VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2015-2016

CONTENTS

UNIVERSAL COMFORT PRODUCTS LIMITED

Directors :
Anil George *(Chairman)*
Nani Javeri
Pradeep Kumar Bakshi
R. N. Mukhija
Sandhya S. Kudtarkar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Fifteenth Annual Report and Audited Accounts for the year ended 31st March, 2016.

1. **Financial Results:**

₹ in crores

	2015-16	2014-15
Revenue from operations	**1104**	1159
Profit before Tax	**84**	94
Less: Provision for Income tax (net)	**20**	22
Profit after Tax	**63**	72
Add: Profit of previous year	**127**	112
Profit available for appropriations	**190**	184
Less: Transfer to General Reserve	**7**	7
Proposed Dividend	**41**	41
Dividend Tax	**8**	8
Depreciation on transition to Schedule II of the Companies Act, 2013.	**—**	1
Profit carried to Balance Sheet	**134**	127

The Company has recorded Revenue of ₹ 1104 crores for the year ended 31st March, 2016 as compared to ₹ 1159 crores in the previous year. Profit before tax was at ₹ 84 crores as compared to ₹ 94 crores in the previous year. The Company recorded production of 5,83,274 units during the year under review as compared to 5,78,619 units last year.

2. **Reserves:**

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

3. **Dividend:**

The Directors recommend dividend of ₹ 15 per equity share of ₹ 10 each (150%) for the year 2015-16 (2014-15: 150%).

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

During 2015-16, five Board Meetings were held on 20th April, 2015; 30th July, 2015; 29th October, 2015; 14th January, 2016 and 10th March, 2016.

5. **Directors:**

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

Mr. Jayant Balan ceased to be a Director of the Company with effect from 11th March, 2016. The Directors place on record their sincere appreciation of the valuable guidance and support given by Mr. Jayant Balan during his tenure on the Board.

6. **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.

7. **Audit Committee:**

The Audit Committee comprises Mr. Anil George (Chairman), Mr. Nani Javeri and Mr. R. N. Mukhija and the composition is 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.

8. **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.

9. **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.

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

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors.

The performance of the Board, Committees and individual directors was evaluated by seeking inputs from all Directors based on certain parameters such as: degree of fulfillment of key responsibilities; Board/Committee structure and composition; establishment and delineation of responsibilities to various Committees; effectiveness of Board processes, information and functioning; Board/Committee culture and dynamics and quality of relationship between the Board/Committees and the Management. The Directors made a self assessment of their effectiveness in terms of attendance, contribution at Meetings and guidance/support extended to the Management outside Board/Committee Meetings. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their annual separate Meeting. At the separate annual Meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole was evaluated taking into account the views of the Directors. The performance of the individual Directors, including Independent Directors, performance and role of the Board/Committees was also discussed at the Board Meeting.

11. Corporate Social Responsibility:

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

12. Statutory Auditors:

At the Fourteenth Annual General Meeting of Company held on 3rd July, 2015, the shareholders had approved appointment of Messrs Deloitte Haskins & Sells, Baroda (DHS), as the Statutory Auditors for two consecutive financial years from the conclusion of the Fourteenth Annual General Meeting (AGM) till the conclusion of the Sixteenth AGM of the Company to be held in the year 2017 subject to ratification at every AGM. The approval of Members is being sought for ratification of appointment of DHS as Statutory Auditors from the conclusion of Fifteenth AGM till the conclusion of Sixteenth AGM to examine and audit the accounts of the Company for financial year 2016-17. The Auditors' Report does not contain any qualification, reservation or adverse remark.

13. Cost Auditors:

The Board has appointed M/s. Sagar & Associates, Cost Accountants as the Cost Auditors for the financial year 2015-16. M/s. Sagar & Associates have been appointed as Cost Auditors of the Company for the financial year 2016-17 and approval of the Members is being sought for ratification of their remuneration.

14. 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 2015-16. 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.

15. 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 others 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.

16. 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.

17. 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 an Annexure IV to this Report.

18. 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.

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

During 2015-16, the Company has not given any loans to other companies or given guarantees in connection with any other body corporate or made investments in other companies.

20. Particulars of contracts or arrangements with related parties:

All related party transactions during 2015-16 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.

