review as compared to ₹ 70 crores in the previous year. The Company had a record production of 5,78,619 units during the year under review as compared to 4,54,670 units in previous year.

2. Reserves:

The Board of Directors have transfered ₹ 7 crores to General Reserve.

3. Dividend:

The Directors recommend dividend of ₹ 15 per equity share of ₹ 10 each (150%) for the year 2014-15 (2013-14: 100%).

4. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:

No material changes have occurred after the close of the financial year on 31st March, 2015 till the date of Directors' Report, which could affect the financial position of the Company.

5. Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:

During the year under review, no material Orders were passed by the Regulators/ Courts/ Tribunals, impacting the Company's going concern status and future operations.

6. Details of Subsidiary/ Joint Ventures/ Associate Companies:

The Company does not have any Subsidiary, Joint Venture or Associate Company.

7. Deposits:

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

8. Number of Meetings of the Board:

During 2014-15, five Board Meetings were held on 23rd April, 2014; 28th July; 2014; 14th October, 2014; 15th January, 2015 and 24th March, 2015.

9. Directors and KMPs:

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

Mr. R. N. Mukhija and Mrs. Sandhya S. Kudtarkar were appointed as Additional Directors by the Board of Directors on 24th March, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. R. N. Mukhija and Mrs. Sandhya S. Kudtarkar hold office upto the date of the forthcoming Annual General Meeting but are eligible for appointment as Directors. Notices under Section 160 of the Act have been received from a member proposing their appointment as Directors of the Company. Mr. R. N. Mukhija was also appointed as an Independent Director upto 4th February, 2019 and satisfies the test of independence as stipulated under Section 149(6) of the Act. The Resolutions seeking approval of the members for appointment of Mr. R. N. Mukhija as Director and as Independent Director and Mrs. Sandhya S. Kudtarkar as Non-Executive Director of the Company forms part of the Notice of AGM.

During the year under review, Mr. M. K. Sharma, 'Manager' of the Company was appointed as a Key Managerial Person (KMP) as required under the provisions of Companies Act, 2013. Mr. Srinivas Raju was appointed as the Chief Financial Officer and KMP of the Company effective 24th March, 2015. Ms. Kajal Jangid was appointed as the Company Secretary and KMP of the Company effective 30th March, 2015.

As the present term of Mr. M. K. Sharma as 'Manager' of the Company was upto 31st May, 2015, the Board has reappointed him for a further period of five years. The Resolution seeking approval of the members for appointment of Mr. M. K. Sharma as 'Manager' of the Company forms part of the Notice of the AGM.

10. Declaration by Independent Directors:

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from Mr. Nani Javeri and Mr. R. N. Mukhija, Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act.

11. Audit Committee:

During 2014-15, the Audit Committee was reconstituted comprising Mr. Anil George (Chairman), Mr. Nani Javeri and Mr. R. N. Mukhija, in line with the requirements of Section 177 of the Companies Act, 2013. The Board has accepted the recommendations made by the Audit Committee, from time to time.

12. Nomination and Remuneration Committee:

Nomination and Remuneration Committee (NRC) has been constituted comprising Mr. Nani Javeri (Chairman), Mr. Anil George and Mr. R. N. Mukhija.

13. Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director:

Based on the recommendation of NRC, the Board has adopted the Remuneration Policy for Directors, KMP and other Employees. NRC has also formulated the criteria for determining qualifications, positive attributes and independence of director as well as criteria for evaluation of individual Directors and the Board.

14. Manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors:

In view of transition period of one year granted, performance evaluation of the Directors and Board/Committees would be carried out in 2015-16.

15. Corporate Social Responsibility:

Disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 in prescribed form is enclosed as Annexure I to the Directors' Report.

16. Statutory Auditors:

It is proposed to reappoint Messrs Deloitte Haskins & Sells, Baroda (DHS), the present Auditors of the Company for two consecutive financial years (2015-16 and 2016-17). DHS have pursuant to Section 139 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 in the Act. The Auditors' Report does not contain any qualification, reservation or adverse remark.

17. Cost Auditors:

The Company was not required to appoint Cost Auditors for the year ended 31st March, 2015. However, in view of notification issued by the Ministry of Corporate Affairs on 31st December, 2014, amending Companies (Cost Records and Audit) Rules, 2014, the Company is required to appoint Cost Auditors to audit cost records of the Company in respect of products manufactured by the Company. Accordingly, the Company has appointed M/s. Sagar & Associates, Cost Auditors for conducting cost audit for the year ending 31st March, 2016, subject to ratification of their remuneration by the shareholders at the ensuing Annual General Meeting. A Resolution for the same forms part of the AGM Notice.

18. Secretarial Auditor:

M/s. N. L. Bhatia & Associates, the Practicing Company Secretaries were appointed as Secretarial Auditor to undertake Secretarial Audit of the Company for the year 2014-15. Their Secretarial Audit Report, in prescribed Form No. MR-3, is annexed as Annexure II. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

19. Risk Management:

The Company is engaged in the business of manufacturing airconditioners for Voltas Limited, the holding company and is the preferred vendor for Split ACs as compared to other OEMs/vendors of Voltas. The Company also supplies Split AC units to Voltas distributors/ dealers, across the country. Production Planning at Pantnagar Plant is done based on quantity requirements indicated by Voltas in advance. In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its business operations.

20. Extract of the Annual Return:

Pursuant to Sections 92(3) and 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form No. MGT-9 is enclosed as Annexure III to the Report.

21. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, relating to conservation of energy, technology absorption, foreign exchange earning and outgo is given by way of Annexure IV to this Report.

22. Details of establishment of vigil mechanism for directors and employees:

The Company is not required to establish a vigil mechanism for directors and employees. However, the Company provides a free and conducive environment to its employees and is open to address their issues/grievances (if any).

23. Particulars of loans, guarantees or investments under Section 186:

During 2014-15, the Company has not given any loans to other companies or given guarantees in connection with loan to any other body corporate or made investments in other companies.

24. Particulars of contracts or arrangements with related parties:

All related party transactions during 2014-15 were in the ordinary course of business and satisfied the test of arm's length. Details in prescribed Form No. AOC-2 is annexed to this Report as Annexure V.

25. Directors' Responsibility Statement:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by Management and Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

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

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

(iii) 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis; and

(v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. General:

As regards items of the Notice of AGM relating to Special Business, the Resolutions incorporated in the Notice and the Explanatory Statement thereto fully indicate the reasons for seeking the approval of the shareholders to those proposals. Attention of the shareholders is drawn to these Resolutions.

On behalf of the Board of Directors

Anil George
Mumbai, 20th April, 2015 *Chairman*

Annexure I
ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The CSR Policy sets out the Company's commitment and approach towards Corporate Social Responsibility of improving the quality of life of the communities it serves. The Company endeavours to facilitate livelihood opportunities and promote socio-cultural development.

The focus areas for CSR activities are:

(a) Supporting projects and programs for the education and development of children from weaker sections of society;

(b) Providing financial assistance to institutions, hospitals, charitable trusts and NGOs, including projects and programs aimed at supporting differently abled children, including rehabilitation of mentally challenged people, cancer patients and people suffering from certain other diseases/ailments or deficiencies;

(c) Providing financial aid to institutions, hospitals, registered charitable trusts and NGOs which pursue projects and programs benefiting pediatric and cancer patients;

(d) Contribute to programs focused on eradication of hunger, poverty and malnutrition; promoting health care including preventing measures and sanitation; provide assistance to Swachh Bharat Kosh set up by the Central Government for the promotion, sanitation and making available safe drinking water;

(e) Contribute towards disaster relief and rehabilitation through appropriate agencies.

As the Company does not have a website, no web-link is furnished.

2. Composition of CSR Committee:

- Mr. Anil George (Non-Executive Chairman)
- Mr. Nani Javeri (Independent Director)
- Mr. Pradeep Bakshi (Non-Executive Director)

3. Average net profit of the company for last three financial years:
₹ 48.64 crores.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

₹ 0.97 crore.

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year : ₹ 0.97 crore.

(b) Amount unspent, if any : ₹ 0.47 crore in 2014-15.

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs Local area or other.	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Purchase of Ambulance, Sponsoring Cancer Detection Camps for screening of patients, HVP Screening for Women, Purchase of Cancer Detection Equipment and adoption of cancer patients	Health	Mumbai, Pune, Ahmednagar, Nanded, Buldhana, Parbhani, Akola, Amravati, Yavatmal, Jalgaon, Dhule and Beed	₹ 0.50 crore	Direct expenditure ₹ 0.50 crore	₹ 0.50 crore	₹ 0.50 crore through Cancer Patients Aid Association

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Being first year of implementation of CSR activities, the Committee/ Board decided to take a cautious approach to ensure that the amount spent on CSR was measurable in terms of output and outcomes and prudently put to use by the institutions/NGOs. At the same time, due diligence would be required and applied by the Management towards CSR activities. During 2014-15, the Company had given donation of ₹ 50 lakhs to Cancer Patients Aid Association (CPAA) as a part of Company's CSR spend. CPAA has agreed to utilize this amount for purchase of an ambulance, sponsoring cancer detection camps and HVP screening for women, etc., and periodical reports would be shared with the Company. Subsequent to the close of financial year, the CSR Committee had approved payment of ₹ 0.50 crore to Tata Medical Centre at Kolkata towards balance CSR spend for 2014-15.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Anil George	**Pradeep Kumar Bakshi**
Chairman – CSR Committee	*Director*

Annexure II

SECRETARIAL AUDIT REPORT
Form No. MR-3
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

TO
THE MEMBERS
UNIVERSAL COMFORT PRODUCTS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UNIVERSAL COMFORT PRODUCTS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable to the Company**

(3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder; **Not applicable to the Company**

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; **Not applicable to the Company**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **Not applicable to the Company**

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(6) Other Laws applicable to the Company:

   1. Bombay Labour Welfare Fund.
   2. Bombay Shops & Establishment Act, 1948 (Maharashtra).
   3. Bombay Stamp Act,1958.
   4. Child Labour (Prohibition and Regulation) Act, 1986 and Rules.
   5. Children (Pledging of Labour) Act, 1933.
   6. Companies Act, 2013.
   7. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
   8. Employees Compensation Act, 1923.
   9. Employees` Provident Funds Act and Miscellaneous Provisions Act, 1952.
   10. Employees` State Insurance Act, 1948, Rules and Regulations.
   11. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
   12. Equal Remuneration Act, 1976.
   13. E-waste (Management & Handling) Rules, 2011.
   14. Finance Act, 1994 (Service Tax).
   15. Income Tax Act, 1961 and Rules.
   16. Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979.

17. Maternity Benefit Act, 1961 and Rules.

18. Micro, Small, Medium Enterprises Development Act, 2006.

19. Minimum Wages Act, 1948 and State Rules.

20. Payment of Bonus Act, 1965 and Rules.

21. Payment of Wages Act, 1936 and Rules.

22. Personal injuries (Compensation Insurance) Act, 1963.

23. Wealth Tax Act,1957 and Rules.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with the Stock Exchanges: **Not applicable to the Company.**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. **All the decisions were passed unanimously both at Board and General Meetings.**

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Members have in pursuance to Section 180 of the Companies Act, 2013 approved the Borrowing Limit of ₹ 200 crores (Rupees Two hundred crores only) at the Annual General Meeting held on 4th July, 2014.

For **N L Bhatia & Associates**
UIN: S1996MH016600

N L Bhatia
Managing Partner
FCS No. 1176
CP No. 422

Place: Mumbai
Date: 13th April, 2015

Date: 13th April, 2015

TO
THE MEMBERS
UNIVERSAL COMFORT PRODUCTS LIMITED

Our report of even date is to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events, etc.

(5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N L Bhatia & Associates**
UIN: S1996MH016600

N L Bhatia
Managing Partner
FCS No. 1176
CP No. 422

Annexure III
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U29193MH2001PLC49228
ii	Registration Date	29th June, 2001
iii	Name of the Company	Universal Comfort Products Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v	Address of the Registered office and contact details	Voltas House 'B', T. B. Kadam Marg, Chinchpokli, Mumbai 400 033 Tel. : 022 66656666; Fax: 022 66656935
vi	Whether listed company	No
vii	Name, Address and contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing and sale of air conditioners	28192	99.94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Voltas Limited Voltas House 'A', Dr. Babasaheb Ambedkar Road Chinchpokli, Mumbai 400 033	L29308MH1954PLC009371	Holding	100%	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	0	0	0	0	0	0	0	0	0
(b) Central Government	0	0	0	0	0	0	0	0	0
(c) State Government(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	0	2,76,42,000	2,76,42,000	100%	0	2,76,42,000	2,76,42,000	100%	0
(e) Banks / FIs	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total (A) (1)	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FIs	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0	0	0	0	0	0
(b) Banks / FIs	0	0	0	0	0	0	0	0	0
(c) Central Government	0	0	0	0	0	0	0	0	0
(d) State Government(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
(a) Bodies Corporate	0	0	0	0	0	0	0	0	0
(i) Indian	0	0	0	0	0	0	0	0	0
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2014)			Shareholding at the end of the year (As on 31-3-2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Voltas Limited	2,76,41,993	100	Nil	2,76,41,993	100	Nil	0
2	Voltas Limited Jointly with V. P. Malhotra	1	—	Nil	1	—	Nil	0
3	Voltas Limited Jointly with Utsav Shah	1	—	Nil	1	—	Nil	0
4	Voltas Limited Jointly with Rajesh Bhatia	1	—	Nil	1	—	Nil	0
5	Voltas Limited Jointly with Sanjay Johri	1	—	Nil	1	—	Nil	0
6	Voltas Limited Jointly with Anil George	1	—	Nil	1	—	Nil	0
7	Voltas Limited Jointly with Vinod Chandrashekar	1	—	Nil	1	—	Nil	0
8	Voltas Limited Jointly with Jayant Balan	1	—	Nil	1	—	Nil	0
	Total	**2,76,42,000**	**100%**	**Nil**	**2,76,42,000**	**100%**	**Nil**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year (1-4-2014)	There is no change in Promoters' Shareholding between 1-4-2014 and 31-3-2015			
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the end of the year (31-3-2015)				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of shares	% of total Shares of the company
At the beginning of the year (1-4-2014)					
1.	Anil George	1*	—	1*	—
2.	Nani Javeri	0	0	0	0
3.	Pradeep Bakshi	0	0	0	0
4.	Jayant Balan	1*	—	1*	—
Key Managerial Personnel					
1.	M. K. Sharma (Manager)	0	0	0	0
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):		Nil			

(v) Shareholding of Directors and Key Managerial Personnel: (contd.)

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of shares	% of total Shares of the company
At the end of the year (31-3-2015)					
1.	Anil George			1*	—
2.	Nani Javeri			0	0
3.	Pradeep Bakshi			0	0
4.	Jayant Balan			1*	—
5.	R. N. Mukhija (w.e.f. 24-3-2015)			0	0
6.	Sandhya S. Kudtarkar (w.e.f. 24-3-2015)			0	0
Key Managerial Personnel					
1.	M. K. Sharma (Manager)			0	0
2.	Kajal Jangid (Company Secretary w.e.f 30th March, 2015)			0	0
3.	Srinivas Raju (CFO w.e.f. 24th March, 2015)			0	0

* jointly with Voltas Limited

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Manager
		M. K. Sharma
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	39.28
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.41
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify	Nil
5.	Others, please specify - Provident Fund	1.10
	Total (A)	40.79
	Ceiling as per the Act (5% of Profit u/s 198 of the Companies Act, 2013)	472.74

B. Remuneration to other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Kajal Jangid Company Secretary (w.e.f. 30-3-2015)	Srinivas Raju CFO (w.e.f. 24-3-2015)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.04	0.36
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	0.01
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil
5.	Others, please specify - Provident Fund and Superannuation	—	0.04
	Total	0.04	0.41

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: None

Annexure IV
ANNEXURE TO DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

A. Conservation of Energy:

The Company had during 2014-15 planned to reduce electricity consumption by replacing Sodium Vapour light with LED. The execution of the same will be carried out in financial year 2015-16. Capital expenditure of ₹ 9 lakhs has been budgeted for this initiative and energy saving of approx. similar amount will be done on yearly basis.

B. Technology Absorption:

The following initiative has been taken in this direction, which has resulted into product improvement or product development and reduction in cost to end consumer and many of them have resulted into import substitution.

(a) Indigenous development of DC inverter Air Conditioner.

(b) Development of air-conditioner with alternate gas refrigerant.

(c) Launch of Heat & Cool only Air-conditioner specifically for export market.

(d) Launch of Air-conditioner with high energy efficient compressor, which cools at even 52^0 C temperature.

(e) Indianized Indoor Units with 3 facia.

(f) Digital Stabilizer.

(g) Air Cooler of 50 and 70 litres capacity.

No technology has been imported during the last three years.

The Company had incurred R&D expenditure of ₹ 56.75 lakhs during 2014-15.

C. Foreign Exchange Earnings and Outgo:

The Company had no foreign exchange earnings and outgo during 2014-15.

Annexure V
Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract or arrangement or transactions with its related parties which is not at arm's length, during the financial year 2014-15.

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship:

Name	Relationship
Voltas Limited	Holding Company

(b) Nature of contracts / arrangements / transactions:

Please refer Note No. 28 of financial statements.

(c) Duration of the contracts / arrangements / transactions:
It is an ongoing contract.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Purchase / Sale of goods and components and other transactions.
Please refer Note No. 28 of financial statements.

(e) Date(s) of approval by the Board, if any:

Not Applicabe, since the contract was entered into in the ordinary course of business and on arm's length basis.

(f) Amount paid as advances, if any: Nil.

On behalf of the Board of Directors

Anil George
Chairman

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, 2015, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 mis-statement.

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 mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
   - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
     - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 to the financial statements;
     - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
     - (iii) There has been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Ketan Vora
Partner
Membership No.100459

Mumbai, 20th April, 2015

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) 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.

(ii) 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.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) 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.

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

(vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

(vii) 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Value Added Tax, Service Tax and Duty of Excise which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum	Year	Amount involved (₹ In Lakhs)
Sales tax Laws	Sales Tax	Supreme Court	2002-03	101.66
Sales tax Laws	Sales Tax	Supreme Court	2003-04	429.41
Sales tax Laws	Sales Tax	Supreme Court	2004-05	111.52
Sales tax Laws	Sales Tax	The Deputy Commissioner of Commercial Tax (Assessment-I)	2009-10, 2010-11	8480.00
Central Excise Act	Duty of Excise	Commissioner (Appeals) of Central Excise and Customs	2009-10	67.59
Finance Act, 1994	Service Tax	Commissioner (Appeals) of Central Excise and Customs	2002-03	11.94

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

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

(ix) In our opinion and according to the information and explantions 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.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loans during the year.

(xii) 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
(Firm Registration No.117364W)

Ketan Vora
Partner
Membership No.100459

Mumbai, 20th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

			Note	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
A.	**EQUITY AND LIABILITIES**				
	1.	**SHAREHOLDERS' FUNDS**			
	(a)	Share capital	2	**2764.20**	2764.20
	(b)	Reserves and surplus	3	**14002.84**	11812.05
				16767.04	14576.25
	2.	**NON-CURRENT LIABILITIES**			
	(a)	Deferred tax liabilities (net)	31	**188.16**	198.13
	(b)	Long-term provisions	4	**11.33**	6.25
				199.49	204.38
	3.	**CURRENT LIABILITIES**			
	(a)	Trade payables	5	**14250.50**	9048.28
	(b)	Other current liabilities	6	**250.54**	133.61
	(c)	Short-term provisions	7	**5056.92**	3482.03
				19557.96	12663.92
			TOTAL	**36524.49**	27444.55
B.	**ASSETS**				
	1.	**NON-CURRENT ASSETS**			
	(a)	Fixed assets			
		(i) Tangible assets	8	**1328.01**	1416.91
		(ii) Intangible assets	8	**11.85**	16.71
				1339.86	1433.62
	(b)	Long-term loans and advances	9	**1143.00**	1384.46
	(c)	Other non-current assets	10	**624.59**	—
				1767.59	1384.46
	2.	**CURRENT ASSETS**			
	(a)	Inventories	11	**15062.24**	17184.00
	(b)	Trade receivables	12	**18170.17**	7063.19
	(c)	Cash and cash equivalents	13	**84.00**	25.28
	(d)	Short-term loans and advances	14	**49.70**	354.00
	(e)	Other current assets	14(a)	**50.93**	—
				33417.04	24626.47
			TOTAL	**36524.49**	27444.55
	Summary of Significant Accounting Policies		1(A)		

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, 20th April, 2015

For and on behalf of the Board of Directors

Chairman	**Anil George**
Director	**Pradeep Kumar Bakshi**
Manager	**Mahendra K. Sharma**
Chief Financial Officer	**Srinivas Raju**
Company Secretary	**Kajal Jangid**

Mumbai, 20th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

			Note	₹ in Lakhs	2013-14 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS (GROSS)**		15	**115858.36**	92882.19
	Less: Excise duty			**—**	—
	Revenue from operations (net)			**115858.36**	92882.19
2.	**OTHER INCOME**		16	**59.50**	57.06
3.	**TOTAL REVENUE (1+2)**			**115917.86**	92939.25
4.	**EXPENSES**				
	(a)	Cost of materials consumed	17(a)	**101910.72**	81089.99
	(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	17(b)	**1096.98**	2474.91
	(c)	Employee benefits expense	18	**329.09**	180.17
	(d)	Finance costs	19	**—**	0.56
	(e)	Depreciation and amortisation expense	8	**111.27**	132.93
	(f)	Other expenses	20	**3055.80**	2087.49
	TOTAL EXPENSES			**106503.86**	85966.05
5.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3 - 4)**			**9414.00**	6973.20
6.	**EXCEPTIONAL ITEMS**		33	**—**	482.74
7.	**PROFIT BEFORE TAX (5 - 6)**			**9414.00**	7455.94
8.	**TAX EXPENSE**				
	(a)	Current tax expense		**2260.00**	1750.00
	(b)	Excess provision of earlier year written back		**(26.15)**	(17.10)
	(c)	Deferred tax		**(6.91)**	(29.94)
				2226.94	1702.96
9.	**PROFIT AFTER TAX (7 - 8)**			**7187.06**	5752.98
10.	**BASIC AND DILUTED EARNINGS PER SHARE OF ₹ 10/- EACH (in** ₹)		32	**26.00**	20.81
	Summary of Significant Accounting Policies		1A		

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, 20th April, 2015

For and on behalf of the Board of Directors

Chairman	**Anil George**
Director	**Pradeep Kumar Bakshi**
Manager	**Mahendra K. Sharma**
Chief Financial Officer	**Srinivas Raju**
Company Secretary	**Kajal Jangid**

Mumbai, 20th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

			2013-14
		₹ in Lakhs	₹ in Lakhs
A.	**Cash Flow from Operating activities**		
	Net Profit before tax	**9414.00**	7455.94
	Adjustments for:		
	Depreciation and amortisation	**111.27**	132.93
	Profit on sale / write off of assets	**—**	(475.65)
	Provision for Employee benefits	**—**	0.75
	Operating profit before working capital changes	**9525.27**	7113.97
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**2121.76**	(2572.12)
	Trade receivables	**(11106.98)**	(6357.34)
	Short-term loans and advances	**304.30**	395.90
	Long-term loans and advances	**(11.26)**	737.94
	Other current assets	**(50.93)**	—
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**5202.22**	723.71
	Other current liabilities	**116.93**	38.34
	Short-term provisions	**0.77**	21.11
	Long-term provisions	**5.08**	—
	Cash generated from operations	**6107.16**	101.51
	Net income tax (paid) / refunds	**(2163.54)**	(1351.00)
	Net cash flow from (used in) Operating activities (A)	**3943.62**	(1249.49)
B.	**Cash Flow from Investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(27.11)**	(34.15)
	Proceeds from sale of fixed assets (Net)	**0.78**	1329.29
	Bank balance not considered as cash and cash equivalent - placed	**(624.59)**	—
	Net cash flow from / (used in) Investing activities (B)	**(650.92)**	1295.14
C.	**Cash Flow from Financing activities**		
	Dividends paid	**(2764.20)**	—
	Tax on dividend	**(469.78)**	—
	Net cash flow from / (used in) Financing activities (C)	**(3233.98)**	—
	Net increase in Cash and cash equivalents (A+B+C)	**58.72**	45.65
	Cash and cash equivalents at the beginning of the year	**25.28**	(20.37)
	Cash and cash equivalents at the end of the year	**84.00**	25.28

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Chairman	**Anil George**
Director	**Pradeep Kumar Bakshi**
Manager	**Mahendra K. Sharma**
Chief Financial Officer	**Srinivas Raju**
Company Secretary	**Kajal Jangid**

Ketan Vora
Partner
Mumbai, 20th April, 2015

Mumbai, 20th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. NATURE OF BUSINESS

Universal Comfort Products Limited manufactures room air conditioners at plant located in Pantnagar - Uttrakhand and it is a wholly owned subsidiary of Voltas Limited.