21. Directors' Responsibility Statement:

Based on the compliance systems established and maintained by the Company, work performed by Internal, Statutory, Cost and Secretarial Auditors, including audit of internal financial controls over financial reporting by Statutory Auditors, the reviews performed by Management / Audit Committee and the representations received from the Operating Management, the Board, pursuant to Section 134(5) of the Companies Act, 2013 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.

22. General:

As regards item of the Notice of the AGM relating to Special Business, the Resolution incorporated in the Notice and the Explanatory Statement annexed thereto fully indicate the reason for seeking the approval of the shareholders to the proposal. Attention of the shareholders is drawn to this Resolution.

On behalf of the Board of Directors

Anil George

Mumbai, 22nd April, 2016 *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:** ₹ 69.07 crores.

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

   ₹ 1.38 crores.

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year : ₹ 1.38 crores.

   (b) Amount unspent, if any : Nil.

   (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 program 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 Cancer Detection Equipment called 'Gallium Generator', Providing free cataract surgeries to around 1330 indigent patients	Health	Kolkata, Chennai, and Tirupati	₹ 1.00 crore	Direct expenditure	₹ 1.00 crore	₹ 0.50 crore each through Tata Medical Centre and Medical Research Foundation
2.	Education to under privileged children, differently abled children, Autistic, slow learners, children with learning disabilities, deficit and hyperactive disorders, etc.	Education	Mumbai	₹ 0.29 crore	Direct expenditure	₹ 1.29 crores	Angel Xpress Foundation and Little Angels School (run and managed by Human Development Centre Trust)
3.	Providing vocational training, employment, purchase of machinery, equipment, administration/training expenses for 50 disabled persons.	Vocational	Mumbai	₹ 0.19 crore	Direct expenditure	₹ 1.48 crores	National Association of Disabled's Enterprises

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.**

   The required amount towards CSR was duly spent.

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
Chairman – CSR Committee

Pradeep Kumar Bakshi
Director

Annexure II

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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
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, 2016 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, 2016 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, 2015;

   (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 and 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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: **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 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 during the audit period, no specific events/actions took place that have a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

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

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

Place: Mumbai
Date: 12th April, 2016

Date: 12th April, 2016

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, Standard 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, 2016

[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	U29193MH2001PLC249228
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	99.98%

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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% 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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% 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									
(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 1-4-2015)			Shareholding at the end of the year (As on 31-3-2016)			% 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 (1-4-2015)	There is no change in Promoters' Shareholding between 1-4-2015 and 31-3-2016			
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the end of the year (31-3-2016)				

(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 (1-4-2015)					
1.	Anil George	1*	—	1*	—
2.	Nani Javeri	0	—	0	—
3.	Pradeep Kumar Bakshi	0	—	0	—
4.	Jayant Balan	1*	—	1*	—
5.	R. N. Mukhija	0	—	0	—
6.	Sandhya S. Kudtarkar	0	—	0	—
Key Managerial Personnel					
1.	M. K. Sharma (Manager)	0	—	0	—
2.	Kajal Jangid (Company Secretary)	0	—	0	—
3.	Srinivas Raju (CFO)	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 (31-3-2016)					
1.	Anil George			1*	—
2.	Nani Javeri			0	—
3.	Pradeep Kumar Bakshi			0	—
4.	Jayant Balan (resigned w.e.f 11th March, 2016)			1*	—
5.	R. N. Mukhija			0	—
6.	Sandhya S. Kudtarkar			0	—
Key Managerial Personnel					
1.	M. K. Sharma (Manager)			0	—
2.	Kajal Jangid (Company Secretary)			0	—
3.	Srinivas Raju (CFO)			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	43.78
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.56
	(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.	PF, Superannuation and Medical (exempt)	1.44
	Total	45.78
	Ceiling as per the Act (5% of profit u/s 198 of the Companies Act, 2013)	418.59

B. Remuneration to other Directors: Sitting fees, as per details given below

₹ in Lakhs

Anil George	Jayant Balan	Pradeep Kumar	Nani Javeri	R. N. Mukhija	Sandhya Kudtarkar	Total
0.55	0.15	0.30	2.40	2.20	1.00	6.60

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	Srinivas Raju CFO
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9.00	26.18
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	—	0.40
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil
5.	Provident Fund and Superannuation	0.32	1.07
	Total	9.32	27.65

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 2015-16 reduced electricity consumption by replacing Sodium vapour light with LED with capital expenditure of ₹ 9 lakhs.

B. Technology Absorption:

The following initiatives have been taken, which has resulted in Product improvement/ product development and reduction in cost to end consumer and also as an import substitution.

(a) Development of DC inverter air conditioner with BEE Star Rating Brand on voluntary basis.

(b) Development and production of air conditioner with alternate Green gas refrigerant.

(c) Development and production of air conditioners with Wi-Fi technology

(d) Production of Indoor Units with 6 facia.

(e) Development of Air Coolers in the range between 15 Litres and 90 Litres capacity.

No technology has been imported during last three years.

The Company had incurred R&D expenditure of ₹ 77.55 lakhs during 2015-16.

C. Foreign Exchange Earnings and Outgo:

Expenditure in foreign currency: ₹ 13.48 lakhs.

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 2015-16.

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:

Please Refer Note No. 28 of financial statements for the year ended 31st March, 2016.

(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 for the year ended 31st March, 2016.

(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
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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 prescribed under Section 133 of the Act, as applicable.

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 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 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 and the Order under Section 143 (11) of the Act.

We conducted our audit of the financial statements 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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. 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, 2016, 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 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 standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
    (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
    (g) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Mukesh Jain
Partner
Membership No.108262

Mumbai, 22nd April, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of UNIVERSAL COMFORT PRODUCTS LIMITED ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Mukesh Jain
Partner
Membership No.108262

Mumbai, 22nd April, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO, 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposit outstanding during/as at year end. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(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, Service Tax, Customs 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, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax and Excise Duty, which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
Sales tax Laws	Sales Tax	Supreme Court	2002-03, 2003-04, 2004-05	642.59	642.59
Central Excise Act	Duty of Excise	The Commissioner (Appeals) of Central Excise & Customs	2009-10	73.07	67.59
Finance Act, 1994	Service Tax	The Commissioner (Appeals) of Central Excise & Customs	2002-03	11.94	11.94

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO, 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO, 2016 is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO, 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO, 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

Mukesh Jain
Partner
Membership No.108262

Mumbai, 22nd April, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	2	**2764.20**	2764.20
(b) Reserves and surplus	3	**15352.21**	14002.84
		18116.41	16767.04
2. NON-CURRENT LIABILITIES			
(a) Deferred tax liabilities (net)	30	**178.49**	188.16
(b) Long-term provisions	4	**12.86**	11.54
		191.35	199.70
3. CURRENT LIABILITIES			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note 32)		**15.43**	58.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**14106.61**	14191.80
(b) Other current liabilities	5	**122.18**	250.54
(c) Short-term provisions	6	**4992.96**	5056.71
		19237.18	19557.75
	TOTAL	**37544.94**	36524.49
B. ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	7	**1584.11**	1328.01
(ii) Intangible assets	7	**6.99**	11.85
(iii) Capital work-in-progress	7	**20.40**	—
		1611.50	1339.86
(b) Long-term loans and advances	8	**1116.92**	1143.00
(c) Other non-current assets	9	**—**	624.59
		1116.92	1767.59
2. CURRENT ASSETS			
(a) Inventories	10	**18843.24**	15062.24
(b) Trade receivables	11	**15374.25**	18170.17
(c) Cash and cash equivalents	12	**22.11**	84.00
(d) Short-term loans and advances	13	**576.92**	49.70
(e) Other current assets	14	**—**	50.93
		34816.52	33417.04
	TOTAL	**37544.94**	36524.49
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

Mukesh Jain
Partner

Mumbai, 22nd April, 2016

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, 22nd April, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