1. (A) SIGNIFICANT ACCOUNTING POLICIES

(i) 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) 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 and reasonable certainty of collection.

(iii) FIXED ASSETS (TANGIBLE AND INTANGIBLE ASSETS)

Fixed assets are shown at cost less accumulated depreciation/amortisation. 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.

(iv) DEPRECIATION / AMORTISATION

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised on the straight-line basis over their useful lives or five years whichever is earlier.

(v) 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.

(vi) 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.

(vii) EMPLOYEE BENEFITS

(a) Defined Contribution Plans

The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid for provident funds and pension fund to Government (Employee's Provident Fund Organisation). The Company's contributions during the year to Provident Funds are recognised in the Statement of Profit and Loss.

(b) Defined Benefit Plans

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

(c) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(viii) 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 applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. 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.

(ix) 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.

(x) 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, 2015 (contd.)

2. SHARE CAPITAL

	Number of shares	**₹ in Lakhs**	As at 31-3-2014 Number of shares	As at 31-3-2014 ₹ 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:

	Number of shares held	**₹ in Lakhs**	As at 31-3-2014 Number of shares held	As at 31-3-2014 ₹ 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:

Class of shares / Name of shareholder	**Number of shares held**	**% holding in that class of shares**	As at 31-3-2014 Number of shares held	As at 31-3-2014 % holding in that class of shares
Equity shares with voting rights - Voltas Limited	**2,76,42,000**	**100%**	2,76,42,000	100%

3. RESERVES AND SURPLUS

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
(a) General reserve		
Opening balance	**600.00**	—
Add: Transferred from surplus in Statement of Profit and Loss	**725.00**	600.00
Closing balance	**1325.00**	600.00
(b) Surplus in Statement of Profit and Loss		
Opening balance	**11212.05**	9293.05
Add: Profit for the year	**7187.06**	5752.98
Less: Proposed Dividend	**4146.30**	2764.20
Less: Tax on dividend	**844.19**	469.78
Less: Transferred to General reserve	**725.00**	600.00
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 (Refer Note 34)	**5.78**	—
Closing balance	**12677.84**	11212.05
	14002.84	11812.05

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

4. LONG TERM PROVISIONS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Provision for employee benefits		
Provision for gratuity	**11.33**	6.25

5. TRADE PAYABLES

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Trade payables	**14245.06**	8985.42
Due on account of goods purchased and services rendered (Refer Note 35)		
Other	**5.44**	62.86
	14250.50	9048.28

6. OTHER CURRENT LIABILITIES

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Other payables		
(i) Statutory remittance (withholding taxes, VAT, etc.)	**203.95**	100.22
(ii) Advances from customers	**6.16**	11.65
(iii) Others	**40.43**	21.74
	250.54	133.61

7. SHORT TERM PROVISIONS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences	**2.79**	2.10
(ii) Provision for gratuity (net)	**0.21**	0.13
	3.00	2.23
(b) Others		
(i) Provision for tax (net of advance tax ₹ 1925.01 lakhs)	**63.43**	245.82
(ii) Provision for proposed equity dividend	**4146.30**	2764.20
(iii) Provision for dividend tax on proposed dividend	**844.19**	469.78
	5053.92	3479.80
	5056.92	3482.03

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

8. FIXED ASSETS

₹ in Lakhs

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	Balance as at 1-4-2014	Additions	Disposals	**Balance as at 31-3-2015**	Balance as at 1-4 -2014	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	**Balance as at 31-3-2015**	**Balance as at 31-3-2015**	Balance as at 31-3-2014
A. Tangible Aassets										
(a) Land										
- Freehold	—	—	—	—	—	—	—	—	—	—
	164.41	—	*164.41*	—	—	—	—	—	—	*164.41*
- Leasehold	**256.26**	—	—	**256.26**	**19.78**	**2.81**	—	**22.59**	**233.67**	**236.48**
	256.26	—	—	*256.26*	*16.97*	*2.81*	—	*19.78*	*236.48*	*239.29*
(b) Buildings- Own use*	**779.49**	—	—	**779.49**	**172.83**	**39.28**	—	**212.11**	**567.38**	**606.66**
	1945.03	*5.01*	*1170.55*	*779.49*	*596.93*	*64.33*	*488.43*	*172.83*	*606.66*	*1348.10*
(c) Plant and Equipment	**982.76**	**23.00**	**1.17**	**1004.59**	**465.72**	**56.28**	**0.45**	**521.55**	**483.04**	**517.04**
	1408.54	*20.15*	*445.93*	*982.76*	*850.24*	*54.32*	*438.84*	*465.72*	*517.04*	*558.30*
(d) Furniture and Fixtures	**67.82**	—	—	**67.82**	**35.18**	**7.19**	—	**42.37**	**25.45**	**32.63**
	67.82	—	—	*67.82*	*31.95*	*3.23*	—	*35.18*	*32.63*	*35.87*
(e) Vehicles	**26.96**	—	—	**26.96**	**20.09**	**0.91**	—	**21.00**	**5.96**	**6.87**
	26.96	—	—	*26.96*	*19.44*	*0.65*	—	*20.09*	*6.87*	*7.52*
(f) Office equipment	**62.11**	**4.11**	**1.12**	**65.10**	**44.87**	**8.78**	**1.06**	**52.59**	**12.51**	**17.23**
	56.22	*8.99*	*3.10*	*62.11*	*45.24*	*2.73*	*3.10*	*44.87*	*17.23*	*10.98*
Total	**2175.40**	**27.11**	**2.29**	**2200.22**	**758.47**	**115.25**	**1.51**	**872.21**	**1328.01**	**1416.91**
	3925.24	*34.15*	*1783.99*	*2175.40*	*1560.77*	*128.07*	*930.37*	*758.47*	*1416.91*	
B. Intangible Assets										
Computer software	**43.74**	—	—	**43.74**	**27.03**	**4.86**	—	**31.89**	**11.85**	**16.71**
	83.34	—	*39.60*	*43.74*	*61.77*	*4.86*	*39.60*	*27.03*	*16.71*	*21.57*
Total	**43.74**	—	—	**43.74**	**27.03**	**4.86**	—	**31.89**	**11.85**	**16.71**
	83.34	—	*39.60*	*43.74*	*61.77*	*4.86*	*39.60*	*27.03*	*16.71*	*21.57*
Grand Total	**2219.14**	**27.11**	**2.29**	**2243.96**	**785.50**	**120.11**	**1.51**	**904.10**	**1339.86**	**1433.62**
	4008.58	*34.15*	*1823.59*	*2219.14*	*1622.54*	*132.93*	*969.97*	*785.50*	*1433.62*	

Figures in italics are for the Previous year.

An amount of ₹ 5.78 lakhs (net of deferred tax of ₹ 3.06 lakhs) is adjusted against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

9. LONG TERM LOANS AND ADVANCES

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Security deposits		
	Unsecured, considered good	**11.29**	3.12
(b)	Capital advance	**3.09**	—
(c)	Advance income tax (net of provisions ₹ 2408.92 lakhs) - Unsecured, considered good	**34.61**	40.52
(d)	MAT credit entitlement - Unsecured, considered good	**1025.01**	1271.82
(e)	Balances with government authorities		
	- Unsecured, considered good	**69.00**	69.00
	- Unsecured, considered doubtful	**47.15**	47.15
		1190.15	1431.61
	Less: Provision for VAT credit receivable	**47.15**	47.15
		1143.00	1384.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

10. OTHER NON CURRENT ASSETS

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
Fixed deposit (lien marked towards bank guarantee)	**624.59**	—

11. INVENTORIES

(At lower of cost and net realisable value)

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
(a) Raw materials [includes stock-in-transit ₹ 31.11 lakhs (31-3-2014: ₹ Nil)]	**11208.64**	12233.42
(b) Finished goods	**3853.60**	4950.58
	15062.24	17184.00

12. TRADE RECEIVABLES

(Unsecured, considered good)

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**—**	—
Other Trade receivables	**18170.17**	7063.19
	18170.17	7063.19

13. CASH AND CASH EQUIVALENTS

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
Balance with Bank - current accounts	**84.00**	25.28

14. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
(a) Security deposits	**13.79**	33.44
(b) Prepaid expenses	**30.43**	19.12
(c) Indirect tax recoverable	**5.48**	299.10
(d) Advances to Suppliers	**—**	2.34
	49.70	354.00

14. (a) OTHER CURRENT ASSETS

	₹ in Lakhs	As at 31-3-2014 ₹ in Lakhs
Interest accrued on deposit	**50.93**	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

15. REVENUE FROM OPERATIONS

		₹ in Lakhs	2013-14 ₹ in Lakhs
(a)	Sale of products	**115793.50**	92795.09
(b)	Other operating revenues		
	- Unclaimed Credit balances Written back	**1.34**	50.70
	- Sale of Scrap	**63.52**	36.40
		115858.36	92882.19

16. OTHER INCOME

	₹ in Lakhs	2013-14 ₹ in Lakhs
Interest Income (on fixed deposit with bank)	**53.04**	—
Interest on Income Tax refund	**—**	1.39
Cash discount from suppliers	**6.46**	55.67
	59.50	57.06

17. (a) COST OF MATERIALS CONSUMED

	₹ in Lakhs	2013-14 ₹ in Lakhs
Opening stock	**12233.42**	7186.39
Add: Purchases	**100885.94**	86137.02
	113119.36	93323.41
Less: Closing stock	**11208.64**	12233.42
Cost of materials consumed (Refer Note 23)	**101910.72**	81089.99

17. (b) CHANGES IN INVENTORIES OF FINISHED GOODS

	₹ in Lakhs	2013-14 ₹ in Lakhs
Inventories at the end of the period	**3853.60**	4950.58
Inventories at the beginning of the period	**4950.58**	7425.49
Net (increase) / decrease	**1096.98**	2474.91

18. EMPLOYEE BENEFITS EXPENSE

		₹ in Lakhs	2013-14 ₹ in Lakhs
(a)	Salaries and wages	**289.31**	158.59
(b)	Contributions to provident and other funds	**11.39**	5.31
(c)	Staff welfare expenses	**28.39**	16.27
		329.09	180.17

19. FINANCE COSTS

	₹ in Lakhs	2013-14 ₹ in Lakhs
Interest expense (Refer Note 35)	**—**	0.56

20. OTHER EXPENSES

		2013-14
	₹ in Lakhs	₹ in Lakhs
Consumption of stores and spare parts	**118.80**	76.71
Outside service charges	**435.00**	354.81
Power and fuel	**81.85**	71.50
Rent including lease rentals	**192.89**	127.47
Repairs and maintenance - Buildings	**2.85**	9.89
Repairs and maintenance - Machinery	**76.71**	63.31
Insurance	**42.85**	37.94
Rates and taxes	**0.30**	2.64
Travelling and conveyance	**11.65**	9.75
Printing and stationery	**9.28**	8.32
Freight and forwarding	**219.03**	204.96
Sales commission	**1455.22**	800.06
Expenditure on Corporate Social Responsibility	**50.00**	—
Advertising	**0.10**	0.11
Legal and professional	**5.15**	24.64
Payments to auditors (Refer Note 27)	**38.73**	38.67
Bad trade and other receivables, loans and advances written off	**1.88**	11.35
Loss on fixed assets sold / scrapped / written off	**0.06**	7.09
Miscellaneous expenses	**313.45**	238.27
	3055.80	2087.49

21. CONTINGENT LIABILITIES

		As at 31-3- 2014
	₹ in Lakhs	₹ in Lakhs
(i) Claims against the Company not acknowledged as debts		
Sales Tax - Dadra	**601.16**	601.16
Sales Tax - Pant Nagar (FY 2009-10)*	**694.00**	—
Sales Tax - Pant Nagar (FY 2010-11)	**761.00**	—
Service Tax - Dadra	**11.94**	11.94
Excise Duty - Dadra	**73.07**	—
	2141.17	613.10

* Guarantees of ₹ 624.59 lakhs issued by Banks at the request of the Company in favour of the Commercial Tax Department of Uttarakhand. The Company has given security by way of lien of fixed deposit.

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

22. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 322.32 lakhs (31-3-2014: Nil). Advance paid against such contracts: ₹ 3.09 lakhs (31-3-2014: Nil).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

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

Items	Unit of Measurement	Quantity	₹ in Lakhs
Compressors	**Numbers**	**571,268**	**27773.14**
	Numbers	*451,652*	*22853.78*
Fan Coil Unit	**Numbers**	**590667**	**33088.94**
	Numbers	*468399*	*26212.71*
Kits	**Numbers**	**579058**	**37210.79**
	Numbers	*454884*	*29009.62*
Others		**(*)**	**3837.85**
		(*)	*3013.88*
			101910.72
			81089.99

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

Figures in italics are for the Previous year.

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

	Raw Material ₹ in Lakhs	Components ₹ in Lakhs	Value ₹ in Lakhs	% to Total Consumption
Imported	—	—	—	—
	—	—	—	—
Indigenous	**0.13**	**101910.59**	**101910.72**	**100.00**
	1.35	*81088.64*	*81089.99*	*100.00*
Total	**0.13**	**101910.59**	**101910.72**	**100.00**
	1.35	*81088.64*	*81089.99*	*100.00*

Figures in italics are for the Previous year.

24. Quantitative information in regard to Actual Production of the goods

	Actual Production	2013-14 Actual Production
Room air conditioners (Numbers)	**578619**	454670

Note :

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.

25. 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	**588525**	**110605.81**	**27013**	**4950.58**	**17107**	**3853.60**
		473349	*88716.45*	*751*	*87.46*	*27013*	*4950.58*
Others (Raw materials)			**5187.69**	—	—	—	—
			4078.64	—	—	—	—
Total			**115793.50**	—	—	—	—
			92795.09	—	—	—	—

Figures in italics are for the Previous year.

26. Segment Reporting

The Company is engaged solely in the business of manufacture of air conditioners which constitute, its only business and primary segment. The sales are made within India.

Hence, the activities of the Company have been disclosed as a single segment as per Accounting Standard 17 on 'Segment Reporting'.

27. Auditors Remuneration

	₹ in Lakhs	2013-14 ₹ in Lakhs
Audit Fees	**14.75**	14.75
Tax Matters	**10.26**	10.52
Other Services	**8.99**	8.99
Reimbursement of Expenses	**0.48**	0.17
Service Tax on Above	**4.25**	4.24
	38.73	38.67

28. Related Party Disclosure

Party	Relationship
Voltas Limited	Holding Company
Mr. Mahendra K. Sharma - Manager	Key Management Personnel

Nature of transactions	**₹ in Lakhs**	2013-14 ₹ in Lakhs
Purchase of goods	**59103.57**	55925.30
Sale of goods	**97820.92**	82114.96
Purchase of fixed assets	**2.81**	—
Sale of fixed assets	**0.83**	—
Reimbursement of Staff cost	**130.83**	41.10
Commission paid	**1455.22**	800.06
Related Party Balances		
Net Receivable	**18134.06**	7024.18

29. Details of Research and Development expenditure recognised as an expense

	₹ in Lakhs	2013-14 ₹ in Lakhs
Materials	**23.07**	38.22
Employee benefits expense	**29.68**	21.14
Others	**4.00**	8.53
	56.75	67.89

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

30. 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	2013-14 ₹ in Lakhs
Provident Fund	**6.22**	4.54

(b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2015. 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.

	₹ in Lakhs	2013-14 ₹ in Lakhs
A. Assumptions		
Discount Rate	**7.96%**	9.31%
Rate of Return on Plan Assets	**—**	—
Salary Escalation	**8.00%**	8.00%
Attrition Rate	**2.00%**	2.00%
Mortality Table	**Indian Assured Lives (2006-08) Ultimate**	Indian Assured Lives (2006-08) Ultimate

	₹ in Lakhs	2013-14 ₹ in Lakhs
B. Table showing change in Benefit Obligation		
Liability at the beginning of the year	**6.38**	5.61
Interest Cost	**0.59**	0.46
Current Service Cost	**1.52**	1.50
Past Service Cost (Non Vested Benefit)	**—**	—
Past Service Cost (Vested Benefit)	**—**	—
Benefit Paid	**—**	—
Actuarial (Gain)/Loss on obligations	**3.05**	(1.19)
Liability at the end of the year	**11.54**	6.38

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

	₹ in Lakhs	2013-14 ₹ in Lakhs
D. Amount Recognised in Income Statement		
Current Service Cost	**1.52**	1.50
Interest Cost	**0.59**	0.46
Expected Return on Plan Asset	**—**	—
Net Actuarial (Gain)/ Loss to be Recognised	**3.05**	(1.19)
Past Service Cost (Non Vested Benefit) Recognised	**—**	—
Past Service Cost (Vested Benefit) Recognised	**—**	—
Expenses Recognised in Statement of Profit and Loss	**5.16**	0.77

30. Employee Benefits (contd.)

		2013-14
	₹ in Lakhs	₹ in Lakhs
E. Balance Sheet Reconciliation		
Opening Net Liability	**6.38**	5.61
Expenses as above	**5.16**	0.77
Employer's Contribution	**—**	—
Amount Recognised in Balance Sheet	**11.54**	6.38

F. Experience Adjustment		2013-14	2012-13	2011-12	2010-11
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Present value of defined benefit obligation	**11.54**	6.38	5.61	3.56	2.22
Plan Assets	**—**	—	—	—	—
Surplus/(Deficit)	**—**	—	—	—	—
On Plan Liability (Gain)/Loss	**0.85**	(0.02)	0.27	0.17	(0.95)
On Plan Asset (Gain)/Loss	**—**	—	—	—	—

G. 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.

31. Deferred Taxes

As per Accounting Standard 22 on "Accounting for taxes on income" as notified by the Companies (Accounts) Rules, 2014, the Company has recognised deferred tax liability of ₹ 188.16 lakhs (Previous year : ₹ 198.13 lakhs) for the year as indicated below.

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

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Deferred Tax Liability		
Depreciation	**234.95**	242.18
Total (A)	**234.95**	242.18
Deferred Tax Assets		
Employee Benefits	**3.99**	3.23
Statutory Liability	**42.80**	40.82
Total (B)	**46.79**	44.05
Net Deferred Tax Liability/(Asset) (A-B)	**188.16**	198.13

32. Earnings Per Share

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Profit After Tax (₹ in lakhs)	**7187.06**	5752.98
Number of Equity Shares	**2,76,42,000**	2,76,42,000
Basic and Diluted Earnings per Share of ₹ 10 each (₹)	**26.00**	20.81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

33. Exceptional Items

	₹ **in Lakhs**	As at 31-3-2014 ₹ in Lakhs
Profit on Sale of Property	—	482.74

34. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1st April, 2014, the Company has revised the estimated useful life of its assets to align the useful life with those specified in Schedule II.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1st April, 2014. As a result of these changes an amount of ₹ 5.78 lakhs (net of deferred tax of ₹ 3.06 lakhs) is adjusted against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus. The depreciation expense in the statement of Profit and Loss is higher by ₹ 18.70 lakhs consequent to the change in the useful life of the assets.

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

		₹ **in Lakhs**	As at 31-3-2014 ₹ in Lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**58.70**	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	**—**	—

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

For and on behalf of the Board of Directors

Chairman	**Anil George**
Director	**Pradeep Kumar Bakshi**
Manager	**Mahendra K. Sharma**
Chief Financial Officer	**Srinivas Raju**
Company Secretary	**Kajal Jangid**

Mumbai, 20th April, 2015

Directors :

P. N. Dhume *(Chairman)*
Anil George
M. Gopi Krishna
Jayant Balan
Debendranath Sarangi *(w.e.f. 30-3-2015)*
S. V. Phene *(w.e.f. 30-3-2015)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirty-Second Annual Report and Audited Financial Statements for the year ended 31st March, 2015.