		Note	₹ in Lakhs	2014-15 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS (GROSS)**	15	**110167.06**	115794.84
	Less: Excise duty		**—**	—
	Revenue from operations (net)		**110167.06**	115794.84
2.	**OTHER INCOME**	16	**193.61**	123.02
3.	**TOTAL REVENUE (1+2)**		**110360.67**	115917.86
4.	**EXPENSES**			
	(a) Cost of materials consumed	17(a)	**99777.87**	101910.72
	(b) Changes in inventories of finished goods	17(b)	**(2060.29)**	1096.98
	(c) Employee benefits expense	18	**441.99**	329.09
	(d) Finance costs	19	**0.62**	—
	(e) Depreciation and amortisation expense	7	**119.26**	111.27
	(f) Other expenses	20	**3709.47**	3055.80
	TOTAL EXPENSES		**101988.92**	106503.86
5.	**PROFIT BEFORE TAX (3 - 4)**		**8371.75**	9414.00
6.	**TAX EXPENSE**			
	(a) Current tax expense		**2038.99**	2260.00
	(b) Short/(Excess) provision of earlier years		**2.57**	(26.15)
	(c) Deferred tax		**(9.67)**	(6.91)
			2031.89	2226.94
7.	**PROFIT AFTER TAX (5 -6)**		**6339.86**	7187.06
8.	**BASIC AND DILUTED EARNINGS PER SHARE OF ₹ 10/- EACH (in ₹)**	31	**22.94**	26.00
	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

Mukesh Jain
Partner

Mumbai, 22nd April, 2016

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, 22nd April, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

		₹ in Lakhs	2014-15 ₹ in Lakhs
A.	**Cash Flow from Operating activities**		
	Profit before tax	**8371.75**	9414.00
	Adjustments for:		
	Unclaimed credit balances written back	**(17.53)**	(1.34)
	Interest income	**(29.81)**	(53.04)
	Finance costs	**0.62**	—
	Depreciation and amortisation expenses	**119.26**	111.27
	Provision for Debts	**—**	1.88
	Operating profit before working capital changes	**8444.29**	9472.77
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**(3781.00)**	2121.76
	Trade receivables	**2795.92**	(11108.86)
	Short-term loans and advances	**(527.22)**	304.30
	Long-term loans and advances	**(32.96)**	(11.26)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**(110.93)**	5203.56
	Other current liabilities	**(128.36)**	116.93
	Short-term provisions	**(0.32)**	0.77
	Long-term provisions	**1.32**	5.08
	Cash generated from operations	**6660.74**	6105.05
	Net income tax paid	**(2021.07)**	(2163.54)
	Net cash flow from Operating activities (A)	**4639.67**	3941.51
B.	**Cash Flow from Investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(390.90)**	(27.11)
	Proceeds from sale of fixed assets (Net)	**—**	0.78
	Bank balance not considered as cash and cash equivalent - placed/matured	**624.59**	(624.59)
	Interest received	**80.74**	2.11
	Net cash flow from / (used in) Investing activities (B)	**314.43**	(648.81)
C.	**Cash Flow from Financing activities**		
	Dividends paid	**(4146.30)**	(2764.20)
	Tax on dividend	**(869.07)**	(469.78)
	Finance costs	**(0.62)**	—
	Net cash flow from / (used in) Financing activities (C)	**(5015.99)**	(3233.98)
	Net increase/(decrease) in Cash and cash equivalents (A+B+C)	**(61.89)**	58.72
	Cash and cash equivalents at the beginning of the year	**84.00**	25.28
	Cash and cash equivalents at the end of the year (Refer Note 12)	**22.11**	84.00

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 22nd April, 2016

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, 22nd April, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. NATURE OF BUSINESS

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

1. (A) SIGNIFICANT ACCOUNTING POLICIES

(i) 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. 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.

(ii) 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. Management continually evaluates all of its estimates and judgements based on available information and its experience and believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(iii) REVENUE RECOGNITION

(a) Sales excludes sales tax and value added tax but includes excise duty.

(b) Revenue from sale of goods is recognised, net of trade discounts, when the significant risks and rewards of ownership are transferred to the buyer under the terms of contract.

(iv) 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.

Capital work-in-progress :

Fixed assets which are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(v) 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.

(vi) 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 such 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.

(vii) 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 present 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. Finished goods include appropriate proportion of overhead.

(viii) 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.

(ix) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the 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 highly 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. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

(x) 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.

(xi) LEASES

Finance Leases

Fixed assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the leased term at a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Operating lease expenses / income are recognised in the Statement of Profit and Loss on Straight Line Basis over the term of lease, representative of the time pattern of the user's benefit.

(xii) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance. The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

(xiii) CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(xiv) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xv) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(xvi) OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

2. SHARE CAPITAL

		Number of shares	₹ in Lakhs	Number of shares (As at 31-3-2015)	₹ in Lakhs (As at 31-3-2015)
(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	Number of shares held (As at 31-3-2015)	₹ in Lakhs (As at 31-3-2015)
Equity share of ₹ 10 each with voting rights				
Shares outstanding at the beginning of the year	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20
Shares outstanding at the end of the year	**2,76,42,000**	**2764.20**	2,76,42,000	2764.20

(iii) Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference shares (if issued).

(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	Number of shares held (As at 31-3-2015)	% holding in that class of shares (As at 31-3-2015)
Equity share of ₹ 10 each with voting rights - Voltas Limited	**2,76,42,000**	**100%**	2,76,42,000	100%

3. RESERVES AND SURPLUS

		₹ in Lakhs	₹ in Lakhs (As at 31-3-2015)
(a)	General reserve		
	Opening balance	**1325.00**	600.00
	Add: Transferred from surplus in Statement of Profit and Loss	**725.00**	725.00
	Closing balance	**2050.00**	1325.00
(b)	Surplus in Statement of Profit and Loss		
	Opening balance	**12677.84**	11212.05
	Add: Profit for the year	**6339.86**	7187.06
	Less: Proposed Dividend	**4146.30**	4146.30
	Less: Tax on dividend	**844.19**	844.19
	Less: Transferred to General reserve	**725.00**	725.00
	Less: Depreciation on transition to Schedule II of the Companies Act, 2013	—	5.78
	Closing balance	**13302.21**	12677.84
		15352.21	14002.84

4. LONG TERM PROVISIONS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Provision for employee benefits - gratuity [Refer Note 29 (b)]	**12.86**	**11.54**

5. OTHER CURRENT LIABILITIES

			As at 31-3-2015
		₹ in Lakhs	₹ in Lakhs
Other payables			
(i)	Statutory remittance (withholding taxes, VAT, etc.)	**115.55**	203.95
(ii)	Advances from customers	**5.00**	6.16
(iii)	Others	**1.63**	40.43
		122.18	250.54

6. SHORT TERM PROVISIONS

				As at 31-3-2015
			₹ in Lakhs	₹ in Lakhs
(a)	Provision for compensated absences		**2.47**	2.79
(b)	Others			
	(i)	Provision for tax [net of advance tax ₹ Nil (31st March, 2015 : ₹ 1925.01 lakhs)]	**—**	63.43
	(ii)	Provision for proposed equity dividend	**4146.30**	4146.30
	(iii)	Provision for dividend tax on proposed dividend	**844.19**	844.19
			4992.96	5056.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

7. FIXED ASSETS ₹ in Lakhs

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	Balance as at 1-4-2015	Additions	Disposals	**Balance as at 31-3-2016**	Balance as at 1-4 -2015	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	**Balance as at 31-3-2016**	**Balance as at 31-3-2016**	Balance as at 31-3-2015
A. Tangible Aassets										
(a) Land										
- Freehold	—	—	—	—	—	—	—	—	—	—
	—	*—*	*—*	*—*	*—*	*—*	*—*	*—*	*—*	*—*
- Leasehold	**256.26**	—	—	**256.26**	**22.59**	**2.81**	—	**25.40**	**230.86**	**233.67**
	256.26	*—*	*—*	*256.26*	*19.78*	*2.81*	*—*	*22.59*	*233.67*	*236.48*
(b) Buildings- Own use	**779.49**	**5.79**	—	**785.28**	**212.11**	**33.99**	—	**246.10**	**539.18**	**567.38**
	779.49	*—*	*—*	*779.49*	*172.83*	*39.28*	*—*	*212.11*	*567.38*	*606.66*
(c) Plant and Equipment	**1004.59**	**351.00**	—	**1355.59**	**521.55**	**63.76**	—	**585.31**	**770.28**	**483.04**
	982.76	*23.00*	*1.17*	*1004.59*	*465.72*	*56.28*	*0.45*	*521.55*	*483.04*	*517.04*
(d) Furniture and Fixtures	**67.82**	**10.93**	—	**78.75**	**42.37**	**7.70**	—	**50.07**	**28.68**	**25.45**
	67.82	*—*	*—*	*67.82*	*35.18*	*7.19*	*—*	*42.37*	*25.45*	*32.63*
(e) Vehicles	**26.96**	—	—	**26.96**	**21.00**	**0.91**	—	**21.91**	**5.05**	**5.96**
	26.96	*—*	*—*	*26.96*	*20.09*	*0.91*	*—*	*21.00*	*5.96*	*6.87*
(f) Office equipment	**65.10**	**2.78**	—	**67.88**	**52.59**	**5.23**	—	**57.82**	**10.06**	**12.51**
	62.11	*4.11*	*1.12*	*65.10*	*44.87*	*8.78*	*1.06*	*52.59*	*12.51*	*17.23*
Total	**2200.22**	**370.50**	—	**2570.72**	**872.21**	**114.40**	—	**986.61**	**1584.11**	**1328.01**
	2175.40	*27.11*	*2.29*	*2200.22*	*758.47*	*115.25*	*1.51*	*872.21*	*1328.01*	*1416.91*
B. Intangible Assets										
Computer software	**43.74**	—	—	**43.74**	**31.89**	**4.86**	—	**36.75**	**6.99**	**11.85**
	43.74	*—*	*—*	*43.74*	*27.03*	*4.86*	*—*	*31.89*	*11.85*	*16.71*
Total	**43.74**	—	—	**43.74**	**31.89**	**4.86**	—	**36.75**	**6.99**	**11.85**
	43.74	*—*	*—*	*43.74*	*27.03*	*4.86*	*—*	*31.89*	*11.85*	*16.71*
Grand Total	**2243.96**	**370.50**	—	**2614.46**	**904.10**	**119.26**	—	**1023.36**	**1591.10**	**1339.86**
	2219.14	*27.11*	*2.29*	*2243.96*	*785.50*	*120.11*	*1.51*	*904.10*	*1339.86*	*1433.62*