1. **Financial Results:**

₹ in crores

	2014-15	2013-14
Revenue from operations	**53**	101
Other income	**1**	2
Total Expenses	**83**	110
Loss before Tax	**29**	7
Tax expense	**—**	—
Loss after Tax	**29**	7

The Company has recorded revenue of ₹ 53 crores and loss of ₹ 29 crores for the year ended 31st March, 2015 as compared to revenue of ₹ 101 crores and loss of ₹ 7 crores in the previous year. The drop in revenue was due to lack of new orders during the beginning of the year. However by year-end, the Company had pending orders worth ₹ 204 crores. The increase in loss is largely attributable to legacy projects, which are under closure.

2. **Reserves:**

In view of the loss situation, the Board of Directors have decided not to transfer any amount to General Reserves.

3. **Dividend:**

In view of the loss situation, the Directors do not recommend any dividend on equity and/or preference shares for the financial year 2014-15.

4. **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:**

No material changes have occurred after the close of the financial year on 31st March, 2015 till the date of Directors' Report, which could affect the financial position of the Company.

5. **Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:**

During the year under review, no material Orders were passed by the Regulators/ Courts/ Tribunals, impacting the Company's going concern status and future operations.

6. **Details of Subsidiary/ Joint Ventures/ Associate Companies:**

The Company does not have any Subsidiary, Joint Venture or Associate company.

7. **Deposits:**

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

8. **Corporate Social Responsibility:**

As per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014, as the Company had incurred losses in last three financial years, it was not required to spend any amount on Corporate Social Responsibility. Accordingly the disclosure in the prescribed format is not enclosed to the Directors' Report.

9. **Number of Meetings of the Board:**

During the year under review, 7 Board Meetings were held on 9th May, 2014; 28th July, 2014; 21st August, 2014; 31st October, 2014; 30th January, 2015; 11th March, 2015 and 30th March, 2015.

10. **Directors and Key Managerial Personnel:**

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. P. N. Dhume, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Debendranath Sarangi and Mr. S. V. Phene were appointed as Additional Directors and also as Independent Directors, by the Board of Directors at its meeting held on 30th March, 2015 for a term of five years upto 29th March, 2020 and satisfy the test of independence as stipulated under Section 149(6) of the Act. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Debendranath Sarangi and Mr. S. V. Phene hold office upto the date of the forthcoming Annual General Meeting (AGM). Notices under Section 160 of the Act have been received from a member proposing their appointment as Directors of the Company. The Resolutions seeking approval of the members for appointment of Mr. Debendranath Sarangi and Mr. S. V. Phene as Non-Executive Independent Directors of the Company form part of the Notice of AGM.

During the year under review, Mr. M. Valsaraj, 'Manager' of the Company was appointed as a Key Managerial Personnel (KMP) as required under the provisions of Companies Act, 2013. Mr. Ajay Goswami was appointed as the Chief Financial Officer and KMP of the Company effective 1st February, 2015. Mr. Vishal Totla was appointed as the Company Secretary and KMP of the Company effective 31st March, 2015.

11. **Declaration by Independent Directors:**

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from Mr. Debendranath Sarangi and Mr. S. V. Phene, Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act.

12. **Audit Committee:**

During 2014-15, the Audit Committee was reconstituted in line with the requirements of Section 177 of the Companies Act, 2013 and comprises Mr. Anil George (Chairman), Mr. Debendranath Sarangi and Mr. S. V. Phene, both Independent Directors. The Board has accepted the recommendations made by the Audit Committee, from time to time.

13. **Nomination and Remuneration Committee:**

A Nomination and Remuneration Committee (NRC) has been constituted comprising Mr. Anil George (Chairman), Mr. Debendranath Sarangi and Mr. S. V. Phene as Members.

14. Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director:

Based on the recommendation of NRC, the Board has adopted the Remuneration Policy for Directors, KMP and other Employees. NRC has also formulated the criteria for determining qualifications, positive attributes and independence of director as well as criteria for evaluation of individual Directors and the Board.

15. Manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors:

In view of transition period of one year permitted under the Companies Act, 2013, performance evaluation of the Directors and Board/Committees would be carried out in 2015-16.

16. Statutory Auditors:

It is proposed to reappoint M/s. Deloitte Haskins & Sells, Baroda (DHS), as Statutory Auditors of the Company for two consecutive financial years (2015-16 and 2016-17). DHS have pursuant to Section 139 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 in the Act. The Auditors' Report does not contain any qualification, reservation or adverse remark.

17. Secretarial Auditor:

M/s. N L Bhatia & Associates, Practicing Company Secretaries were appointed as Secretarial Auditor to undertake Secretarial Audit of the Company for the year 2014-15. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed as an Annexure. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

18. Risk Management:

The Company is engaged in the business of executing electrical projects. In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its business.

19. Extract of the Annual Return:

Pursuant to Sections 92(3) and 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in prescribed Form No. MGT-9 is enclosed as Annexure I to the Report.

20. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

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.

21. Details of establishment of vigil mechanism for directors and employees:

The Company is not required to establish a vigil mechanism for directors and employees. However, the Company provides a free and conducive environment to its employees and is open to address their issues/grievances (if any).

22. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a 'Respect for Gender' Policy on prevention, prohibition and redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company has not received any complaint on sexual harassment during the financial year.

23. Particulars of loans, guarantees or investments under Section 186:

During 2014-15, the Company has not given any loans to other companies or given guarantees in connection with loan to any other body corporate or made investments in other companies.

24. Particulars of contracts or arrangements with related parties:

All related party transactions during 2014-15 were in the ordinary course of business and satisfied the test of arm's length. Details in prescribed Form No. AOC-2 are annexed to this Report as Annexure II.

25. Directors' Responsibility Statement:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by Management and Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards had been followed and that there were no material departures;

(ii) 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 financial year and of the loss of the Company for that period;

(iii) 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis; and

(v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. General:

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

On behalf of the Board of Directors

Anil George — *Director*
M. Gopi Krishna — *Director*

Mumbai, 30th April, 2015

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U74210MH1983PLC030705
ii	Registration Date	27th August, 1983
iii	Name of the Company	Rohini Industrial Electricals Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office and contact details	Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033 Tel. : 022 66656666; Fax: 022 66656311
vi	Whether listed Company	No
vii	Name, Address and contact details of Registrar and Transfer Agent, if any	System Support Services, 209, Shivali Ind. Estate, Andheri-Kurla Road, Saki Naka, Andheri (East), Mumbai 400 072. Tel.: 022 2850 0835, e-mail: sysss72@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Electrical works contract, installation and erection services	43219	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1	Voltas Limited Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033	L29308MH1954PLC009371	Holding Company	100%	Section 2(46)

IV. SHARE HOLDING PATTERN:

(a) Equity Share Capital Breakup as percentage of Total Equity:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individuals / HUF	—	—	—	—	—	—	—	—	0
(b) Central Government	—	—	—	—	—	—	—	—	0
(c) State Government(s)	—	—	—	—	—	—	—	—	0
(d) Bodies Corporate	18,25,775	7	18,25,782	100	18,25,775	7	18,25,782	100	0
(e) Banks / FIs	—	—	—	—	—	—	—	—	0
(f) Any Other	—	—	—	—	—	—	—	—	0
Sub Total (A) (1)	**18,25,775**	**7**	**18,25,782**	**100**	**18,25,775**	**7**	**18,25,782**	**100**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
(b) Other – Individuals	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	—	—	—	—	—	—	—	—	—
(d) Banks / FIs	—	—	—	—	—	—	—	—	—
(e) Any Other	—	—	—	—	—	—	—	—	—
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = A(1)+(A)(2)	**18,25,775**	**7**	**18,25,782**	**100**	**18,25,775**	**7**	**18,25,782**	**100**	**0**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks / FI	—	—	—	—	—	—	—	—	—
(c) Central Government	—	—	—	—	—	—	—	—	—
(d) State Government(s)	—	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	—	—	—	—	—	—	—	—	—
(g) FIIs	—	—	—	—	—	—	—	—	—
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub Total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
(a) Bodies Corporates									
(i) Indian	—	—	—	—	—	—	—	—	—
(ii) Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	—	—	—	—	—	—	—	—	—
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	—	—	—	—	—	—	—	—	—
(c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)= (B)(1)+(B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	**18,25,775**	**7**	**18,25,782**	**100**	**18,25,775**	**7**	**18,25,782**	**100**	**0**

(b) Preference Share Capital Breakup as percentage of Total 0.01% Cumulative Redeemable Preference Shares of ₹ 100 each:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individuals / HUF	—	—	—	—	—	—	—	—	—
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Government	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	0	62,00,000	62,00,000	100	0	62,00,000	62,00,000	100	—
(e) Banks / FIs	—	—	—	—	—	—	—	—	—
(f) Any Other	—	—	—	—	—	—	—	—	0
Sub Total (A)(1)	**0**	**62,00,000**	**62,00,000**	**100**	**0**	**62,00,000**	**62,00,000**	**100**	**0**
(2) Foreign									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
(b) Other – Individuals	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	—	—	—	—	—	—	—	—	—
(d) Banks / FIs	—	—	—	—	—	—	—	—	—
(e) Any Other	—	—	—	—	—	—	—	—	—
Sub Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**62,00,000**	**62,00,000**	**100**	**0**	**62,00,000**	**62,00,000**	**100**	**0**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks / FIs	—	—	—	—	—	—	—	—	—
(c) Central Government	—	—	—	—	—	—	—	—	—
(d) State Government(s)	—	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	—	—	—	—	—	—	—	—	—
(g) FIIs	—	—	—	—	—	—	—	—	—
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub Total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
(a) Bodies Corporates:									
(i) Indian	—	—	—	—	—	—	—	—	—
(ii) Overseas Individuals	—	—	—	—	—	—	—	—	—
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	—	—	—	—	—	—	—	—	—
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	—	—	—	—	—	—	—	—	—
(c) Others (specify)	—	—	—	—	—	—	—	—	—
Sub Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B) = (B)(1)+(B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	**0**	**62,00,000**	**62,00,000**	**100**	**0**	**62,00,000**	**62,00,000**	**100**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2014)			Shareholding at the end of the year (As on 31-3-2015)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Equity Shares Capital – Equity Shares of ₹ 10/- each								
1.	Voltas Limited	18,25,775	100	Nil	18,25,775	100	Nil	0
2.	Voltas Limited jointly with Sanjay Johri	1	—	Nil	1	—	Nil	0
3.	Voltas Limited jointly with M. Gopi Krishna	1	—	Nil	1	—	Nil	0
4.	Voltas Limited jointly with Anil George	1	—	Nil	1	—	Nil	0
5.	Voltas Limited jointly with V. P. Malhotra	1	—	Nil	1	—	Nil	0
6.	Voltas Limited jointly with Utsav Shah	1	—	Nil	1	—	Nil	0
7.	Voltas Limited jointly with Vinod Chandrashekar	1	—	Nil	1	—	Nil	0
8.	Voltas Limited jointly with Rajesh Bhatia	1	—	Nil	1	—	Nil	0
	Total	**18,25,782**	**100**	**Nil**	**18,25,782**	**100**	**Nil**	**0**
Preference Share Capital - 0.01% Cumulative Redeemable Preference Shares of ₹100/- each								
1	Voltas Limited	62,00,000	100	Nil	62,00,000	100	Nil	0
	Total	**62,00,000**	**100**	**Nil**	**62,00,000**	**100**	**Nil**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	There is no change in Promoters' Shareholding between 1-4-2014 and 31-3-2015			
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3.	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) : Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year (As on 1-4-2014)					
1	Anil George	1*	0	1*	0
2	P. N. Dhume	0	0	0	0
3	M. Gopi Krishna	1*	0	1*	0
4	Jayant Balan	0	0	0	0
Key Managerial Personnel					
1	M. Valsaraj (Manager)	0	0	0	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus / sweat equity etc)		Nil			
At the end of the year (As on 31-3-2015)					
1	Anil George			1*	0
2	P. N. Dhume			0	0
3	M. Gopi Krishna			1*	0
4	Jayant Balan			0	0
5	Debendranath Sarangi			0	0
6	S. V. Phene			0	0
Key Managerial Personnel					
1	M. Valsaraj (Manager)			0	0
2	Vishal Totla (Company Secretary w.e.f 31st March, 2015)			0	0
3	Ajay Goswami (CFO w.e.f. 1st February, 2015)			0	0

* jointly with Voltas Limited

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	3457.98	2500.00	—	5957.98
(ii) Interest due but not paid	—	807.70	—	807.70
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**3457.98**	**3307.70**	**—**	**6765.68**
Change in Indebtedness during the financial year				
- Addition	466.18	—	—	466.18
- Reduction	—	—	—	—
Net Change	466.18	—	—	466.18
Indebtedness at the end of the financial year				
(i) Principal Amount	3924.16	2500.00	—	6424.16
(ii) Interest due but not paid	—	1032.70	—	1032.70
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**3924.16**	**3532.70**	**—**	**7456.86**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Manager
		M. Valsaraj
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16.32
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify	Nil
5.	Others, please specify - Provident Fund and Superannuation	0.53
	Total (A)	16.87
	Ceiling as per the Act	30.00

B. Remuneration to other Directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
		Mr. Ajay Goswami* CFO	**Mr. Vishal Totla# Company Secretary**	**Total Amount ₹ In Lakhs**
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2.73	0.02	2.75
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.07	—	0.07
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify - Provident Fund and Superannuation	0.32	—	0.32
	Total	3.12	0.02	3.14

* Mr. Ajay Goswami was appointed as Chief Financial Officer of the Company effective 1st February, 2015.
# Mr. Vishal Totla was appointed as Company Secretary of the Company effective 31st March, 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Annexure II

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   Rohini Industrial Electricals Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   (a) Name(s) of the related party and nature of relationship :

   Voltas Limited, Holding Company

   (b) Nature of contracts / arrangements/ transactions:

   Refer Note 29 of financial statements for the year ended 31st March, 2015.

   (c) Duration of the contracts / arrangements / transactions:

   on going transactions

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

   The Company undertakes execution of electrical projects. For value of transactions, refer Note 29 of financial statements for the year ended 31st March, 2015.

   (e) Date(s) of approval by the Board, if any:

   Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.

   (f) Amount paid as advances, if any : Nil

On behalf of the Board of Directors

Anil George *Director*

M. Gopi Krishna *Director*

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

TO
THE MEMBERS
ROHINI INDUSTRIAL ELECTRICALS LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ROHINI INDUSTRIAL ELECTRICALS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the rules made thereunder;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable to the Company.**

(3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; **Not applicable to the Company.**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **Not applicable to the Company**

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(6) Other Laws applicable to the Company:

   1. Bombay Labour Welfare Fund.
   2. Bombay Shops & Establishment Act, 1948 (Maharashtra).
   3. Bombay Stamp Act, 1958.
   4. Child Labour (Prohibition and Regulation) Act, 1986 and Rules.
   5. Children (Pledging of Labour) Act, 1933.
   6. Companies Act, 2013.
   7. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
   8. Employees Compensation Act, 1923.
   9. Employees` Provident Funds Act and Miscellaneous Provisions Act, 1952.
   10. Employees` State Insurance Act, 1948, Rules and Regulations.
   11. Employment Exchange (Compulsory Notification of Vacancies) Act. 1959.
   12. Equal Remuneration Act, 1976.
   13. E-waste (Management & Handling) Rules, 2011.
   14. Finance Act, 1994 (Service Tax).
   15. Income Tax Act, 1961 and Rules.
   16. Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979.
   17. Karnataka Labour Welfare Fund.

18. Kerala Labour Welfare Fund.
19. Maternity Benefit Act, 1961 and Rules.
20. Micro, Small, Medium Enterprises Development Act, 2006.
21. Minimum Wages Act,1948 and State Rules.
22. Payment of Bonus Act, 1965 and Rules.
23. Payment of Wages Act, 1936 and Rules.
24. Personal injuries (Compensation Insurance) Act, 1963.
25. Tamil Nadu Labour Welfare Fund.
26. Wealth Tax Act, 1957 and Rules.
27. West Bengal Labour Welfare Fund.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with the Stock Exchanges; **Not applicable to the Company.**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. **All the decisions were passed unanimously at both Board and General Meeting.**

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Members have in pursuance to Section 180 of the Companies Act, 2013 approved the Borrowing Limit of ₹100 crores (Rupees One hundred crore only) at the Annual General Meeting held on 25th July, 2014.

For **N L Bhatia & Associates**
UIN: S1996MH016600

N L Bhatia
Managing Partner
FCS No. 1176
CP No. 422

Mumbai, 22nd April, 2015

Date: 22nd April, 2015

TO

THE MEMBERS

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Our report of even date is to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events, etc.

(5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **N L Bhatia & Associates**
UIN: S1996MH016600

N L Bhatia
Managing Partner
FCS No. 1176
CP No. 422

INDEPENDENT AUDITORS' 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, 2015, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 mis-statement.

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 mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter to the financial statements:

The Company has been incurring losses and the net worth has 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 31 to the financial statement.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26(b) to the financial statements;

      (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts- Refer Note 1(ii)(h)(ii) to the financial statements;

      (iii) There is no amount which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Ketan Vora
Partner
Membership No.100459

Mumbai, 30th April, 2015

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) 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.

(ii) 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.

(iii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weakness in such control systems.

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

(vi) In our opinion and according to the information and explanations given to us, the Company is not required to maintain the cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable except as mentioned below:

Name of Statute	Nature of Dues	Amount involved (₹ in Lakhs)	Period to which amount relates	Due Date
Department of Sales Tax, Maharashtra	Profession Tax	0.01	2014-15	30-May-14
Value Added Tax Act, 2005, Delhi	Work Contract Tax	1.47	2013-14	Various dates in 2013-14
Value Added Tax Act, 2005, Karnataka	Value Added Tax	25.68	2009-10 to 2014-15	Various dates in 2009-10 to 2014-15

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax, and Cess which have not been deposited as on 31st March, 2015 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)
Central Sales Tax Act and Value Added Tax Act of various States	CST, Entry Tax and VAT	Assistant Commissioner Commercial Taxes	2006-07 to 2009-10	112.93
		Deputy Commissioner (Appeals)	2004-05, 2006-07, to 2011-12	706.83
		M.P. Commercial Tax Appellate Board	2007-08, 2008-09, 2010-11	79.40
		Commercial Tax Authority - Trade Tax	2006-07	2.95
		Joint Commissioner of Sales Tax	2005-06 to 2008-09	54.64

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(viii) The accumulated losses of the Company at the end of the financial year are not less than fifty per cent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) 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.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loans during the year.

(xii) 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, 30th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

				Note	**₹ in Lakhs**	As at 31-3-2014 ₹ in Lakhs
A.	**EQUITY AND LIABILITIES**					
	1.	**SHAREHOLDERS' FUNDS**				
		(a)	Share capital	2	**6382.58**	6382.58
		(b)	Reserves and surplus	3	**(7277.21)**	(4398.42)
					(894.63)	1984.16
	2.	**NON-CURRENT LIABILITIES**				
		(a)	Long-term borrowings	4	**2500.00**	2500.00
		(b)	Other long-term liabilities	5	**33.32**	44.03
		(c)	Long-term provisions	6	**10.85**	6.06
					2544.17	2550.09
	3.	**CURRENT LIABILITIES**				
		(a)	Short-term borrowings	7	**4051.73**	3585.55
		(b)	Trade payables	8	**3700.09**	4073.79
		(c)	Other current liabilities	9	**3507.72**	5247.42
		(d)	Short-term provisions	10	**15.83**	12.99
					11275.37	12919.75
				Total	**12924.91**	17454.00
B.	**ASSETS**					
	1.	**NON-CURRENT ASSETS**				
		(a)	Fixed assets			
			(i) Tangible assets	11(A)	**58.00**	43.29
			(ii) Intangible assets	11(B)	**8.98**	26.88
					66.98	70.17
		(b)	Long-term loans and advances	12	**328.52**	279.47
		(c)	Other non-current assets	13	**832.57**	1130.98
					1161.09	1410.45
	2.	**CURRENT ASSETS**				
		(a)	Inventories	14	**272.09**	204.23
		(b)	Trade receivables	15	**4747.00**	7939.90
		(c)	Cash and cash equivalents	16	**107.80**	12.58
		(d)	Short-term loans and advances	17	**772.06**	647.76
		(e)	Other current assets	18	**5797.89**	7168.91
					11696.84	15973.38
				Total	**12924.91**	17454.00
	Summary of significant Accounting Policies			1(ii)		

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, 30th April, 2015

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Ajay Goswami**
Company Secretary	**Vishal Totla**

Mumbai, 30th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

		Note	₹ in Lakhs	2013-14 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	19	**5332.79**	10110.30
2.	**OTHER INCOME**	20	**113.26**	194.85
3.	**TOTAL REVENUE (1 + 2)**		**5446.05**	10305.15
4.	**EXPENSES**			
	(a) Cost of sales - Traded Goods	21(A)	**108.82**	134.69
	(b) Cost of sales, services	21(B)	**4733.76**	8079.89
	(c) Employee benefits expense	22	**339.45**	371.55
	(d) Finance costs	23	**805.37**	902.51
	(e) Depreciation and amortization expense	11	**35.63**	33.46
	(f) Other expenses	24	**2295.14**	1473.43
	TOTAL EXPENSES		**8318.17**	10995.53
5.	**LOSS BEFORE TAX (3 - 4)**		**(2872.12)**	(690.38)
6.	**TAX EXPENSE**			
	Current Tax		—	—
7.	**LOSS AFTER TAX (5 - 6)**		**(2872.12)**	(690.38)
8.	**EARNINGS PER EQUITY SHARE OF ₹10/- EACH**	30		
	Basic and Diluted (in ₹)		**(157.38)**	(37.85)
	Summary of significant Accounting Policies	1(ii)		

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, 30th April, 2015

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Ajay Goswami**
Company Secretary	**Vishal Totla**

Mumbai, 30th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

				2013-14
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
A.	**Cash flow from Operating Activities**			
	Net Loss before extraordinary items and tax		**(2872.12)**	(690.38)
	Adjustments for:			
	Depreciation and amortization	**35.63**		33.46
	Loss on sale / write off of assets	**—**		1.28
	Finance costs	**805.37**		902.51
	Interest income	**(0.39)**		(0.37)
	Bad and Doubtful Debts / Advances	**1294.72**		408.64
			2135.33	1345.52
	Operating Profit/(Loss) before Working Capital changes		**(736.79)**	655.14
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	**(67.86)**		22.45
	Trade receivables	**1946.22**		(604.04)
	Short-term loans and advances	**(172.34)**		10.67
	Long-term loans and advances	**(13.62)**		(49.07)
	Other current assets	**1371.02**		(844.26)
	Other non-current assets	**298.41**		(136.90)
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	**(373.70)**		(841.30)
	Other current liabilities	**(1964.70)**		302.83
	Other long-term liabilities	**(10.71)**		9.46
	Long-term provisions	**4.79**		(20.70)
	Short -term provisions	**2.84**		9.68
			1020.35	(2141.18)
	Cash generated from operations		**283.56**	(1486.04)
	Net income tax (paid) / refunds		**(35.43)**	38.19
	Net cash flow from / (used in) Operating Activities (A)		**248.13**	(1447.85)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

				2013-14
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
B.	**Cash flow from Investing Activities**			
	Capital expenditure on fixed assets, including capital advances	**(39.10)**		(0.34)
	Proceeds from sale of fixed assets	**—**		0.98
	Proceeds from / (Investment in) Fixed deposit	**2.64**		37.53
	Interest Income	**0.39**		0.37
	Net cash flow from / (used in) Investing Activities (B)		**(36.07)**	38.54
C.	**Cash flow from Financing Activities**			
	Net increase / (decrease) in working capital borrowings	**466.18**		(163.91)
	Proceeds from other Long-term borrowings	**—**		2650.00
	Proceeds from other Short-term borrowings	**—**		(500.00)
	Finance cost	**(580.37)**		(632.37)
	Net cash flow from / (used in) Financing Activities (C)		**(114.19)**	1353.72
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**97.88**	(55.59)
	Cash and cash equivalents at the beginning of the year		**5.58**	61.17
	Cash and cash equivalents at the end of the year		**103.46**	5.58
	Reconciliation of Cash and cash equivalents with the Balance Sheet:			
	Cash and cash equivalents as per Balance Sheet (Refer Note 16)		**107.80**	12.58
	Less: Bank balances not considered as Cash and cash equivalents Balances held as margin money (Refer note (ii) below)		**4.36**	7.00
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16		**103.44**	5.58

Notes:

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

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

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Ketan Vora
Partner
Mumbai, 30th April, 2015

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Ajay Goswami**
Company Secretary	**Vishal Totla**

Mumbai, 30th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. (i) NATURE OF BUSINESS

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

(ii) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

(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 the contingent liabilities) and the reported income and expenses during the reporting period. These includes the recognition of revenue and earnings from construction contracts under the percentage of completion method, and the valuation of long-term assets. 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 / materialize.

(c) FIXED ASSETS (TANGIBLE / INTANGIBLE)

Fixed assets are carried at cost of acquisition less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises of its purchase price net of any trade discounts and rebates, any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(d) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised.

(e) DEPRECIATION AND AMORTIZATION

Depreciable amount for fixed and intangible assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible Assets are amortised on straight-line basis over 36 months or their useful life whichever is lower

(f) VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

(g) PROVISIONS

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

(h) REVENUE RECOGNITION

(i) Sales

Revenue from Sales of goods is recognized, net of trades discount and rebates, when the substantial risk and rewards of ownership are transferred to the buyer under the terms of contract.

(ii) Contract Revenue

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. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Other Current Liabilities" in the Balance Sheet.

(i) EMPLOYEE BENEFITS

(i) Defined Contribution Plan

The Companies contribution to provident fund and employee state insurance are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(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 recognized 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.

(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 recognized 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 recognized 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 applicable tax rates & provisions of the Income-Tax Act, 1961 (and other applicable taxes laws).

Deferred tax is recognized 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 recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income to realize such assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(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 recognized as an expense / income in the Statement of Profit and Loss on a straight-line basis over the lease term.

(m) 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 31-3-2014 Number	As at 31-3-2014 ₹ 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**	62,00,000	6200.00
		6700.00		6700.00
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**	62,00,000	6200.00
		6382.58		6382.58

\# The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitiled to one vote per share. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

* The Cumulative Redeemable Preference Shares are redeemable on the expiry of 7 years from the date of allotment (29th March, 2012 : 25,00,000 Shares and 1st October, 2013 : 37,00,000 Shares) and have a preference as to dividends and repayments of capital but do not have voting rights.

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

	Number	₹ in Lakhs	As at 31-3-2014 Number	As at 31-3-2014 ₹ 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	**62,00,000**	**6200.00**	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**	62,00,000	6200.00

18,25,782 Equity Shares (31st March, 2014 : 18,25,782) 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 31-3-2014 No. of Shares held	As at 31-3-2014 % of Holding
Equity Shares :				
Voltas Limited	**18,25,782**	**100%**	18,25,782	100%
Preference Shares :				
Voltas Limited	**62,00,000**	**100%**	62,00,000	100%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

3. RESERVES AND SURPLUS

			As at 31-3-2014
		₹ 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	**(6944.61)**	(6254.23)
	Add: Depreciation adjustment on transition to Schedule II of the Companies Act, 2013 (Refer Note 25)	**(6.67)**	—
	Add: Loss for the year	**(2872.12)**	(690.38)
	Closing balance	**(9823.40)**	(6944.61)
		(7277.21)	(4398.42)

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

4. LONG-TERM BORROWINGS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Loans and advances from related parties (Refer Note 29)		
Unsecured :		
Voltas Limited	**2500.00**	2500.00

5. OTHER LONG-TERM LIABILITIES

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Trade Payables	**33.32**	44.03

6. LONG-TERM PROVISIONS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Provision for employee benefits		
Provision for gratuity [Refer Note 28(b)]	**10.85**	6.06

7. SHORT-TERM BORROWINGS

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Loans repayable on demand		
	From banks:		
	Secured	**3924.16**	3457.98
	[Secured by first charge on all fixed assets and current assets (Present & Future), insurance proceeds and all rights, title, interest, claims, benefits, demands in relation to the Company]		
(b)	Other loans and advances		
	Unsecured		
	Mr. Prashant G. Kandoi (Interest Free) [Refer Note 15(a)]	**127.57**	127.57
		4051.73	3585.55

8. TRADE PAYABLES

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Trade payables [Includes acceptance of ₹ 716.81 lakhs (31st March, 2014 : ₹ 758.34 lakhs)] (Refer Note 8(i) below for due to Micro, Small and Medium enterprises)	**3700.09**	4073.79
	3700.09	4073.79

8. (i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**10.82**	20.10
(b)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**21.11**	16.63
(c)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**—**	—
(d)	The amount of interest due and payable for the year	**3.36**	4.71
(e)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**21.11**	16.63
(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	**0.68**	1.06

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

9. OTHER CURRENT LIABILITIES

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Interest accrued and due on borrowings	**1032.70**	807.70
(b)	Other payables		
	(i) Statutory obligations	**355.30**	170.29
	(ii) Advances from customers	**1993.51**	4084.06
	(iii) Others : Billing in Excess of contract revenue	**126.21**	185.37
		3507.72	5247.42

10. SHORT-TERM PROVISIONS

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Provision for employee benefits:		
	- Provision for compensated absences	**15.83**	12.63
(b)	Provision - Others:		
	- Provision for tax	**—**	0.36
		15.83	12.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

11. 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, 2014	Additions	Deductions	**As at 31 March, 2015**	Up to 31 March, 2014	For the Year	On Deductions	**Up to 31 March, 2015**	**As at 31 March, 2015**	As at 31 March, 2014
				(1+2-3)				**(5+6-7)**	**(4-8)**	(1-5)
	(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**	(10)
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs
A. Tangible Assets:										
1. Plant & Machinery	**41.70**	**39.10**	**—**	**80.80**	**35.84**	**5.78**	**—**	**41.62**	**39.18**	5.86
	69.89	*—*	*28.19*	*41.70*	*62.14*	*1.89*	*28.19*	*35.84*	*5.86*	—
2. Furniture & Fittings	**33.24**	**—**	**—**	**33.24**	**27.14**	**2.66**	**—**	**29.80**	**3.44**	6.10
	33.38	*0.17*	*0.31*	*33.24*	*25.91*	*1.52*	*0.29*	*27.14*	*6.10*	—
3. Vehicles	**63.92**	**—**	**—**	**63.92**	**53.12**	**3.78**	**—**	**56.90**	**7.02**	10.80
	63.92	*—*	*—*	*63.92*	*49.35*	*3.77*	*—*	*53.12*	*10.80*	—
4. Computers & Accessories	**57.21**	**—**	**—**	**57.21**	**52.60**	**2.24**	**—**	**54.84**	**2.37**	4.61
	72.95	*0.13*	*15.87*	*57.21*	*63.69*	*3.76*	*14.85*	*52.60*	*4.61*	—
5. Office Equipments	**33.22**	**—**	**—**	**33.22**	**17.30**	**9.93**	**—**	**27.23**	**5.99**	15.92
	35.76	*0.04*	*2.58*	*33.22*	*15.89*	*2.77*	*1.36*	*17.30*	*15.92*	—
	229.29	**39.10**	**—**	**268.39**	**186.00**	**24.39**	**—**	**210.39**	**58.00**	43.29
	275.90	*0.34*	*46.95*	*229.29*	*216.98*	*13.71*	*44.69*	*186.00*	*43.29*	—
B. Intangible Assets:										
Software	**63.89**	**—**	**—**	**63.89**	**37.01**	**17.90**	**—**	**54.91**	**8.98**	26.88
	63.89	*—*	*—*	*63.89*	*17.26*	*19.75*	*—*	*37.01*	*26.88*	—
Total (A+B)	**293.18**	**39.10**	**—**	**332.28**	**223.01**	**42.29**	**—**	**265.30**	**66.98**	70.17
	339.79	*0.34*	*46.95*	*293.18*	*234.24*	*33.46*	*44.69*	*223.01*	*70.17*	
									66.98	70.17

Note: From 'For the year' Depreciation figure of ₹ 42.29 lakhs, an amount of ₹ 6.67 lakhs is adjusted against the opening balance in the Statement of Profit and Loss under Reserves and Surplus.

Figures in italics are for the Previous year.

12. LONG-TERM LOANS AND ADVANCES

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Advance income tax	**139.31**	103.88
(b)	Other loans and advances		
	Balance with Government authorities (Appeal Deposit for Sales Tax)	**189.21**	175.59
		328.52	279.47

13. OTHER NON-CURRENT ASSETS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Retention Money (Unsecured, considered good)	**832.57**	1130.98

14. INVENTORIES
(At lower of cost and net realisable value)

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Work-in-progress	**145.83**	32.81
(b)	Stock-in-trade	**126.26**	171.42
		272.09	204.23

15. TRADE RECEIVABLES

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Trade receivables outstanding for a period exceeding six months		
	Secured, considered good #	**127.57**	127.57
	Unsecured, considered good	**3090.22**	4901.69
	Unsecured, considered Doubtful	**2554.05**	1307.37
		5771.84	6336.63
	Less: Provision for doubtful trade receivables	**2554.05**	1307.37
		3217.79	5029.26
(b)	Other Trade receivables		
	Unsecured, considered good	**1529.21**	2910.64
		4747.00	7939.90

Secured by way of Loan [Refer Note 7(b)]

16. CASH AND CASH EQUIVALENTS

			As at 31-3-2014
		₹ in Lakhs	₹ in Lakhs
(a)	Cash and Cash equivalents		
	Balances with bank - Current account	**103.44**	5.58
(b)	Other Bank Balances		
	Margin money with Bank	**4.36**	7.00
		107.80	12.58

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

17. SHORT-TERM LOANS AND ADVANCES

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
(a) Security deposits		
Unsecured, considered good	**7.20**	19.13
Unsecured, considered Doubtful	**13.13**	12.13
	20.33	31.26
Less: Provision for doubtful Security deposits	**13.13**	12.13
	7.20	19.13
(b) Loans and advances to employees		
Unsecured, considered good	**17.61**	13.41
Unsecured, considered Doubtful	**31.70**	31.85
	49.31	45.26
Less: Provision for doubtful Employee Advances	**31.70**	31.85
	17.61	13.41
(c) Prepaid expenses		
Unsecured, considered good	**42.78**	32.64
(d) Balances with government authorities		
Unsecured, considered good		
VAT credit receivable	**475.44**	344.75
(e) Interest accrued	**8.40**	17.43
(f) Others		
(a) Other Deposits		
Unsecured, considered good	**6.30**	15.75
Unsecured, considered Doubtful	**51.18**	42.47
	57.48	58.22
Less: Provision for doubtful Other deposits	**51.18**	42.47
	6.30	15.75
(b) Advances to Suppliers		
Unsecured, considered good	**214.33**	204.65
Unsecured, considered Doubtful	**64.65**	26.16
	278.98	230.81
Less: Provision for doubtful Advances to suppliers	**64.65**	26.16
	214.33	204.65
	772.06	647.76

18. OTHER CURRENT ASSETS

		As at 31-3-2014
	₹ in Lakhs	₹ in Lakhs
Unbilled Revenue	**5797.89**	7168.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

19. REVENUE FROM OPERATIONS

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Sale of traded products [Refer Note 32(a)]	**9.70**	41.27
(b)	Contract revenue [Refer Note 32(b)]	**5229.80**	9845.54
(c)	Other operating income		
	- Sale of scrap	**—**	1.52
	- Liabilities / provisions no longer required written back (Trade payables / Advances from customers)	**93.29**	221.97
		5332.79	10110.30

20. OTHER INCOME

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Interest income		
	- On deposits with banks	**0.39**	0.37
	- On Income-tax refunds	**0.81**	22.13
	- Other Interest income	**1.06**	35.30
(b)	Other non-operating miscellaneous income	**111.00**	170.52
(c)	Net foreign exchange loss	**—**	(33.47)
		113.26	194.85

21. (A) COST OF SALES - TRADED GOODS

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Opening stock of finished goods	**171.42**	226.68
(b)	Purchases [Refer Note 32(a)]	**63.66**	79.43
(c)	Closing stock of finished goods	**126.26**	171.42
		108.82	134.69

21. (B) COST OF SALES, SERVICES

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Opening Work-in-progress	**32.81**	—
(b)	Purchases and cost of jobs [Refer Note 32(b)]	**4846.78**	8112.70
(c)	Closing Work-in-progress	**145.83**	32.81
		4733.76	8079.89

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

22. EMPLOYEE BENEFITS EXPENSE

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Salaries and wages	**296.42**	340.11
(b)	Contributions to provident and other funds	**10.63**	11.69
(c)	Gratuity	**4.79**	2.56
(d)	Staff welfare expenses	**27.61**	17.19
		339.45	371.55

23. FINANCE COSTS

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Borrowings	**687.57**	813.10
(b)	Trade payables	**11.32**	19.50
(c)	Others		
	- Interest on delayed / deferred payment of Income tax, VAT, Service and other taxes	**6.03**	1.31
(d)	Other borrowing cost (Interest on Customer Advance)	**100.45**	68.60
		805.37	902.51

24. OTHER EXPENSES

			2013-14
		₹ in Lakhs	₹ in Lakhs
(a)	Power and fuel	**13.52**	27.91
(b)	Rent	**64.77**	120.71
(c)	Repairs and maintenance - Buildings	**9.16**	7.82
(d)	Repairs and maintenance - Machinery	**0.10**	0.16
(e)	Insurance	**27.56**	35.19
(f)	Communication	**9.77**	11.29
(g)	Travelling and conveyance	**84.87**	119.92
(h)	Printing and stationery	**10.48**	10.41
(i)	Freight and forwarding	**12.76**	17.04
(j)	Sales commission	**39.65**	40.74
(k)	Legal and professional	**138.97**	39.41
(l)	Auditors' Remuneration [Refer Note 24(i) below]	**19.13**	20.81
(m)	Bad and Doubtful Debts / Advances / written off	**1294.72**	408.64
(n)	Loss on fixed assets sold / scrapped / written off (Net)	**—**	1.28
(o)	Outside Service Charges	**418.87**	383.45
(p)	Bank Charges	**81.22**	89.71
(q)	Miscellaneous expenses	**69.59**	138.94
		2295.14	1473.43

24. (i) Auditors' Remuneration

			2013-14
		₹ in Lakhs	₹ in Lakhs
	Payments to the auditors comprise (net of service tax input credit, where applicable):		
(a)	To Statutory Auditors		
	(i) For Audit	**10.00**	10.00
	(ii) For Taxation matters	**3.00**	3.00
(b)	For Other services	**6.00**	7.79
(c)	For Reimbursement of expenses	**0.13**	0.02
		19.13	20.81

25. Impact on depreciation on Statement of Profit and Loss due to change in method of Depreciation

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1st April, 2014, the Company changed its method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight-line method (SLM). Consequent to this change, all assets are now being depreciated under SLM. The Company also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates / useful life are as follows:

Assets	Previous depreciation method	Previous depreciation rate / useful life	Revised useful life based on SLM
Computers and Data Processing Equipment	WDV	40% / ~6 years	3 years
General Plant and Machinery	WDV	13.91% / ~20 years	10 years
Furniture and Fixtures	WDV	18.1% / ~15 years	10 years
Vehicles	WDV	25.89% / ~10 years	10 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1st April, 2014, and has adjusted an amount of ₹ 6.67 lakhs against the opening debit balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 6.01 lakhs consequent to the above change in the method of depreciation. The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹ 2.35 lakhs consequent to the change in the useful life of the assets.

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

Contingent liabilities

(a) Money for which the Company is contingently liable

Dividend on Cummulative Preference Shares ₹ 1.31 lakhs (31st March, 2014: ₹ 0.69 lakh).

(b) Claims against the Company not acknowledged as debts

(i) Sales Tax demands :

In respect of matters in which Company is in further appeal ₹ 1145.56 lakhs (31st March, 2014: ₹ 769.88 lakhs), net of payment ₹ 956.75 lakhs (31st March, 2014: ₹ 594.02 lakhs).

(ii) Contractual matters in the course of business :

In respect of various cases filed by Vendors ₹ 79.11 lakhs (31st March, 2014: ₹ 30.05 lakhs).

27. Details of contract revenue and costs

		2013-14
	₹ in Lakhs	₹ in Lakhs
Aggregate amount of costs incurred and recognised profits (Less recognised losses) up to 31st March, 2015 for all the contracts in progress	**33415.59**	36630.86
Advances received for such contracts in progress	**1993.51**	4084.06
The amount of retentions due for such contracts	**832.57**	1130.98
The gross amount due from customers for such contracts	**5797.89**	7168.91
The gross amount due to customers for such contracts	**126.21**	185.37

28. 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 ₹ 10.63 lakhs (Year ended 31st March, 2014: ₹ 11.69 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

(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:

			2013-14
		₹ in Lakhs	₹ in Lakhs
		Gratuity	Gratuity
(I)	**Components of employer expense**		
	Current service cost	**2.74**	3.88
	Interest cost	**1.56**	1.67
	Expected return on plan assets	**(1.02)**	(0.51)
	Actuarial losses/(gains)	**1.51**	(2.88)
	Total expense recognised in the Statement of Profit and Loss	**4.79**	2.16
	Actual contribution and benefit payments for the year		
	Actual benefit payments	**1.78**	4.05
	Actual contributions	**—**	10.07
(II)	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	**(19.11)**	(15.17)
	Fair value of plan assets	**8.26**	9.11
	Funded status [Surplus / (Deficit)]	**(10.85)**	(6.06)
	Net asset / (liability) recognised in the Balance Sheet	**(10.85)**	(6.06)
(III)	**Change in defined benefit obligations (DBO) during the year**		
	Present value of DBO at beginning of the year	**15.17**	17.32
	Current service cost	**2.74**	3.88
	Interest cost	**1.56**	1.67
	Actuarial (gains) / losses	**1.42**	(3.65)
	Benefits paid	**(1.78)**	(4.05)
	Present value of DBO at the end of the year	**19.11**	15.17
(IV)	**Change in fair value of assets during the year**		
	Plan assets at beginning of the year	**9.11**	3.35
	Expected return on plan assets	**1.02**	0.51
	Actual Company contributions	**—**	10.07
	Actuarial gain / (loss)	**(0.08)**	(0.77)
	Benefits paid	**(1.78)**	(4.05)
	Plan assets at the end of the year	**8.27**	9.11
	Actual return on plan assets	**0.93**	(0.27)
(V)	**Composition of the plan asset is as follow:**		
	Insurer Managed Funds	**100%**	100%

(c) Experience adjustments ₹ in Lakhs

Gratuity	**2014-15**	2013-14	2012-13	2011-12	2010-11
Present value of DBO	**19.11**	15.17	17.32	32.30	156.35
Fair value of plan assets	**8.26**	9.11	3.35	28.14	61.11
Funded status [Surplus / (Deficit)]	**(10.85)**	(6.06)	(13.96)	(4.15)	(95.23)
Experience gain / (loss) adjustments on plan liabilities	**(0.02)**	(2.53)	1.50	(78.85)	(86.55)
Experience gain / (loss) adjustments on plan assets	**(0.08)**	(0.77)	(3.98)	0.08	2.16

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

		2013-14
Mortality (Indian Assured Lives Mortality)	**2006-08**	2006-08
Discount rate	**7.95%**	9.00%
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: ₹ 10 lakhs).

29. Related party transactions

(a) Details of related parties:

Description of relationship	Names of related parties
Holding Company	Voltas Limited

Note: Related parties have been identified by the Management.