Figures in italics are for the Previous year.

An amount of ₹ NIL [31st March, 2015: ₹ 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.

8. LONG TERM LOANS AND ADVANCES

		₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
(a)	Security deposits		
	Unsecured, considered good	**47.34**	11.29
(b)	Capital advance	—	3.09
(c)	Advance income tax [net of provisions for tax ₹ 6181.59 lakhs (31st March, 2015 : ₹ 2408.92 lakhs)]		
	Unsecured, considered good	**234.72**	34.61
(d)	MAT credit entitlement - Unsecured, considered good	**765.86**	1025.01
(e)	Balances with government authorities		
	- Unsecured, considered good	**69.00**	69.00
	- Unsecured, considered doubtful	**47.15**	47.15
		1164.07	1190.15
	Less: Provision for VAT credit receivable	**47.15**	47.15
		1116.92	1143.00

9. OTHER NON CURRENT ASSETS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Fixed deposit (lien marked towards bank guarantee)	**—**	624.59

10. INVENTORIES

(At lower of cost and net realisable value)

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
(a) Raw materials [includes stock-in-transit ₹ Nil (31st March, 2015: ₹ 31.11 lakhs)]	**12929.35**	11208.64
(b) Finished goods	**5913.89**	3853.60
	18843.24	15062.24

11. TRADE RECEIVABLES

(Unsecured, considered good)

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**—**	—
Other Trade receivables	**15374.25**	18170.17
	15374.25	18170.17

12. CASH AND CASH EQUIVALENTS (as per AS 3 - Cash Flow Statements)

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Balance with Bank - current accounts	**22.11**	84.00

13. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
(a) Security deposits	**7.54**	13.79
(b) Prepaid expenses	**50.00**	30.43
(c) Indirect tax recoverable	**515.60**	5.48
(d) Advances to Suppliers	**3.78**	—
	576.92	49.70

14. OTHER CURRENT ASSETS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Interest accrued on deposit	**—**	50.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

15. REVENUE FROM OPERATIONS

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	Sale of products (Refer Note 25)	**110149.53**	115793.50
(b)	Other operating revenues (Unclaimed credit balances written back)	**17.53**	1.34
		110167.06	115794.84

16. OTHER INCOME

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	Interest Income (on fixed deposit with bank)	**29.19**	53.04
(b)	Interest on sundry advances, deposits, customers' balances etc.	**0.62**	—
(c)	Sale of scrap	**67.26**	63.52
(d)	Cash discount from suppliers	**96.54**	6.46
		193.61	123.02

17. (a) COST OF MATERIALS CONSUMED

		2014-15
	₹ in Lakhs	₹ in Lakhs
Opening stock	**11208.64**	12233.42
Add: Purchases	**101498.58**	100885.94
Less: Closing stock	**12929.35**	11208.64
Cost of materials consumed (Refer Note 23)	**99777.87**	101910.72