(b) Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March 2015:

Nature of Transaction	Holding Company	
		2013-14
	₹ in Lakhs	₹ in Lakhs
(A) Sale of goods	**1976.68**	2984.73
(B) Sale of fixed assets	**—**	0.98
(C) Receiving of services		
1. Interest on inter corporate deposit	**250.00**	304.40
2. Salaries and Wages	**0.00**	9.64
3. Reimbursement towards Staff welfare expenses	**32.94**	13.11
4. Rent	**33.95**	89.97
5. Legal and Professional Charges	**112.86**	10.66
(D) Other income- MSMED Interest Received	**19.63**	15.27
(E) Finance		
1. Loan Receipt	**—**	2650.00
2. Loan Payment	**—**	3700.00
3. Issue of 0.01% Cumulative Redeemable Preference Shares	**—**	3700.00
(F) Balances outstanding at the end of the year		
1. Trade receivables	**321.24**	497.91
2. Advance from Customers	**1246.94**	303.47
3. Trade payables	**795.57**	425.27
4. Interest accrued and due on borrowings	**1032.70**	807.70
5. Borrowings	**2500.00**	2500.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

30. Earnings per share

		2013-14
Net loss for the year from continuing operations (₹ in lakhs)	**(2872.12)**	(690.38)
Less: Dividend on Cummulative redeemable preference shares (₹ in lakhs)	**1.31**	0.69
Loss attributable to equity shareholders (₹ in lakhs)	**(2873.43)**	(691.07)
Weighted average number of equity shares	**18,25,782**	18,25,782
Earnings per share from continuing operations - Basic & Diluted (₹)	**(157.38)**	(37.85)

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

32. (a) Traded Goods

	Purchase		**Sales**	
		2013-14		2013-14
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Sale of traded Products	**63.66**	79.43	**9.70**	41.27

32. (b) Cost of Jobs

	Purchase		**Sales**	
		2013-14		2013-14
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Works contract, installation and erection services	**4846.78**	8112.70	**5229.80**	9845.54

33. 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 of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Ajay Goswami**
Company Secretary	**Vishal Totla**

Mumbai, 30th April, 2015

WEATHERMAKER LIMITED

Directors :

Gavin J. Appleby (Chairman)
P. N. Dhume
B. G. Prabhuajgaonkar
Jayant Balan
Stuart James Foster *(w.e.f. 25th February, 2015)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Second Annual Report and Accounts for the year ended 31st December, 2014.

2. Delay in receipt of new expected orders, including clearances from existing Clients, adversely impacted the performance of the Company during 2014. The Company recorded lower turnover of AED 10.024 million for the year ended 31st December, 2014 as compared to AED 16.576 million in the previous year. During the year under review, the Company ventured into Offsite Pre-fabrication activity to boost the revenue and is hopeful to get some good orders in 2015. In the interim, provisions made for bad and doubtful debts, slow moving inventory and initial one-time consultancy charges for the new pre-fabrication activities, have resulted in net loss of AED 2.258 million for the year ended 31st December, 2014 as against net loss of AED 3.548 million in the previous year.

3. The Directors do not recommend any dividend for the year ended 31st December, 2014 (previous year : AED 3.750 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, 25th February, 2015

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, 2014, 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 23.

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, 2014 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, 24th February, 2015

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2014

	Note	**AED**	As at 31-12-2013 AED	**₹ in '000s**	As at 31-12-2013 ₹ in '000s
NON-CURRENT ASSETS					
Property, plant and equipment	6	**478308**	597222	**8256**	10063
CURRENT ASSETS					
Inventories	7	**1410287**	1843433	**24341**	31062
Trade and other receivables	8	**8292647**	9720514	**143131**	163791
Cash and cash equivalents	10	**3807600**	3606736	**65719**	60774
Other current financial assets	11	**418460**	418006	**7223**	7043
		13928994	15588689	**240414**	262670
TOTAL ASSETS		**14407302**	16185911	**248670**	272733
SHAREHOLDER'S EQUITY FUNDS					
Share capital	12	**1500000**	1500000	**25890**	25275
Retained earnings		**9650914**	11909528	**166575**	200676
		11150914	13409528	**192465**	225951
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	13	**536768**	593443	**9265**	10000
CURRENT LIABILITIES					
Acceptances		**150273**	131243	**2593**	2211
Trade and other payables	14	**2569347**	2051697	**44347**	34571
		2719620	2182940	**46940**	36782
TOTAL LIABILITIES		**3256388**	2776383	**56205**	46782
TOTAL EQUITY AND LIABILITIES		**14407302**	16185911	**248670**	272733

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 = ₹ 17.26 being the exchange rate prevailing as on 31st December, 2014. Previous year figures have been converted @ 1 AED = ₹ 16.85 being the exchange rate prevailing as on 31st December, 2013.

Directors

Gavin J. Appleby

B. G. Prabhuajgaonkar

Dubai, 25th February, 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Note	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
Revenue		**10023909**	16575660	**171008**	263387
Cost of sales	17	**(9314364)**	(15336192)	**(158903)**	(243692)
Gross Profit		**709545**	1239468	**12105**	19695
Other income	18	**190796**	273634	**3255**	4348
Distribution costs	19	**(352420)**	(487664)	**(6013)**	(7749)
Administrative expenses	20	**(2813625)**	(4588467)	**(48000)**	(72911)
Interest income	22	**7090**	15390	**121**	245
Loss for the year		**(2258614)**	(3547639)	**(38532)**	(56372)
Other comprehensive income for the year		—	—	—	—
Total Comprehensive Income for the year		**(2258614)**	(3547639)	**(38532)**	(56372)

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 = ₹ 17.06 being the average of the exchange rates prevailing as on 31st December, 2013 (1 AED = ₹ 16.85) and as on 31st December, 2014 (1 AED = ₹ 17.26). Previous year figures have been converted @ 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).

Directors

Gavin J. Appleby

Dubai, 25th February, 2015

B.G.Prabhuajgaonkar

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Share Capital		**Retained Earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2013	1500000	22380	21457167	320141	22957167	342521
Total comprehensive income for the year	—	—	(3547639)	(56372)	(3547639)	(56372)
Dividends paid during the year (Note15)	—	—	(6000000)	(96758)	(6000000)	(96758)
Balance at 31st December, 2013	1500000	25275	11909528	200676	13409528	225951
Total comprehensive income for the year	—	—	(2258614)	(38532)	(2258614)	(38532)
Balance at 31st December, 2014	**1500000**	**25890**	**9650914**	**166575**	**11150914**	**192465**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Note		2013		2013
		AED	AED	**₹ in '000s**	₹ in '000s
Cash flows from operating activities					
Loss for the year		**(2258614)**	(3547639)	**(38532)**	(56372)
Adjustments for:					
Depreciation of property, plant and equipment		**170759**	283275	**2913**	4501
Interest income		**(7090)**	(15390)	**(121)**	(245)
Profit on sale of property, plant and equipment		**(21608)**	(66746)	**(369)**	(1061)
Provision against slow moving inventories		**212135**	332253	**3619**	5280
Provision for impairment of trade receivables		**441170**	2479170	**7526**	39394
Provision for doubtful advances		**—**	73700	**—**	1171
Provision for end-of-service gratuity		**67176**	118573	**1146**	1884
Decrease in inventories		**221011**	2829769	**2698**	36966
Decrease in trade and other receivables		**986697**	4648993	**11755**	43958
Increase / (decrease) in trade and other payables		**517650**	(1091555)	**9776**	(12326)
Staff end-of-service gratuity paid		**(123851)**	(291866)	**(2113)**	(4638)
(Increase) / decrease in other current financial assets		**(454)**	2512379	**(179)**	36678
Increase / (decrease) in acceptances		**19030**	(1061717)	**382**	(15588)
Net cash generated from operating activities		**224011**	7203199	**3866**	121374
Cash flows from investing activities					
Proceeds on disposal of property, plant and equipment		**21608**	91531	**369**	1454
Purchase of property, plant and equipment		**(51845)**	(8000)	**(884)**	(127)
Interest received		**7090**	15390	**121**	245
Net cash (used in) / from investing activities		**(23147)**	98921	**(400)**	1667
Cash flows from financing activities					
Dividends paid		—	(6000000)	—	(96758)
Net cash used in financing activities		—	(6000000)	—	(101100)
Net increase in cash and cash equivalents		**200864**	1302120	**4946**	26389
Cash and cash equivalents at beginning of year		**3606736**	2304616	**60774**	34385
Cash and cash equivalents at end of year	10	**3807600**	3606736	**65719**	60774

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014

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 1st January, 2014 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

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 are as follows:

- Annual Improvements 2010 – 2012 Cycle (1st July, 2014)
  - IFRS 13: Fair value measurement: Short-term receivables and payables

    The amendment to IFRS 13 clarifies the basis for conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.
  - 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.
- Annual improvements 2010 – 2013 Cycle (1st July, 2014)
  - IFRS 1: First-time Adoption of International Financial Reporting Standards

    The amendment to IFRS clarifies the basis for conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.
  - IFRS 9: Financial Instruments (1st January, 2018)

    IFRS 9 requires financial assets to be classified into two measurement categories: those measured 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 the 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 16: Property, Plant and Equipment: 'Clarification of Acceptable Methods of Depreciation' (1st January, 2016)

  The amendments provide additional guidance on how the depreciation of property, plant and equipment should be calculated. The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment.
- IFRS 15: Revenue from Contracts with Customers (1st January, 2017)

  The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (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 de-recognised, using the straight-line method over the estimated useful lives of the assets are 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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced part is de-recognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

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 prices less any estimated cost of completion and disposal.

Finished goods and work-in-progress 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 benefits

Provision is made for end-of-service benefits 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 recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

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

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

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 recognised 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 recognised 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 recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognised 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 recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) Fair value measurement

The Company discloses the fair value of financial instruments measured at amortised cost.

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

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 recognised 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

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 2.273 million (₹ 39.225 million) [previous year : AED 2.722 million (₹ 45.871 million)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment of loans 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 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 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 benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 0.537 million (₹ 9.265 million) [previous year : AED 0.593 million (₹ 10.000 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 effects.

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, 2013	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
Additions	—	—	41960	716	9885	169	—	—	51845	885
Disposals	—	—	—	—	—	—	(76000)	(1296)	(76000)	(1296)
At 31st December, 2014	**916833**	**15824**	**3758063**	**64864**	**488213**	**8427**	**280000**	**4833**	**5443109**	**93948**
Accumulated depreciation										
At 1st January, 2013	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
Depreciation	1576	27	157978	2695	11205	191	—	—	170759	2913
Adjustment on disposal	—	—	—	—	—	—	(76000)	(1296)	(76000)	(1296)
At 31st December, 2014	**906333**	**15643**	**3308299**	**57101**	**470169**	**8115**	**280000**	**4833**	**4964801**	**85692**
Carrying amount										
At 1st January, 2013	13651	204	785739	11723	26964	402	70928	1058	897282	13387
At 31st December, 2013	12076	204	565782	9533	19364	326	—	—	597222	10063
At 31st December, 2014	**10500**	**181**	**449764**	**7763**	**18044**	**312**	**—**	**—**	**478308**	**8256**

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

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
7. INVENTORIES				
Raw materials	**717929**	634252	**12391**	10688
Consumables	**1370900**	2027531	**23661**	34164
Work in progress	**150517**	26768	**2598**	451
Finished goods	**33235**	33792	**574**	569
Less: Provision for slow moving inventories	**(862294)**	(878910)	**(14883)**	(14810)
	1410287	1843433	**24341**	31062
A reconciliation of the movements in the provision for slow moving inventories is as follows:				
Balance as at 1st January	**878910**	546657	**14810**	8156
Provisions made during the year	**212135**	332253	**3619**	5280
Provisions no longer required	**(228751)**	—	**(3902)**	—
Balance as at 31st December	**862294**	878910	**14883**	14810

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	**11568131**	12574911	**199666**	211887
Less: Provision for impairment of trade receivables	**(3514098)**	(3072928)	**(60653)**	(51779)
	8054033	9501983	**139013**	160108
Advances	**104204**	83550	**1799**	1408
Less: Provision for doubtful advances	**(73700)**	(73700)	**(1272)**	(1242)
	8084537	9511833	**139540**	160274
Prepayments	**59784**	61909	**1031**	1043
Other receivables	**71730**	60028	**1238**	1012
Deposits	**76596**	86744	**1322**	1462
	8292647	9720514	**143131**	163791
A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:				
Balance as at 1st January	**3072928**	889568	**51779**	13272
Provisions made during the year	**441170**	2479170	**7526**	39394
Amount written off	**—**	(273810)	**—**	(4351)
Provisions no longer required	**—**	(22000)	**—**	(350)
Balance as at 31st December	**3514098**	3072928	**60653**	51779
An age analysis of trade receivables that are past due but not impaired is as follows:				
6 months to 1 year	**930761**	968455	**16065**	16318
Over 1 year	**3784035**	2702080	**65312**	45530
An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:				
Gross Value	**3514098**	3072928	**60653**	51779
Provision	**(3514098)**	(3072928)	**(60653)**	(51779)
Carrying value	**—**	—	**—**	—
Trade receivables not past due and not impaired	**3339237**	5831448	**57635**	98260

The Company does not hold any collateral against trade receivables.

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/management control.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

9. RELATED PARTIES (contd.)

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

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**6376003**	6204273	**110050**	104542
Trade and other payables	**158185**	—	**2665**	—

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:

		2013		2013
	AED	AED	**₹ in '000s**	₹ in '000s
Sales	**3152697**	8501637	**53785**	135091
Purchases	**302263**	2347376	**5157**	37300
Expenses charged to a related party	**65067**	694096	**1110**	11029
Expenses recharged by a related party	**173994**	229952	**2968**	4766
Sale of property, plant and equipment	**—**	61000	**—**	969

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
10. CASH AND CASH EQUIVALENTS				
Cash and cheques on hand	**7450**	8581	**129**	145
Bank balances :				
- Current accounts	**1278826**	1083244	**22072**	18253
- Fixed deposits	**2521324**	2514911	**43518**	42376
	3807600	3606736	**65719**	60774

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
11. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits	**418460**	418006	**7223**	7043

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
12. SHARE CAPITAL				
Authorised				
500000 shares of USD 1 each converted at USD 1 = AED 3.6725	**1836250**	1836250	**31694**	30941
Issued and paid up				
408441 shares of USD 1 each converted at USD 1 = AED 3.6725	**1500000**	1500000	**25890**	25275

		As at 31-12-2013		As at 31-12-2013
	AED	AED	**₹ in '000s**	₹ in '000s
13. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
Opening balance as at 1st January	**593443**	766736	**10000**	11440
Provision for the year	**67176**	118573	**1146**	1884
Paid during the year	**(123851)**	(291866)	**(2113)**	(4638)
Closing balance as at 31st December	**536768**	593443	**9265**	10000

	AED	As at 31-12-2013 AED	₹ in '000s	As at 31-12-2013 ₹ in '000s
14. TRADE AND OTHER PAYABLES				
Trade payables	**1691600**	1294338	**29197**	21810
Accruals	**819621**	698774	**14146**	11774
Other payables	**25009**	58585	**432**	987
Advance from a customer	**33117**	—	**572**	—
	2569347	2051697	**44347**	34571

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

15. DIVIDENDS

(a) Dividends paid and approved by the shareholder during the year of AED Nil (₹ Nil) [previous year : AED 6.000 million (₹ 96.758 million)] represent a dividend per share of AED Nil (₹ Nil) [previous year : AED 14.70 (₹ 236.89)].

(b) Dividends declared and paid during the previous year represents dividend of AED 2.250 million (₹ 33.570 million) and AED 3.750 million (₹ 63.188 million) for the years 2012 and 2013, respectively.

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 shareholder with a rate of return on their investment commensurate with the level of risk assumed.

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

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.

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
17. COST OF SALES				
Materials consumed and sub-contract costs	**6080428**	9462829	**103732**	150365
Purchase of finished goods	**1042430**	2760142	**17784**	43859
Wages and benefits	**1610763**	2181503	**27480**	34664
Staff end-of-service gratuity	**18054**	78432	**308**	1246
Depreciation (Note 21)	**159554**	221532	**2722**	3520
Operating lease expenses	**63138**	63026	**1077**	1001
Other direct costs	**339997**	568728	**5800**	9037
	9314364	15336192	**158903**	243692

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
18. OTHER INCOME				
Scrap sales	**142748**	184888	**2435**	2938
Profit on disposal of property, plant and equipment	**21608**	66746	**369**	1060
Inventory provision written back	**8100**	22000	**138**	350
Miscellaneous income	**18340**	—	**313**	—
	190796	273634	**3255**	4348

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
19. DISTRIBUTION COSTS				
Staff salaries and benefits	**82302**	121256	**1404**	1927
Staff end-of-service gratuity	**3348**	5447	**57**	87
Depreciation (Note 21)	**—**	46883	**—**	745
Other distribution costs	**266770**	314078	**4552**	4990
	352420	487664	**6013**	7749

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
20. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits	**1253215**	1149338	**21380**	18263
Staff end-of-service gratuity	**45774**	34694	**781**	551
Operating lease expenses	**—**	82422	**—**	1310
Depreciation (Note 21)	**11205**	14860	**191**	236
Inventory provision	**212135**	332253	**3619**	5280
Provision for impairment of trade receivables	**441170**	2479170	**7526**	39394
Provision for doubtful advances	**—**	73700	**—**	1171
Other expenses	**850126**	422030	**14503**	6706
	2813625	4588467	**48000**	72911

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
21. DEPRECIATION				
Disclosed under cost of sales (Note 17)	**159554**	221532	**2722**	3520
Disclosed under distribution cost (Note 19)	**—**	46883	**—**	745
Disclosed under administrative cost (Note 20)	**11205**	14860	**191**	236
	170759	283275	**2913**	4501

	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
22. INTEREST INCOME				
On bank deposits	**7090**	15390	**121**	245

23. FINANCIAL INSTRUMENTS

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

	Loans and Receivables				At amortised cost			
	AED	2013 AED	₹ in '000s	2013 ₹ in '000s	AED	2013 AED	₹ in '000s	2013 ₹ in '000s
Trade and other receivables	**8145243**	9584355	**140587**	161496	**—**	—	**—**	—
Cash and cash equivalents	**3807600**	3606736	**65719**	60774	**—**	—	**—**	—
Other current financial assets	**418460**	418006	**7223**	7043	**—**	—	**—**	—
Acceptances	**—**	—	**—**	—	**150273**	131243	**2594**	2211
Trade and other payables	**—**	—	**—**	—	**2258395**	1915748	**38980**	32280
	12371303	13609097	**213529**	229313	**2408668**	2046991	**41574**	34491

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

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.

Amounts due from related parties and trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the U.A.E. is as follows:

		2013		2013
	AED	AED	**₹ in '000s**	₹ in '000s
Kingdom of Saudi Arabia	**900**	—	**16**	—
Sultanate of Oman	**21143**	374123	**365**	6304
Qatar	**403054**	576120	**6957**	9708

At the reporting date, 46% of trade receivables were due from three customers (previous year : 84% due from four 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 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. 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.

		2013		2013
	AED	AED	**₹ in '000s**	₹ in '000s
Not later than one year	**61900**	61900	**1056**	984
Between one and five years	**247600**	247600	**4224**	3934
Later than five years	**180542**	242442	**3080**	3852

25. CONTINGENT LIABILITIES

		2013		2013
	AED	AED	**₹ in '000**	₹ in '000
Bankers' letters of guarantee	**400000**	400000	**6824**	6356
Unutilized balances of commercial letter of credit	**292820**	39744	**4996**	632

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, 25th February, 2015

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

Director :
Mohammed Hanif Patvi

Supervisory Board :
P. N. Dhume
Anil George
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, 2014.

2. Despite slowdown in execution of some of the on-going projects, the Company has reported higher turnover of Saudi Riyals (SR) 12.405 million for the year under review as compared to turnover of SR 10.757 million in the previous year. However, profit was lower at SR 0.131 million for the year under review as compared to SR 0.213 million in the previous year primarily due to higher contract cost of some of the projects under execution. With continued support of Voltas Limited, the holding company, the Company was able to garner certain profitable projects aggregating SR 35 million across the Kingdom of Saudi Arabia during the year 2014.

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, 24th March, 2015

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) (the "Company") as of 31st December, 2014, and the related statements of income, shareholders' equity and cash flows for the year then ended, and Notes 1 to 21 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial 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, 2014, the Company had not complied with these statutory requirements.

Qualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31st December, 2014 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.

Emphasis of 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, 24th March, 2015

BALANCE SHEEET AS AT 31ST DECEMBER, 2014

ASSETS	Note	SR	As at 31-12-2013 SR	₹ in '000s	As at 31-12-2013 ₹ in '000s
CURRENT ASSETS					
Cash and bank balances	3	**102722**	84243	**1736**	1390
Accounts receivable (net of allowance for doubtful debts of SR 50250 (₹ 849225) [2013 : SR Nil (₹ Nil)]		**2640124**	2885689	**44618**	47614
Due from a related party	10	**36505**	26690	**617**	440
Retentions receivable		**2969490**	3150248	**50184**	51979
Advances, prepayments and deposits		**220355**	205480	**3724**	3390
Unbilled revenue		**1961071**	2160708	**33143**	35652
Total current assets		**7930267**	8513058	**134022**	140465
NON-CURRENT ASSETS					
Retentions receivable	18	**1124072**	—	**18997**	—
Property and equipment	4	**55937**	55043	**945**	908
Total non-current assets		**1180009**	55043	**19942**	908
TOTAL ASSETS		**9110276**	8568101	**153964**	141373
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to bank	5	**978276**	478899	**16533**	7902
Accounts payable, accrued and other liabilities	6	**4908861**	5096746	**82960**	84096
Contract advances		**634470**	459926	**10723**	7589
Retentions payable		—	229222	—	3782
Total current liabilities		**6521607**	6264793	**110216**	103369
NON-CURRENT LIABILITIES					
End-of-service indemnities	7	**2081210**	1926988	**35172**	31795
SHAREHOLDERS' EQUITY					
Share Capital	1	**2600000**	2600000	**43940**	42900
Statutory Reserve	8	**959649**	959649	**16218**	15834
Accumulated Losses	1	**(26603057)**	(26734196)	**(449592)**	(441114)
Additional paid-in capital / Subordinated loan for losses	15	**23550867**	23550867	**398010**	388589
Total shareholders' equity		**507459**	376320	**8576**	6209
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9110276**	8568101	**153964**	141373

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) = ₹ 16.90 being the exchange rate prevailing as on 31st December, 2014. Previous year figures have been converted @ 1 SR = ₹ 16.50 being the exchange rate prevailing as on 31st December, 2013.

Jeddah, 24th March, 2015 *Director* **Mohammad Hanif Patvi**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Note	SR	2013 SR	₹ in '000s	2013 ₹ in '000s
Contract Revenues	14	**12405106**	10756946	**207165**	167378
Contract costs	10,11	**(10195772)**	(8539988)	**(170269)**	(132882)
Gross profit		**2209334**	2216958	**36896**	34496
General and administrative expenses	12	**(2065660)**	(2112153)	**(34497)**	(32865)
Operating profit		**143674**	104805	**2399**	1631
Finance charges		**(78267)**	(34624)	**(1307)**	(539)
Other income	13	**130566**	183624	**2180**	2857
Net Income before income tax		**195973**	253805	**3272**	3949
Income tax	9	**(64834)**	(41000)	**(1083)**	(638)
NET INCOME		**131139**	212805	**2189**	3311

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) = ₹ 16.70 being the average of the exchange rates prevailing as on 31st December, 2013 (1 SR = ₹ 16.50) and as on 31st December, 2014 (1 SR = ₹ 16.90). Previous year figures have been converted into Indian Rupees @ 1 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).

Jeddah, 24th March, 2015 *Director* **Mohammad Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Share Capital		Statutory Reserve		Accumulated Losses		Additional paid-in capital / Subordinated loan for losses		Total	
	SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in'000s**	**SR**	**₹ in '000s**
1st January, 2013	2600000	37986	959649	14020	(26947001)	(393696)	23550867	344079	163515	2389
Net Income for 2013	—	—	—	—	212805	3311	—	—	212805	3311
31st December, 2013	2600000	42900	959649	15834	(26734196)	(441114)	23550867	388589	376320	6209
Net Income for 2014	—	—	—	—	131139	2189	—	—	131139	2189
31st December, 2014	**2600000**	**43940**	**959649**	**16218**	**(26603057)**	**(449592)**	**23550867**	**398010**	**507459**	**8576**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2014

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net income before income tax	**195973**	253805	**3272**	3949
Adjustments for:				
Depreciation	**28038**	26438	**468**	411
Gain on sale of property and equipment	**(4000)**	—	**(67)**	—
Allowance for doubtful debts	**50250**	—	**839**	—
End-of-service indemnities	**172490**	126078	**2881**	1962
Finance charges	**78267**	34624	**1307**	539
Changes in operating assets and liabilities:				
Accounts receivable	**195315**	(1991012)	**2147**	(34543)
Due from a related party	**(9815)**	74166	**(177)**	1035
Retentions receivable	**(943314)**	(1160003)	**(17202)**	(22902)
Advances, prepayments and deposits	**(14875)**	(71352)	**(334)**	(1431)
Unbilled revenue	**199637**	2740584	**2509**	35956
Accounts payable, accrued and other liabilities	**(207885)**	(703172)	**(1491)**	(718)
Contract advances	**174544**	(277550)	**3134**	(2753)
Retentions payable	**(229222)**	—	**(3782)**	—
Cash used in operations	**(314597)**	(947394)	**(5317)**	(15632)
Finance charges paid	**(78267)**	(34624)	**(1307)**	(539)
End-of-service indemnities paid	**(18268)**	(67526)	**(305)**	(1051)
Income tax paid	**(44834)**	(521038)	**(749)**	(8107)
Net cash used in operating activities	**(455966)**	(1570582)	**(7706)**	(25915)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(28932)**	—	**(483)**	—
Proceeds from sale of property and equipment	**4000**	—	**67**	—
Net cash used in investing activities	**(24932)**	—	**(421)**	—
FINANCING ACTIVITIES				
Due to bank	**499377**	478899	**8631**	7902
Net cash from financing activities	**499377**	478899	**8439**	7902
Net change in cash and bank balances	**18479**	(1091683)	**346**	(15790)
Cash and bank balances, 1st January	**84243**	1175926	**1390**	17180
Cash and bank balances, 31st December	**102722**	84243	**1736**	1390
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, 2014

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 Company obtained its SAGIA license, number 112030054332-01, on 14 Jumada'I, 1410 (13th December, 1989).

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, 2014, 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 9th March, 2015 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. The Company is in the process of publishing the resolution in the official gazette.

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.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenue recognized in excess of amounts billed to customers is classified under current assets as unbilled revenue or billing under approval (i.e. work prepared and related payment certificates are issued but under the approval of the client). Amounts billed to customers in excess of revenue recognized are classified under current liabilities as billings in excess of revenue. 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) Impairment of non-current assets

The carrying amounts of the Company's non-current assets are periodically reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, the Company compares the non-current asset's carrying amount with the undiscounted estimated cash flow from the asset's use. If the carrying amount exceeds the undiscounted cash flow from the asset, the Company estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss.

An impairment loss is recognized immediately in the statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the statement of income.

(e) Non-current retentions receivable

Non-current retentions receivable are measured at their fair value at each period end by discounting them at the Company's effective borrowing rate, which management considers to be the appropriate discount rates for these assets and liabilities.

(f) Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals 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.

(g) 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.

(h) 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.

(i) 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.

(j) Financial assets and financial liabilities

Financial assets comprise cash and bank balances, accounts receivable, due from a related party and retentions receivable, and are initially measured at their fair values and thereafter stated at their cost as reduced by the allowance for doubtful assets, if any.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include accounts payable, due to related parties and retentions payable and are stated at their nominal values.

Non-current retentions receivable are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated further cash flows through the expected life of the financial asset to the carrying amount on initial recognition.

(k) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Certain categories of financial assets, such as accounts receivable, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is not considered recoverable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of income. Changes in the carrying amount of the allowance account are recognized in the statement of income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

(l) 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.

3. CASH AND BANK BALANCES

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

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**102722**	84243	**1736**	1390

4. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Cost:								
Machinery	526180	8682	9990	167	—	—	**536170**	**9062**
Furniture and fixtures	372614	6148	—	—	—	—	**372614**	**6297**
Office equipment	869516	14347	18942	316	—	—	**888458**	**15015**
Vehicles	339629	5604	—	—	(58200)	(972)	**281429**	**4756**
Portacabins	55630	918	—	—	—	—	**55630**	**940**
Total Cost	2163569	35699	28932	483	(58200)	(972)	**2134301**	**36070**
Depreciation:								
Machinery	507313	8371	4746	79	—	—	**512059**	**8654**
Furniture and fixtures	372614	6148	—	—	—	—	**372614**	**6297**
Office equipment	834447	13768	22185	370	—	—	**856632**	**14477**
Vehicles	339629	5604	—	—	(58200)	(972)	**281429**	**4757**
Portacabins	54523	900	1107	18	—	—	**55630**	**940**
Total Depreciation	2108526	34791	28038	467	(58200)	(972)	**2078364**	**35125**
Net Book Value at 1st January	55043	908						
Net Book Value at 31st December							**55937**	**945**

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 the maximum level of total liabilities and tangible net worth. The Company has not complied with one of the financial covenants as of 31st December, 2014, 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, ACCRUED AND OTHER LIABILITIES

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
Accounts payable	**3327916**	2813898	**56242**	46429
Accrued liabilities	**905847**	923598	**15309**	15329
Due to related parties (Note 10)	**614098**	1318250	**10378**	21751
Provision for income tax (Note 9)	**61000**	41000	**1031**	677
	4908861	5096746	**82960**	84096

7. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
1st January	**1926988**	1867311	**31795**	27281
Provision for the year	**172490**	126078	**2881**	1962
Transferred during the year	**—**	1125	**—**	18
Payments during the year	**(18268)**	(67526)	**(305)**	(1051)
31st December	**2081210**	1926988	**35172**	31795

8. STATUTORY RESERVE

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

9. INCOME TAX

The movement in the income tax provision is as follows :

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
1st January	**41000**	521038	**677**	7612
Provision for the year	**61000**	41000	**1019**	638
Under provision for prior year	**3834**	—	**64**	—
Payments during the year	**(44834)**	(521038)	**(749)**	(8107)
31st December	**61000**	41000	**1031**	677

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 2013.

Outstanding assessments :

The tax returns for the years 2009 to 2013 are under review by the DZIT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

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
Branch of Voltas Company Limited	Affiliate
Olayan Voltas Contracting Company Limited	Affiliate

The significant transactions and the related amounts are as follows :

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
Revenues	**164370**	—	**2745**	—
Purchases of materials and services	**194819**	1095544	**3253**	17047
Expenses reimbursed to affiliates	**68525**	—	**1144**	—
Expenses incurred on behalf of affiliates	**36505**	384379	**610**	5981

Due from related parties as of 31st December, 2014 comprise of the following:

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
Branch of Voltas Company Limited	**36505**	—	**617**	—
Olayan Voltas Contracting Company Limited	—	26690	**—**	440

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

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
Voltas Limited	**195000**	195000	**3295**	3217
Weathermaker Limited	**916**	—	**15**	—
Voltas Netherlands B.V.	**54466**	54466	**920**	899
Branch of Voltas Company Limited	**—**	2050	**—**	34
Universal Weathermaker Factory L.L.C.	**363716**	1066734	**6147**	17601
	614098	1318250	**10378**	21751

11. CONTRACT COSTS

	SR	2013 SR	**₹ in '000s**	2013 ₹ in '000s
Material cost	**5900367**	5635986	**98536**	87696
Sub-contractor cost	**1343375**	559250	**22434**	8702
Salaries and benefits	**2046827**	1640441	**34182**	25525
Other expenses	**905203**	704311	**15117**	10959
	10195772	8539988	**170269**	132882

12. GENERAL AND ADMINISTRATIVE EXPENSES

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**1163073**	1299729	**19423**	20224
Rent (Note 17)	**345057**	302293	**5762**	4704
Allowance for doubtful debts	**50250**	—	**839**	—
Vehicle expenses	**94443**	119635	**1577**	1862
Communication, travel and insurance	**96634**	97915	**1614**	1524
Office expenses	**37652**	29780	**629**	463
Depreciation	**28038**	26438	**468**	411
Professional & other expenses	**250313**	236363	**4184**	3678
	2065660	2112153	**34497**	32865

13. OTHER INCOME

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Gain on sale of Property and equipment	**4000**	—	**67**	—
Receipts against bad debts written off	**23000**	10000	**384**	156
Scrap sales	**10000**	164579	**167**	2561
Liabilities written back	**62470**	—	**1043**	—
Others	**31096**	9045	**519**	140
	130566	183624	**2180**	2857

14. TRANSACTIONS WITH MAJOR CUSTOMER

Contract revenue from one customer (2013 : two) amounted to approximately SR 9.60 million (₹ 1603.20 lakhs) [2013 : SR 9.35 million (₹ 1454.86 lakhs)], which represents approximately 77% (2013 : 87%) 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 (₹ 549.25 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 (₹ 42.25 lakhs), SR 9.00 million (₹ 1521 lakhs) and SR 8.50 million (₹ 1436.50 lakhs), respectively.

Further during 2009, an amount of SR 1.74 million (₹ 294.06 lakhs) was transferred from short term debts to subordinated loans and the Shareholders waived a balance of SR 0.81 million (₹ 136.89 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

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**345057**	302293	**5762**	4704

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

18. RETENTIONS RECEIVABLE – NON-CURRENT PORTION

The non-current portion of retentions receivable represent retentions that have been withheld by the contract owners from payments due to the Company and which will be collected in a period exceeding one year from the reporting date.

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Retentions receivable	**4093562**	3150248	**69181**	51979
Less : Current portion	**2969490**	3150248	**50184**	51979
Non-current portion	**1124072**	—	**18997**	—

The impact of discounting the non-current retentions receivables to be presented at their fair value as of 31st December, 2014 has not been accounted for as the Company's management believes that the amount is immaterial.

19. CONTINGENCIES AND COMMITMENTS

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Letters of credit	**1556755**	2035770	**26309**	33590
Letters of guarantees	**930000**	—	**15717**	—
Commitment for the remaining contractual works to be completed	**30475682**	7584767	**515039**	125149

20. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACT

		2013		2013
	SR	SR	**₹ in '000s**	₹ in '000s
Contracts in progress at the end of the reporting period				
Construction costs incurred plus recognized profits less recognized losses to date	**41479841**	29320800	**701009**	483793
Less : Progress billings	**(39518770)**	(27160092)	**(667867)**	(448142)
	1961071	2160708	**33142**	35652
Recognized and included in the financial statements as amount due :				
• From customers under construction contracts – unbilled revenue	**1961071**	2160708	**33142**	35652
	1961071	2160708	**33142**	35652

21. FAIR VALUES

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

Jeddah, 24th March, 2015 *Director* **Mohammad Hanif Patvi**

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

Directors :

Gavin J. Appleby *(Chairman)*
Issa Lalbuksh Al Raisi
P. N. Dhume
B. G. Prabhuajgaonkar
Jayant Balan

DIRECTORS' REPORT

TO THE MEMBERS

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

2. During the year under review, the Company showed significant improvement in its performance over the previous year. The Company recorded turnover of Omani Rials (RO) 4.065 million and net profit of RO 0.407 million for the year ended 31st December, 2014, as compared to turnover of RO 3.437 million and net profit of RO 0.028 million in the previous year. The order book position of the Company improved substantially, with booking of fresh orders of RO 3.350 million.

3. The Company had declared interim dividend of RO 0.225 million in September 2014 out of accumulated profits. The Directors do not recommend any final dividend for the year ended 31st December, 2014. The interim dividend of RO 0.225 million be treated as final dividend for the year ended 31st December, 2014 (previous year : Nil).

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

On behalf of Board of the Directors

Gavin J. Appleby
Chairman

Muscat, 18th March, 2015

INDEPENDENT AUDITOR'S 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, 2014, 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 21.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C. as of 31st December, 2014, 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, 5th February, 2015

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2014

	Notes	**RO**	As at 31-12-2013 RO	**₹ in '000s**	As at 31-12-2013 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**150234**	191600	**24730**	30775
Other financial assets	8	**406287**	403478	**66879**	64807
		556521	595078	**91609**	95582
CURRENT ASSETS					
Inventories	4	**101701**	90855	**16741**	14593
Contract and other receivables	5	**1890985**	2773069	**311275**	445410
Amounts due from customers for contract work	6	**1162313**	256169	**191328**	41146
Cash and cash equivalents	7	**315989**	296131	**52015**	47565
Other current financial assets	8	**101500**	152996	**16708**	24574
		3572488	3569220	**588067**	573288
TOTAL ASSETS		**4129009**	4164298	**679676**	668870
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	9	**250000**	250000	**41153**	40155
Legal reserve		**83334**	83334	**13718**	13385
General reserve		**750000**	750000	**123457**	120465
Accumulated profits		**1103314**	921461	**181616**	148006
Equity funds		**2186648**	2004795	**359944**	322011
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**140247**	139764	**23086**	22449
CURRENT LIABILITIES					
Trade and other payables	10	**1326442**	1107119	**218346**	177825
Amounts due to customers for contract work	6	**116095**	585266	**19110**	94005
Provision for tax		**359577**	327354	**59190**	52580
		1802114	2019739	**296646**	324410
TOTAL EQUITY AND LIABILITIES		**4129009**	4164298	**679676**	668870

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) = ₹ 164.61 being the exchange rate prevailing as on 31st December, 2014. Previous year figures have been converted @ 1 RO = ₹ 160.62 being the exchange rate prevailing as on 31st December, 2013.

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

Muscat, 18th March, 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Notes	RO	2013 RO	₹ in '000s	2013 ₹ in '000s
REVENUE		**4065925**	3437306	**661201**	520443
Cost of works executed	11	**(3386482)**	(2971077)	**(550710)**	(449851)
GROSS PROFIT		**679443**	466229	**110491**	70592
Other operating income	12	**219727**	82430	**35732**	12481
Staff costs		**(147192)**	(163246)	**(23936)**	(24717)
Director's remuneration		**(9261)**	(9232)	**(1506)**	(1398)
Depreciation		**(108864)**	(118546)	**(17703)**	(17949)
Other operating expenses	13	**(196577)**	(223191)	**(31968)**	(33793)
PROFIT FROM OPERATING ACTIVITIES		**437276**	34444	**71110**	5216
Interest income		**8810**	9044	**1432**	1369
Finance costs	14	**(7010)**	(11358)	**(1140)**	(1720)
NET PROFIT FOR THE YEAR BEFORE TAX		**439076**	32130	**71402**	4865
Income tax expense for current year		**(32223)**	(4156)	**(5240)**	(629)
Excess Provision of Income tax expense of earlier year now written back		**—**	214	**—**	32
NET PROFIT FOR THE YEAR AFTER TAX		**406853**	28188	**66162**	4268
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**406853**	28188	**66162**	4268

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) = ₹ 162.62 being the average of the exchange rates prevailing as on 31st December, 2013 (1 RO = ₹ 160.62) and as on 31st December, 2014 (1 RO = ₹ 164.61). Previous year figures have been converted into Indian Rupees @ 1 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).

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

Muscat, 18th March, 2015

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2014

	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, 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
Total comprehensive income for the year	—	—	—	—	—	—	406853	66162	406853	66162
Dividend paid	—	—	—	—	—	—	(225000)	(36590)	(225000)	(36590)
As at 31st December, 2014	**250000**	**41153**	**83334**	**13718**	**750000**	**123457**	**1103314**	**181616**	**2186648**	**359944**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2014

	RO	2013 RO	**₹ in '000s**	2013 ₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**439076**	32130	**71402**	4865
Adjustments for:				
Depreciation	**108864**	118546	**17703**	17949
Profit on disposal of property, plant and equipment	**(81724)**	(7614)	**(13290)**	(1153)
Interest income	**(8810)**	(9044)	**(1432)**	(1369)
Finance costs	**7010**	11358	**1140**	1720
Operating profit before changes in operating assets and liabilities	**464416**	145376	**75523**	22011
Decrease in contract and other receivables	**886240**	105452	**136109**	(30131)
Change in amounts due from / to customers for contract work	**(1375315)**	589208	**(225078)**	89848
(Increase) / decrease in inventories	**(10846)**	50473	**(2148)**	5504
Increase / (decrease) in trade and other payables	**219323**	(356859)	**40520**	(30353)
Increase / (decrease) in staff end-of-service gratuity	**483**	(94594)	**637**	(10877)
Cash generated from operating activities	**184301**	439056	**30338**	70521
Finance costs paid	**(7010)**	(11358)	**(1140)**	(1720)
Taxes paid	**(4156)**	—	**(629)**	—
Net cash generated from operating activities (A)	**173135**	427698	**28500**	68697
Cash flows from investing activities				
Interest received	**8810**	9044	**1432**	1369
Decrease / (increase) in time deposits	**48687**	(32550)	**5794**	(14879)
Purchase of property, plant and equipment	**(68470)**	(104459)	**(11135)**	(15816)
Proceeds from disposal of property, plant and equipment	**82696**	7795	**13448**	1180
Net cash from / (used in) investing activities (B)	**71723**	(120170)	**11806**	(19302)
Cash flows from financing activities				
Decrease in bank overdraft	**—**	(17991)	**—**	(2558)
Dividends paid	**(225000)**	—	**(36590)**	—
Net cash used in financing activities (C)	**(225000)**	(17991)	**(37037)**	(2890)
Net increase in cash and cash equivalents (A+B+C)	**19858**	289537	**4450**	46627
Cash and cash equivalents at beginning of year	**296131**	6594	**47565**	938
Cash and cash equivalents at end of year	**315989**	296131	**52015**	47565

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014

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.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared 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.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention. 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.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 SIGNIFICANT ACCOUNTING POLICIES

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 date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. 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 items. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

(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) Provision

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

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

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

(i) 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 2014 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.

(j) Employees benefit costs

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

Accruals for employees benefits comprising of leave salary, passage and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability, which would arise if the employment of all staff were terminated at the year-end. The total expense recognised in the statement of comprehensive income for staff end-of-service benefits amounts to RO 53864 (₹ 8759364) [previous year: RO 51646 (₹ 7819721)].

(k) 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.

(l) General reserve

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

(m) Revenue

Revenue is recognized 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 fair value of the consideration received or receivable, excluding discounts, rebates, returns or other similar allowances.

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.

(m) Revenue (contd.)

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.

(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 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.

(p) Operating lease rentals

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight line basis over the lease term.

(q) 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.

(r) Equity

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

(s) 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.

2.5 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

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

Impairment

At each year end, Management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of property, plant and equipment 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 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.

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 are 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.

2.6 ADOPTION OF REVISED AND 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 IAS 32 : Financial Instruments : Presentation (1st January, 2014).

(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, 2018).
- IFRS 15 : Revenue From Contracts with Customers (1st January, 2017).

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, 2014	35347	5677	1257931	202049	91827	14749	614033	98626	1999138	321101
Additions	1250	204	20339	3308	7831	1273	39050	6350	68470	11135
Disposals	—	—	(143510)	(23338)	(3273)	(532)	(56821)	(9240)	(203604)	(33110)
As at 31st December, 2014	**36597**	**6024**	**1134760**	**186793**	**96385**	**15866**	**596262**	**98151**	**1864004**	**306834**
Accumulated depreciation										
As at 1st January, 2014	25410	4081	1182010	189854	65006	10441	535112	85950	1807538	290326
Depreciation for the year	2154	350	40007	6506	11014	1791	55689	9056	108864	17703
Adjustment relating to disposals	—	—	(143491)	(23335)	(2327)	(378)	(56814)	(9239)	(202632)	(32952)
As at 31st December, 2014	**27564**	**4537**	**1078526**	**177536**	**73693**	**12131**	**533987**	**87900**	**1713770**	**282104**
Net book value										
As at 31st December, 2013	9937	1596	75921	12195	26821	4308	78921	12676	191600	30775
As at 31st December, 2014	**9033**	**1487**	**56234**	**9257**	**22692**	**3735**	**62275**	**10251**	**150234**	**24730**

Porta Cabins and equipment are on land owned by the member Company.

4. INVENTORIES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Materials	**192701**	175855	**31721**	28246
Provision for slow moving inventories	**(91000)**	(85000)	**(14980)**	(13653)
	101701	90855	**16741**	14593

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
The movements in provision for slow moving inventories are as follows:				
Opening balance	**85000**	79000	**13653**	11234
Provision made	**6000**	6000	**976**	908
Closing balance	**91000**	85000	**14980**	13653

5. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**1576551**	2429098	**259516**	390162
Retentions	**161333**	318231	**26557**	51114
	1737884	2747329	**286073**	441276
Provision for doubtful debts	**(225000)**	(338170)	**(37037)**	(54317)
	1512884	2409159	**249036**	386959
Advances to suppliers	**16065**	—	**2644**	—
Advances to staff	**12458**	15602	**2051**	2506
Prepaid expenses*	**3890**	—	**640**	—
Advance tax	**327354**	323198	**53886**	51912
Deposits	**8582**	9603	**1413**	1542
Interest accrued on bank fixed deposit	**9987**	3564	**1644**	572
Other receivables*	**165**	12343	**27**	1983
	1891385	2773469	**311341**	445474
Provision for doubtful receivables	**(400)**	(400)	**(66)**	(64)
	1890985	2773069	**311275**	445410

* Prepayments and other receivables are amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

5. CONTRACT AND OTHER RECEIVABLES (contd.)

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

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**338170**	338170	**54317**	48088
Excess provision written back to the statement of comprehensive income	**(113170)**	—	**(18404)**	—
Closing balance	**225000**	338170	**37037**	54317

There is no movement in provision for doubtful receivables.

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

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**129324**	123713	**21288**	19871
Over 1 year	**431413**	298020	**71015**	47868
	560737	421733	**92303**	67739

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

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**225000**	338170	**37037**	54317
Provision	**(225000)**	(338170)	**(37037)**	(54317)
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**952147**	1987426	**156733**	319220

6. CONTRACTS IN PROGRESS

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**6644414**	3668831	**1080515**	555498
Progress billings	**5598196**	3997928	**910379**	605326
Retentions receivable	**137880**	131766	**22696**	21164
Advances received	**167292**	12961	**27538**	2082

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balances:				
Current accounts	**262893**	295969	**43275**	47539
Smart card balances	**187**	6	**31**	1
Fixed deposits	**51075**	—	**8407**	—
	314155	295975	**51713**	47540
Cash on hand	**1834**	156	**302**	25
	315989	296131	**52015**	47565

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

(a) Lien on fixed deposits of RO 0.373 million (₹ 61.400 million) with the banks.

(b) Personal guarantees of RO 1.400 million (₹ 230.454 million) from the Legal heirs of Late Lalbuksh Essa Al Raisi (signed by power of attorney holder, Mr. Issa Lalbuksh Essa Al Raisi).

8. OTHER FINANCIAL ASSETS

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**507787**	556474	**83587**	89381
Less : Current Portion	**(101500)**	(152996)	**(16708)**	(24574)
	406287	403478	**66879**	64807

Fixed deposits of RO 0.373 million (₹ 61.400 million) [previous year : RO 0.373 million (₹ 59.911 million)] are pledged with banks as security against credit facilities.

9. SHARE CAPITAL

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

10. TRADE AND OTHER PAYABLES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables	**548977**	558016	**90367**	89629
Accruals	**605755**	522378	**99713**	83904
Other payables	**526**	526	**87**	84
Advance from customers	**171184**	16199	**28179**	2602
Other advance	**—**	10000	**—**	1606
	1326442	1107119	**218346**	177825

11. COST OF WORKS EXECUTED

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed	**1428191**	1089005	**232253**	164886
Labour expenses	**1185945**	1124789	**192859**	170304
Sub contract expenses	**265247**	166126	**43134**	25154
Other direct expenses	**507099**	591157	**82464**	89507
	3386482	2971077	**550710**	449851

12. OTHER OPERATING INCOME

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Excess provision for doubtful debts written back	**113170**	—	**18404**	—
Credit balance written back	**—**	70000	**—**	10599
Profit on disposal of property, plant and equipment	**81724**	7614	**13290**	1153
Miscellaneous income	**24833**	4816	**4038**	729
	219727	82430	**35732**	12481

13. OTHER OPERATING EXPENSES

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**46500**	65312	**7562**	9889
Repairs and maintenance	**30096**	12185	**4895**	1845
Insurance	**43160**	56894	**7019**	8614
Electricity and water charges	**15593**	16355	**2536**	2476
Telephones, fax and postage	**15996**	18843	**2601**	2853
Travelling and conveyance	**8681**	11431	**1412**	1731
Vehicle expenses	**744**	1306	**121**	198
Advertisement and business promotion expenses	**2591**	7802	**421**	1181
Printing and stationery	**6324**	6575	**1028**	996
Visa expense	**3230**	2690	**525**	407
Bad debts written off	**6180**	—	**1005**	—
Miscellaneous expenses	**17482**	23798	**2843**	3603
	196577	223191	**31968**	33793

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
14. FINANCE COSTS				
Bank charges	**7010**	11358	**1140**	1720

15. DIVIDENDS

Dividend paid of RO 0.225 million (₹ 36.590 million) [previous year: RO Nil (₹ Nil)] represents dividend per share of RO 0.900 (₹ 146.36) [previous year: RO Nil (₹ Nil)].

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 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**	2013 Total	**Total**	2013 Total
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**69142**	**—**	**69142**	57265	**11244**	8670
Director's remuneration	**9261**	**—**	**9261**	9232	**1506**	1398
Dividend paid	**225000**	**—**	**225000**	—	**36590**	—

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

17. 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 Oman. Taxation for the tax years 2010 to 2014 are subject to agreement with the taxation authorities.

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

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Current Tax				
Charge for the current year	**32223**	4156	**5240**	629
Excess Provision for earlier year now written back	**—**	(214)	**—**	(32)
Income Tax expense	**32223**	3942	**5240**	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:

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit of RO 0.439 million (₹ 71.403 million) [previous year : RO 0.032 million (₹ 4.865 million)] at applicable tax rates	**49089**	256	**7983**	39
Add / less tax effect of:				
Expenses disallowable	**955**	390	**155**	59
Profit on sale of property, plant and equipment not considered as taxable income for tax purposes	**(9807)**	(914)	**(1595)**	(138)
Provisions made (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**(12860)**	720	**(2091)**	109
Depreciation adjustment based on depreciation rates as per tax law	**4846**	3704	**788**	560
Tax expense as per statement of comprehensive income	**32223**	4156	**5240**	629

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

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

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

Exposures to the aforementioned risks are detailed below:

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

Credit risk

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

The Company's bank current, smart card, fixed and time deposit accounts are placed with reputed financial institutions. Contract receivables are stated net of provision for doubtful debts. As at the year end, RO 1.447 million (₹ 238.199 million) constituting 83% [previous year : RO 2.113 million (₹ 339.340 million) constituting 77%] of contract debtors and retentions are due from five debtors (previous year : three debtors). As at the year end, RO 0.822 million (₹ 135.300 million) i.e. 20% [previous year: RO 0.852 million (₹ 136.919 million) i.e. 20%] of the total assets were receivable from two reputed banks who had confirmed their balances payable to the Company. As at the year end amounts due from customers for contract works of RO 0.001 million (₹ 0.111 million) [previous year: RO Nil (₹ Nil)] constituting 58% are due from four customers. 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 0.512 million (₹ 84.276 million) (comprising of dues from main contract of RO 0.490 million (₹ 80.607 million) and dues of RO 0.022 million (₹ 3.669 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 0.225 million (₹ 37.037 million) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact to the Company.

Interest rate risk

The Company's fixed deposits are at interest rates of 0.05% to 2.25% per annum (previous year : 0.15% to 2.25% 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 except trade payables amounting to RO 0.032 million (₹ 5.242 million) which are payable in Euro.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

18. FINANCIAL INSTRUMENTS (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, 2014					
Staff end-of-service gratuity	**—**	**—**	**140247**	**140247**	**23086**
Trade and other payables	**1326442**	**—**	**—**	**1326442**	**218346**
Amounts due to customers for contract work	**116095**	**—**	**—**	**116095**	**19110**
Provision for tax (net of advance tax)	**32223**	**—**	**—**	**32223**	**5304**
	1474760	**—**	**140247**	**1615007**	**265846**
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

19. CONTINGENT LIABILITIES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilised letter of credit	**83966**	380079	**13822**	61048
Banker's letters of guarantees and bonds	**1248974**	851599	**205593**	136784
	1332940	1231678	**219415**	197832

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.

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**
Issa Lalbuksh Al Raisi
Muscat, 18th March, 2015 **Jayant Balan**

VOLTAS OMAN L.L.C.

Directors :

Gavin J. Appleby *(Chairman)*
Akber M. Sultan *(Vice Chairman)*
Minoo M. Saher
B. G. Prabhuajgaonkar
Jayant Balan

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the fourth Annual Report and Accounts for the year ended 31st December, 2014.

2. Despite delays in execution of the projects, the performance of the Company had improved as compared to the previous year. The Company recorded higher turnover of Omani Rial (RO) 4.774 million and profit of RO 0.120 million as compared to turnover of RO 3.519 million and profit of RO 0.053 million in the previous year. With a view to conserve the resources, the Directors do not recommend any dividend for the year ended 31st December, 2014 (previous year : Nil).

3. Economy of Oman has shown consistent growth during the last two years and the Government has budgeted higher expenditure during 2015. With healthy order book position (RO 20.399 million), the Company expects to improve the turnover as well as profit during 2015.

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, 18th March, 2015

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, 2014, 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 VOLTAS OMAN L.L.C. as of 31st December, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note No. 2.1 regarding the going concern concept.

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

Muscat, 27th January, 2015

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2014

	Notes	RO	As at 31-12-2013 RO	₹ in '000s	As at 31-12-2013 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**98279**	33317	**16178**	5351
CURRENT ASSETS					
Inventories		**252797**	311937	**41613**	50103
Trade and other receivables	4	**1054864**	2243830	**173641**	360404
Amounts due from customers for contract work	5	**1494987**	290114	**246090**	46598
Cash and cash equivalents	6	**528480**	181773	**86993**	29196
		3331128	3027654	**548337**	486301
TOTAL ASSETS		**3429407**	3060971	**564515**	491652
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	7	**500000**	500000	**82305**	80310
Accumulated losses		**(230243)**	(338551)	**(37900)**	(54378)
Legal reserve		**17326**	5292	**2852**	850
Equity Funds		**287083**	166741	**47257**	26782
Amount due to a member	8	**1167**	652	**192**	105
Amount due to ultimate parent company		**52608**	20026	**8660**	3217
Members' Funds		**340858**	187419	**56109**	30104
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**38958**	17540	**6413**	2816
CURRENT LIABILITIES					
Trade and other payables	9	**2924049**	1954871	**481327**	313991
Amounts due to related parties		**16984**	8760	**2796**	1407
Advance billing		**—**	4500	**—**	723
Amounts due to customers for contract works	5	**108558**	887881	**17870**	142611
		3049591	2856012	**501993**	458732
TOTAL EQUITY AND LIABILITIES		**3429407**	3060971	**564515**	491652

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) = ₹ 164.61 being the exchange rate prevailing as on 31st December, 2014. Previous year figures have been converted @ 1 RO = ₹ 160.62 being the exchange rate prevailing as on 31st December, 2013.

Directors **Gavin J. Appleby**
Akber M. Sultan
Minoo M. Saher
Jayant Balan

Muscat, 18th March, 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Note	RO	2013 RO	₹ in '000s	2013 ₹ in '000s
Revenue	10	**4773522**	3519404	**776270**	532873
Cost of works executed	11	**(4420242)**	(3246085)	**(718820)**	(491490)
Gross Profit		**353280**	273319	**57450**	41383
Other operating income	12	**1100**	—	**179**	—
Staff costs		**(151264)**	(156044)	**(24599)**	(23627)
Depreciation		**(8532)**	(11918)	**(1387)**	(1805)
Other operating expenses	13	**(74135)**	(52348)	**(12056)**	(7926)
Profit from Operating Activities for the year		**120449**	53009	**19587**	8025
Finance costs	14	**(107)**	(88)	**(17)**	(13)
Net Profit for the year		**120342**	52921	**19570**	8012
Other comprehensive income for the year		—	—	—	—
Total Comprehensive Income for the year		**120342**	52921	**19570**	8012
Profit attributable to :					
- Owners of the parent company		**78222**	34399	**12720**	5208
- Non-controlling interests		**42120**	18522	**6850**	2804
		120342	52921	**19570**	8012
Total Comprehensive Income attributable to :					
- Owners of the parent company		**78222**	34399	**12720**	5208
- Non-controlling interests		**42120**	18522	**6850**	2804
		120342	52921	**19570**	8012

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) = ₹ 162.62 being the average of the exchange rates prevailing as on 31st December, 2013 (1 RO = ₹ 160.62) and as on 31st December, 2014 (1 RO = ₹ 164.61). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Gavin J. Appleby**
Akber M. Sultan
Minoo M. Saher
Muscat, 18th March, 2015 **Jayant Balan**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2014

	Share Capital		**Legal reserve**		**Accumulated losses**		**Total**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 31st December, 2012	500000	71100	—	—	(386180)	(54915)	113820	16185
Total comprehensive 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
Total comprehensive profit for the year	—	—	—	—	120342	19570	120342	19570
Transfer to legal reserve	—	—	12034	1981	(12034)	(1981)	—	—
As at 31st December, 2014	**500000**	**82305**	**17326**	**2852**	**(230243)**	**(37900)**	**287083**	**47257**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2014

	RO	2013 RO	₹ in '000s	2013 ₹ in '000s
Cash flows from operating activities				
Net comprehensive profit for the year before tax	**120342**	52921	**19570**	8012
Adjustments for:				
Depreciation on property, plant and equipment	**25572**	18051	**4159**	2734
Finance costs	**107**	88	**17**	13
Profit on disposal of property, plant and equipment	**(1000)**	—	**(163)**	—
Operating profit before changes in operating assets and liabilities	**145021**	71060	**23583**	10759
Decrease / (increase) in trade and other receivables	**1188966**	(1676794)	**186763**	(279771)
Increase in trade and other payables	**969178**	1502743	**167336**	249699
Increase in staff end-of-service gratuity payable	**21418**	11016	**3596**	1890
(Decrease) / increase in advance billing	**(4500)**	4500	**(723)**	723
Decrease / (increase) in inventories	**59140**	(280745)	**8490**	(45668)
(Increase) / decrease in amounts due from / to customers for contract work (net)	**(1984196)**	386726	**(324233)**	66003
Member's balance	**515**	652	**87**	105
Ultimate parent company's balance	**32582**	(95006)	**5443**	(13141)
Related parties balances	**8224**	8228	**1389**	1331
Cash from / (used in) operating activities (A)	**436348**	(67620)	**71827**	(10861)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**1000**	—	**163**	—
Purchase of property, plant and equipment	**(90534)**	(28070)	**(14723)**	(4250)
Net cash used in investing activities (B)	**(89534)**	(28070)	**(14738)**	(4509)
Cash flows from financing activities				
Finance costs paid	**(107)**	(88)	**(17)**	(13)
Bank margin account	—	78781	—	11203
Net cash (used in) / from financing activities (C)	**(107)**	78693	**(18)**	12640
Net increase / (decrease) in cash and cash equivalent (A+B+C)	**346707**	(16997)	**57797**	(931)
Cash and cash equivalents at beginning of year	**181773**	198770	**29196**	28265
Cash and cash equivalents at end of year	**528480**	181773	**86993**	29196

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014

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.

2. BASIS OF PREPARATION

2.1 GOING CONCERN CONCEPT

As per the statement of financial position, the Company has incurred net accumulated losses aggregating to RO 0.230 million (₹ 37.900 million) as at 31st December, 2014. 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.

2.2 STATEMENT OF COMPLIANCE

The financial statements are prepared 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.

2.3 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention [except for certain property, plant and equipment carried at valuation, and investment property / financial assets / investment carried at fair value]. 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.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.5 SIGNIFICANT ACCOUNTING POLICIES

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:

Temporary structure	15.00%
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. Recoverable amount is the higher of fair value less cost to sell and value in use. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

(d) Contract and other receivables

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

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

Amounts due from / to customers for contract work represents costs incurred on contracts plus recognised profits less recognised losses and progress billings. Contract costs comprises of costs of materials, labour, sub-contract costs and attributable overheads.

(f) Cash and cash 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 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 0.034 million (₹ 5.472 million) [previous year: RO 0.014 million (₹ 2.124 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) Provisions

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

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

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

(k) 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 losses of RO 0.161 million (₹ 26.546 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. Income tax assessments are pending from tax year 2011. Deferred tax amount on unused tax losses are not recognized on account of uncertainty regarding availability of future taxable income against which the unused tax losses can be utilized.

(l) Financial instruments

- Financial instruments of the Company comprise trade and other receivables, 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.

(m) Revenue

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

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 recognized on a time proportion basis.

Maintenance revenue

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

(n) Operating lease rentals

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight line basis over the lease term.

(o) 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.

(p) 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.

(q) 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 recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

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

Impairment

At each year end, Management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected:

Carrying values of property, plant and equipment

The useful lives and residual values of fixed assets are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the Company either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of confirmations, and assessed credit worthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

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

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the Company's Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are 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 / sub-contractors, 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.

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.

2.7 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 IAS 32 : Financial Instruments : Presentation (1st January, 2014).

(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 15 : Revenue from Contracts with Customers (1st January, 2017).
- IFRS 9 : Financial Instruments (1st January, 2018).

3. PROPERTY, PLANT AND EQUIPMENT

	Temporary structures		Equipment		Furniture and fixtures		Computers and software		Total	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
Cost										
As at 1st January, 2014	—	—	14070	2260	29446	4730	29216	4693	72732	11683
Additions	29212	4750	10297	1674	14524	2362	36501	5936	90534	14723
Disposals	—	—	—	—	(11018)	(1792)	—	—	(11018)	(1792)
As at 31st December, 2014	**29212**	**4809**	**24367**	**4011**	**32952**	**5424**	**65717**	**10818**	**152248**	**25062**
Accumulated depreciation										
As at 1st January, 2014	—	—	3460	556	23340	3749	12615	2026	39415	6331
Charge for the year	1410	229	2685	437	6151	1000	15326	2493	25572	4159
Adjustment relating to disposals	—	—	—	—	(11018)	(1792)	—	—	(11018)	(1792)
As at 31st December, 2014	**1410**	**232**	**6145**	**1012**	**18473**	**3041**	**27941**	**4599**	**53969**	**8884**
Net book value										
As at 31st December, 2013	—	—	10610	1704	6106	981	16601	2666	33317	5351
As at 31st December, 2014	**27802**	**4577**	**18222**	**2999**	**14479**	**2383**	**37776**	**6219**	**98279**	**16178**

4. TRADE AND OTHER RECEIVABLES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**440794**	1632563	**72559**	262222
Contract retentions	**383359**	309771	**63105**	49755
Contract debtors billed on account of advances receivable for materials at sites	**92812**	249548	**15278**	40082
Maintenance receivable	—	9000	—	1446
	916965	2200882	**150942**	353505
Advance to suppliers	**43459**	22319	**7153**	3585
Advance to staff	**6081**	10415	**1001**	1673
Prepayments	**9507**	7895	**1565**	1268
Other advances	**16579**	1301	**2729**	209
Accrued income	**61255**	—	**10083**	—
Deposits	**1018**	1018	**168**	164
	1054864	2243830	**173641**	360404

Contract receivables and retentions aggregating to RO 0.824 million (₹ 135.664 million) [previous year: RO 1.942 million (₹ 311.978 million)] in respect of jobs executed by the Company include uncertified billings of RO Nil (₹ Nil) [previous year: RO 1.183 million (₹ 190.007 million)].

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

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
3 months to 1 year	**626620**	526850	**103148**	84623
Over 1 year	**288491**	45239	**47489**	7266
	915111	572089	**150636**	91889

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

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**1854**	1628793	**305**	261617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

5. CONTRACT IN PROGRESS

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**7619067**	3962861	**1239013**	600017
Progress billings	**6232638**	4560628	**1013552**	690525
Advance on contracts	**1711125**	260090	**281668**	41776
Retentions receivables	**377341**	303753	**55530**	48789

Amount due from customers for contract works of RO 1.495 million (₹ 246.090 million) are in the process of being certified. The Management of the Company is confident that the same will be certified in due course by clients' consultants / clients.

6. CASH AND CASH EQUIVALENTS

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**523454**	179226	**86166**	28787
Bank smart card account	**624**	1693	**103**	272
Cash on hand	**4402**	854	**725**	137
	528480	181773	**86993**	29196

7. SHARE CAPITAL

	Share %		As at 31-12-2013		As at 31-12-2013
		RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35%**	**175000**	175000	**28807**	28109
Voltas Netherlands B.V.	**65%**	**325000**	325000	**53498**	52202
	100%	**500000**	500000	**82305**	80310

The share capital comprises of 500000 shares of face value RO 1 (₹ 164.61) each, fully paid up.

8. AMOUNT DUE TO A MEMBER

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**1167**	652	**192**	105

9. TRADE AND OTHER PAYABLES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables *	**775444**	1157329	**127646**	185890
Advance received from customers	**1803937**	509639	**296946**	81858
Accruals	**292440**	287903	**48138**	46243
Provision for defect liability period	**52228**	—	**8597**	—
	2924049	1954871	**481327**	313991

* Trade payables include RO 0.071 million (₹ 11.640 million) [previous year: RO 0.078 million (₹ 12.458 million)] due to related parties on account of trade dealings.

The movement in provision for expenses during defect liability period accounts as follows :

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**—**	—	**—**	—
Provision made during the year	**52228**	—	**8493**	—
Closing balance	**52228**	—	**8597**	—

10. REVENUE

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**4686421**	3505904	**762106**	530829
Maintenance revenue	**87101**	13500	**14164**	2044
	4773522	3519404	**776270**	532873

11. COST OF WORKS EXECUTED

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**1854411**	1764499	**301564**	267163
Wages and related expenses	**1607343**	883999	**261386**	133846
Depreciation on property, plant and equipment	**17040**	6133	**2771**	929
Sub contract costs	**513271**	463761	**83468**	70218
Other direct costs	**377356**	120544	**61366**	18252
	4369421	3238936	**710555**	490408
Maintenance project costs	**50821**	7149	**8265**	1082
	4420242	3246085	**718820**	491490

12. OTHER OPERATING INCOME

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Profit on disposal of property, plant and equipment	**1000**	—	**163**	—
Miscellaneous Income	**100**	—	**16**	—
	1100	—	**179**	—

13. OTHER OPERATING EXPENSES

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**11450**	18548	**1862**	2809
Repairs and maintenance	**6942**	1102	**1129**	167
Insurance	**891**	750	**145**	114
Electricity and water	**1372**	1481	**223**	224
Telephones, fax and postage	**6562**	6791	**1067**	1028
Travelling and conveyance	**12287**	5544	**1998**	839
Tender charges	**8558**	1020	**1392**	154
Vehicle expenses	**1725**	1057	**281**	160
Advertisement and business promotion expenses	**1997**	—	**325**	—
Entertainment expenses	**21**	88	**3**	13
Miscellaneous expenses	**22330**	15967	**3631**	2418
	74135	52348	**12056**	7926

14. FINANCE COSTS

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Interest on overdraft	**—**	46	**—**	7
Bank charges	**107**	42	**17**	6
	107	88	**17**	13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

15. 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 been separately disclosed in the financial statements.

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

	Ultimate parent company	**Member company**	**Other related parties**	**Total**	2013 Total	**Total**	2013 Total
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Purchase of property, plant and equipment from	—	—	**6045**	**6045**	17502	**983**	2650
Back to back expenses from	**1875**	**515**	**18872**	**21262**	15835	**3458**	2398
Back to back expenses to	—	—	**5770**	**5770**	—	**938**	—
Purchases from	—	—	**113355**	**113355**	166989	**18434**	25284
Expenses from	**155400**	—	**8270**	**163670**	16496	**26616**	2498
Allocation of expenses from	—	—	**4568**	**4568**	7060	**743**	1069
Allocation of expenses to	—	—	**49272**	**49272**	17713	**8013**	2682
Materials transferred to	—	—	—	—	1638	—	248
Materials transferred from	—	—	**4275**	**4275**	—	**695**	—

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

16. 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 net profit 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 2014 are subject to agreement with the Taxation Authority.

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

		2013		2013
	RO	RO	**₹ in '000s**	₹ 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:

		2013		2013
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit / (loss) of RO 0.120 million (₹ 19.570 million) [previous year: loss of RO 0.053 million (₹ 8.013 million)] at applicable tax rates	**14441**	6351	**2348**	962
Add / less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**(525)**	345	**(85)**	52
Profit on disposal of property, plant and equipment	**(120)**	—	**(20)**	—
Provision made not deductible	**6267**	—	**1019**	—
Tax fees not considered as deductible expense for income tax purpose	**156**	120	**25**	18
Previous years' tax losses brought forward	**(39571)**	(46387)	**(6435)**	(7023)
Tax loss carried forward to adjust against future taxable net profit	**19352**	39571	**3147**	5991
	—	—	—	—

17. FINANCIAL INSTRUMENTS

Management of risk

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

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

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

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

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on 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 institutions. As at year end 96.34% (previous year : 90.88%) of contract receivables was due from three (previous year : two) contract debtors. As at year end 2014, 96.76% of amounts due from customers for contract works is due from two customers. Amounts due from customers for contract works of RO 1.495 million (₹ 246.090 million) are in the process of being certified, as mentioned in Note 5 to the financial statements. As at the year end, amount of RO 0.380 million (₹ 62.607 million) [previous year: RO 0.169 million (₹ 27.139 million)] constituting 11.42% (previous year: 5.58%) of the current assets was due from one reputed bank situated in the Sultanate of Oman which had 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014 (contd.)

(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 maturity 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, 2014						
Staff end-of-service gratuity	**—**	**—**	**—**	**38958**	**38958**	**6413**
Trade and other payables	**2924049**	**—**	**—**	**—**	**2924049**	**481328**
Amounts due to customers	**108558**	**—**	**—**	**—**	**108558**	**17870**
Advance billing	**—**	**—**	**—**	**—**	**—**	**—**
Amount due to related parties	**16984**	**—**	**—**	**—**	**16984**	**2796**
	3049591	**—**	**—**	**38958**	**3088549**	**508406**
As at 31st December, 2013						
Staff end-of-service gratuity	—	—	—	17540	17540	2817
Trade and other payables	1954871	—	—	—	1954871	313991
Amounts due to customers	887881	—	—	—	887881	142611
Advance billing	4500	—	—	—	4500	723
Amount due to related parties	8760	—	—	—	8760	1407
	2856012	—	—	17540	2873552	461550

18. CONTINGENT LIABILITIES

		As at 31-12-2013		As at 31-12-2013
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letter of guarantee	**3945878**	754500	**649531**	121188
Banker's letters of credit	**251938**	123753	**41472**	19877
	4197816	878253	**691002**	141065

Bank facilities are secured against :

(a) Corporate guarantees from members of the Company to cover project specific facilities to banks.

(b) Irrevocable assignment of receivables from projects to banks.

19. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to ensure that the Company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalent.

Directors **Gavin J. Appleby**
Akber M. Sultan
Minoo M. Saher
Jayant Balan

Muscat, 18th March, 2015

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 Sixteenth Annual Report and the Accounts for the year ended 31st March, 2015.

2. The Company has reported lower profit of Euro 0.152 million for the year ended 31st March, 2015 as compared to Euro 1.341 million in the previous year due to lower dividend income. The Directors recommended dividend of Euro 1.000 million for the year ended 31st March, 2015, as against Euro 1.500 million in the previous year, from Reserves and Surplus.

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

Dubai, 26th April, 2015 *Director*

INDEPENDENT AUDITOR'S 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, 2015, 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 financial 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 Dutch Law, including the Dutch Standards on Auditing. This requires that we comply with the 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, 2015, 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 statement 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, 2015, 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, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Euro	As at 31-3-2014 Euro	**₹ in '000s**	As at 31-3-2014 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**618729**	618729	**41863**	50983
Reserves and Surplus	**6335115**	7682721	**428634**	633056
Total Shareholders' Funds	**6953844**	8301450	**470497**	684039
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**160788**	160788	**10879**	13249
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1159588**	1159588	**78458**	95550
Voltas Oman L.L.C.	**636945**	636945	**43096**	52484
Voltas Qatar W.L.L.	**101056**	101056	**6837**	8327
Universal Voltas L.L.C.	**3763260**	3763260	**254622**	310093
	5821637	5821637	**393892**	479703
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(160788)**	(160788)	**(10879)**	(13249)
	5660849	5660849	**383013**	466454
CURRENT ASSETS, LOANS AND ADVANCES (NOMINAL VALUE)				
Receivables from group companies	**177896**	1632425	**12036**	134512
Other receivables	**5799**	5961	**392**	491
Bank balances	**1128035**	1024638	**76323**	84430
Less: Current Liabilities	**(18735)**	(22423)	**(1267)**	(1848)
Net Current Assets	**1292995**	2640601	**87484**	217585
	6953844	8301450	**470497**	684039

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 67.66 being the exchange rate prevailing as on 31st March, 2015. Previous year figures have been converted @ 1 Euro = ₹ 82.40 being the exchange rate prevailing as on 31st March, 2014.

Directors **Gavin J. Appleby**

Dubai, 26th April, 2015 **B. G. Prabhuajgaonkar**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

	Euro	2013-14 Euro	**₹ in '000s**	2013-14 ₹ in '000s
OTHER INCOME				
Dividend from participations	**182976**	1454529	**13729**	110472
EXPENSES				
Operating and Administrative Expenses	**(103263)**	(120403)	**(7748)**	(9145)
Financial results	**72681**	7191	**5453**	546
	(30582)	(113212)	**(2295)**	(8599)
Profit	**152394**	1341317	**11434**	101873

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 75.03 being the average of the exchange rates prevailing as on 31st March, 2014 (1 Euro = ₹ 82.40) and as on 31st March, 2015 (1 Euro = ₹ 67.66). Previous year figures have 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).

Directors **Gavin J. Appleby**

Dubai, 26th April, 2015 **B. G. Prabhuajgaonkar**

NOTES TO THE BALANCE SHEET AND 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, 2014 up to and including 31st March, 2015.

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**	**10879**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**1159588**	**78458**
Voltas Oman L.L.C.	**65**	**636945**	**43096**
Voltas Qatar W.L.L.	**49**	**101056**	**6837**
Universal Voltas L.L.C.	**49**	**3763260**	**254622**
Total acquisition costs		**5821637**	**393892**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(160788)**	**(10879)**
		5660849	**383013**

The participations are carried at acquisition costs.

Share Capital

The registered share capital amounts to Euro 1021005 (₹ 69081198)

The entire paid-up share capital of the Company, consist of 13,635 shares of Euro 45.38 each, is held by Voltas Limited, Mumbai, India.

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

Share Capital

	Euro	**₹ in '000's**
Balance as per 31st March, 2014	**618729**	**50983**
Movement	**—**	**—**
Balance as per 31st March, 2015	**618729**	**41863**

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2014	**7682721**	**633056**
Profit for the year ended 31st March, 2015	**152394**	**11434**
Dividend book year 2013 / 2014	**(1500000)**	**(123600)**
Balance as per 31st March, 2015	**6335115**	**428634**

Receivables from group companies

	Euro	**₹ in '000s**
Loan to Saudi Ensas Company for Engineering Services W.L.L.	**177896**	**12036**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43068**	**2914**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43068)**	**(2914)**
Balance as per 31st March, 2015	**177896**	**12036**

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.

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

Other receivables

	Euro	₹ in '000s
Prepayments	3739	253
Interest to be received	2060	139
	5799	392

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	8319	563
ABN Amro Bank USD	5813	393
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	1113899	75366
Balance as per 31st March, 2015	1128035	76323

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	15500	1048
Creditors	3235	219
Balance as per 31st March, 2015	18735	1267

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 41.395 million) (₹ 2800.786 million)

(ii) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 2.357 million) (₹ 159.475 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 11.001 million) (₹ 744.328 million)

The aforesaid Corporate Guarantees were issued by Voltas Netherlands B.V., as 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.

Dividends from participations

	Euro	₹ in '000s
Lalbuksh Voltas Engineering Services & Trading L.L.C. (OMR 90,000)	182976	13729

The Company did not have any employees during 2014 -15 (2013-14: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Management costs	29179	2189
Audit and advisory expenses	71263	5347
Legal fees	2821	212
	103263	7748

Interest

	Euro	₹ in '000s
Interest received	(8642)	(648)
Bank cost	519	39
Exchange rate differences	(64558)	(4844)
	(72681)	(5453)

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

Dubai, 26th April, 2015

AUTO AIRCON (INDIA) LIMITED

Directors :
Anil George
V. P. Malhotra
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Twentieth Annual Report and Accounts for the year ended 31st March, 2015.

1. **Financial Results:**

   The Company has reported loss of ₹ 0.15 lakh for the year ended 31st March, 2015, primarily on account of certain administrative and fixed overheads.

2. **Dividend:**

   In view of losses incurred during the year 2014-15, the Directors do not recommend any dividend.

3. **Number of Meetings of the Board:**

   During 2014-15, four Board Meetings were held on 20th May, 2014; 4th August, 2014; 30th October, 2014 and 5th February, 2015.

4. **Corporate Social Responsibility:**

   In view of losses incurred for past many years, the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 are not applicable to the Company.

5. **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:**

   No material changes have occurred after the close of the financial year on 31st March, 2015 till the date of Directors' Report, which could affect the financial position of the Company.

6. **Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:**

   During the year under review, no material Orders were passed by the Regulators/Courts/Tribunals, impacting the Company's going concern status and future operations.

7. **Details of Subsidiary/Joint Ventures/Associate Companies:**

   The Company does not have any Subsidiary, Joint Venture or Associate company.

8. **Deposits:**

   The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

9. **Statutory Auditors:**

   It is proposed to reappoint Messrs Damji Merchant & Co, Chartered Accountants, (Firm Registration No. 102082W), the present Auditors of the Company for two consecutive financial years (2015-16 and 2016-17). The Auditors have pursuant to Section 139 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 in the Act. The Auditors' Report does not contain any qualification, reservation or adverse remark.

10. **Audit Committee:**

    The Audit Committee of the Company comprises Mr. Anil George, Mr. V. P. Malhotra and Mr. Vinod Chandrashekar. As per the requirements of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, as the Paid-up Capital of the Company is more than ₹10 crores, it was required to appoint two Independent Directors. Similarly, as per Section 177 of the Act, the Audit Committee shall consist of minimum three Directors with Independent Directors forming a majority. Though the transition period of one year was permitted to comply with the aforesaid requirements of Companies Act, 2013, in the absence of any business activities and accumulated losses, the Company could not appoint Independent Directors and reconstitute its Audit Committee accordingly.

11. **Risk Management:**

    Not applicable as the Company does not have any operations.

12. **Extract of the Annual Return**:

    Pursuant to Section 92(3) of the Companies Act, 2013, the extract of Annual Return in prescribed Form No. MGT-9 is enclosed as an Annexure to the Report.

13. **Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

    Information pursuant to Section 134(3)(m) of the Companies Act, 2013, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not relevant to the Company.

14. Directors:

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Vinod Chandrashekar retires by rotation and being eligible, offers himself for re-appointment.

15. Particulars of loans, guarantees or investments under Section 186:

During 2014-15, the Company has not given any loans to other companies or given guarantees in connection with loan to any other body corporate or made investments in other companies.

16. Particulars of contracts or arrangements with related parties:

The Company has not entered into related party transactions during 2014-15. There are no 'material' contracts or arrangements or transactions and hence, disclosure in Form No. AOC-2 is not required.

17. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed;

(ii) 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 at 31st March, 2015 and of the loss of the Company for that period;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on the assumption that the Company is not a going concern; and

(v) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

On behalf of the Board of Directors

Anil George
V. P. Malhotra

Mumbai, 11th May, 2015 *Directors*

Annexure to Directors' Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U29192PN1995PLC012885
ii	Registration Date	15th February, 1995
iii	Name of the Company	Auto Aircon (India) Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v	Address of the Registered office and contact details	5/4, Nagar Road, Pune 411 014, Tel: 020 27011665
vi	Whether listed Company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: None

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Voltas Limited Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033	L29308MH1954PLC009371	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-4-2014)				No. of Shares held at the end of the year (As on 31-3-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	0	0	0	0	0	0	0	0	0
(b) Central Government	0	0	0	0	0	0	0	0	0
(c) State Government(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	0	1,13,00,000	1,13,00,000	100%	0	1,13,00,000	1,13,00,000	100%	0
(e) Banks / FIs	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	**0**	**1,13,00,000**	**1,13,00,000**	**100%**	**0**	**1,13,00,000**	**1,13,00,000**	**100%**	**0**
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FIs	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**1,13,00,000**	**1,13,00,000**	**100%**	**0**	**1,13,00,000**	**1,13,00,000**	**100%**	**0**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0	0	0	0	0	0
(b) Banks / FIs	0	0	0	0	0	0	0	0	0
(c) Central Government	0	0	0	0	0	0	0	0	0
(d) State Government(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance companies	0	0	0	0	0	0	0	0	0
(g) FIIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
(a) Bodies Corporate	0	0	0	0	0	0	0	0	0
(i) Indian	0	0	0	0	0	0	0	0	0
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals	0	0	0	0	0	0	0	0	0
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**1,13,00,000**	**1,13,00,000**	**100%**	**0**	**1,13,00,000**	**11,30,0000**	**100%**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2014)			Shareholding at the end of the year (As on 31-3-2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Voltas Limited	1,12,99,993	99.99%	Nil	1,12,99,993	99.99%	Nil	0
2	Voltas Limited Jointly with Anil George	1	—	Nil	1	—	Nil	0
3	Voltas Limited Jointly with V. P. Malhotra	1	—	Nil	1	—	Nil	0
4	Voltas Limited Jointly with Vinod Chandrashekar	1	—	Nil	1	—	Nil	0
5	Voltas Limited Jointly with Utsav Shah	1	—	Nil	1	—	Nil	0
6	Voltas Limited Jointly with Rajesh Bhatia	1	—	Nil	1	—	Nil	0
7	Voltas Limited Jointly with Sanjay Johri	1	—	Nil	1	—	Nil	0
8	Voltas Limited Jointly with Jayant Balan	1	—	Nil	1	—	Nil	0
	Total	**1,13,00,000**	**100%**	**Nil**	**1,13,00,000**	**100%**	**Nil**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Promoter's shareholding during the financial year 2014-15.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year (1-4-2014)					
1.	Anil George	1*	—	1*	—
2.	V. P. Malhotra	1*	—	1*	—
3.	Vinod Chandrashekar	1*	—	1*	—
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):		Nil			
At the end of the year (31-3-2015)					
1.	Anil George			1*	—
2.	V. P. Malhotra			1*	—
3.	Vinod Chandrashekar			1*	—

* Jointly with Voltas Limited

V. INDEBTEDNESS: The Company had no indebtedness with respect to secured and unsecured loans or Deposits during the financial year 2014-15.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

AUDITORS' REPORT

TO THE MEMBERS OF
AUTO AIRCON (INDIA) LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Auto Aircon (India) Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2015, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

4. 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. 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, of the state of affairs of the Company as at 31st March, 2015 and its loss and its 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

7. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by Section 143(3) of the Act, we further report that:

   (a) we have sought and 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 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 applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act, 2013.

   (f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 10(a) and 10(b) to the financial statements;

      (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;

      (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For **Damji Merchant and Co.**
Chartered Accountants
(Firm's Registration Number: 102082W)

Ambrish Mehta
Partner
Membership Number: 016086

Mumbai, 11th May 2015

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 7 of our Report of even date to the members of Auto Aircon (India) Limited on the accounts of the Company for the year ended 31st March, 2015

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, 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 at regular intervals; as informed to us no material discrepancies were noticed on such physical verification.

(ii) The Company has no inventories and therefore, question of its physical verification does not arise.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.

(v) The Company has not accepted any deposits from the public covered under Sections 73 to 76 of the Companies Act, 2013.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013.

(vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, Cess and any other statutory dues, as applicable, with appropriate authorities in India. 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, 2015 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 Excise Duty and Sales Tax 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

(c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.

(viii) 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.

(ix) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not availed of any loans from any financial institutions or bank or debenture holder.

(x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks and financial institutions during the year.

(xi) In our opinion, and according to the information and explanations given to us, the Company has not taken any term loan during the year.

(xii) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **Damji Merchant and Co.**
Chartered Accountants
(Firm's Registration Number: 102082W)

Ambrish Mehta
Partner
Membership Number: 016086

Mumbai, 11th May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	₹ in '000s	As at 31-3-2014 ₹ in '000s
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	**113000**	113000
(b) Reserves and Surplus	4	**(121056)**	(121041)
		(8056)	(8041)
(2) Current liabilities			
(a) Trade Payables	5	**8498**	8498
(b) Other Current Liabilities	6	**3122**	3122
		11620	11620
TOTAL EQUITY AND LIABILITIES		**3564**	3579
II. ASSETS			
(1) Non-Current Assets			
Fixed Assets			
– Tangible Assets	7	**3**	3
		3	3
(2) Current Assets			
(a) Cash and Cash Equivalents	8	**17**	32
(b) Short-term Loans and Advances	9	**3544**	3544
		3561	3576
TOTAL ASSETS		**3564**	3579

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	₹ in '000s	2013-14 ₹ in '000s
CONTINUING OPERATIONS		
I. REVENUE FROM OPERATIONS	**—**	—
II. OTHER INCOME	**—**	—
III. TOTAL REVENUE (I + II)	**—**	—
IV. EXPENSES		
(a) Audit Fees	**3**	3
(b) Legal & Professional charges	**4**	2
(c) Other expenses	**8**	4
TOTAL EXPENSES (IV)	**15**	9
V. PROFIT/(LOSS) BEFORE TAX (III - IV)	**(15)**	(9)
VI. TAX EXPENSE		
Current Tax	**—**	—
VII. PROFIT/(LOSS) AFTER TAX	**(15)**	(9)
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, 11th May, 2015

For and on behalf of the Board

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

Mumbai, 11th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

			2013-14
		₹ in '000s	₹ in '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) before Taxation	**(15)**	(9)
	Less - Adjustments for:		
	Increase / (Decrease) in trade payables	—	26
	NET CASH FROM OPERATING ACTIVITIES	**(15)**	17
B.	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**	**(15)**	17
	CASH AND CASH EQUIVALENTS AS AT 1-4-2014	**32**	15
	CASH AND CASH EQUIVALENTS AS AT 31-3-2015	**17**	32
	Cash and Cash Equivalents consist of:		
	Cash and Bank balances	**17**	32

In terms of our report attached.
For **Damji Merchant & Co.**
Chartered Accountants

Ambrish Mehta
Partner

Mumbai, 11th May, 2015

For and on behalf of the Board

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

Mumbai, 11th May, 2015

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

Since the fixed assets are fully depreciated and reflected at its scrap/residual value, no further provision is made for.

(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

	₹ in '000s	As at 31-3-2014 ₹ 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

Name of Shareholder	**Class of Shares**	**Number of Shares held**	**% of holding**	As at 31-3-2014 Number of Shares held	As at 31-3-2014 % of holding
Voltas Limited	Equity Shares with Voting Rights	**1,13,00,000**	**100**	1,13,00,000	100

4. Reserves and Surplus

	₹ in '000s	As at 31-3-2014 ₹ in '000s
Surplus / (deficit) in the statement of profit and loss		
(a) As per last Balance Sheet	**(121041)**	(121032)
(b) Additions		
(+) Net Profit / (Loss) for the current year	**(15)**	(9)
(c) Closing Balance	**(121056)**	(121041)
Total Reserves and Surplus	**(121056)**	(121041)

5. Current Liabilities

	₹ in '000s	As at 31-3-2014 ₹ in '000s
Trade Payables		
Due on account of goods purchased and services rendered - other than Acceptances	**8498**	8498

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

6. Other Current Liabilities

		As at 31-3-2014
	₹ in '000s	₹ in '000s
Other Liabilities	**3122**	3122

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 equivalants

		As at 31-3-2014
	₹ in '000s	₹ in '000s
(a) Cash in hand	**1**	1
(b) Balances with banks		
- Current account	**16**	31
Total Cash and Cash equivalents	**17**	32

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

				As at 31-3-2014 ₹ in '000s		
	Long Term	**Short Term**	**Total**	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

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.

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 ₹ (14,946/-) [Previous Year: ₹ (8,868/-)].

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

		2013-14
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:

			2013-14
		₹ in '000s	₹ in '000s
Party	**Relation**		
Voltas Limited	Holding Company		
– Amount payable towards liabilities/expenses incurred		**191**	191
– Amount outstanding at the year end		**8493**	8493

Signatures to Notes 1 to 11.

For and on behalf of the Board

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

Mumbai, 11th May, 2015

Notes

Notes

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