17. (b) CHANGES IN INVENTORIES OF FINISHED GOODS

		2014-15
	₹ in Lakhs	₹ in Lakhs
Inventories at the end of the period	**5913.89**	3853.60
Inventories at the beginning of the period	**3853.60**	4950.58
Net (increase) / decrease	**(2060.29)**	1096.98

18. EMPLOYEE BENEFITS EXPENSE

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	Salaries and wages	**399.63**	289.31
(b)	Contributions to provident and other funds	**10.12**	11.39
(c)	Staff welfare expenses	**32.24**	28.39
		441.99	329.09

19. FINANCE COSTS

	₹ in Lakhs	2014-15 ₹ in Lakhs
Interest expense - Others	**0.62**	—

20. OTHER EXPENSES

		₹ in Lakhs	2014-15 ₹ in Lakhs
(a)	Consumption of stores and spare parts	**167.27**	118.80
(b)	Outside service charges	**472.11**	435.00
(c)	Power and fuel	**90.48**	81.85
(d)	Rent (operating lease - cancellable)	**313.76**	192.89
(e)	Repairs and maintenance - Buildings	**13.10**	2.85
(f)	Repairs and maintenance - Machinery	**108.13**	76.71
(g)	Insurance	**54.21**	42.85
(h)	Rates and taxes	**0.24**	0.30
(i)	Travelling and conveyance	**21.18**	11.65
(j)	Printing and stationery	**11.67**	9.28
(k)	Freight and forwarding	**260.68**	219.03
(l)	Sales commission	**1589.18**	1455.22
(m)	Expenditure on Corporate Social Responsibility (Refer Note 33)	**198.29**	50.00
(n)	Legal and professional charges	**7.35**	5.15
(o)	Payments to auditors (Refer Note 27)	**50.59**	38.73
(p)	Provision for Bad and Doubtful Debts / Advances	**—**	1.88
(q)	Net loss on foreign currency transactions and translation (other than considered as finance cost)	**1.40**	—
(r)	Loss on fixed assets sold / scrapped / written off	**—**	0.06
(s)	Miscellaneous expenses	**349.83**	313.55
		3709.47	3055.80

21. CONTINGENT LIABILITIES

	₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
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**	73.07
	686.17	2141.17

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

22. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1.17 lakhs (31st March, 2015: ₹ 322.32 lakhs). Advance paid against such contracts: ₹ Nil (31st March, 2015: ₹ 3.09 lakhs).

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

Items	Unit of Measurement	Quantity	₹ in Lakhs
Compressors	**Numbers**	**540,144**	**24737.59**
	Numbers	*571,268*	*27773.14*
Fan Coil Unit	**Numbers**	**562,983**	**31953.83**
	Numbers	*590,667*	*33088.94*
Kits	**Numbers**	**584,430**	**37266.09**
	Numbers	*579,058*	*37210.79*
Others		**(*)**	**5820.36**
		(*)	*3837.85*
			99777.87
			101910.72

(*) 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.

(b) Details of consumption of Imported and Indigenous items

	Raw Material ₹ in Lakhs	Components ₹ in Lakhs	Value ₹ in Lakhs	% to Total Consumption
Imported	**—**	**—**	**—**	**—**
	—	—	—	—
Indigenous	**—**	**99777.87**	**99777.87**	**100.00**
	0.13	*101910.59*	*101910.72*	*100.00*
	—	**99777.87**	**99777.87**	**100.00**
	0.13	*101910.59*	*101910.72*	*100.00*

Figures in italics are for the Previous year.

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

	Actual Production	2014-15 Actual Production
Room air conditioners (Numbers)	**583274**	578619

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 Stock

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	**569834**	**104695.58**	**17107**	**3853.60**	**30547**	**5913.89**
		588525	*110605.81*	*27013*	*4950.58*	*17107*	*3853.60*
Others (Components)			**5453.95**	—	—	—	—
			5187.69	—	—	—	—
Total			**110149.53**	—	—	—	—
			115793.50	—	—	—	—

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

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	To Statutory Auditor for		
	- Audit Fees	**19.59**	14.75
	- Tax Audit Fees	**4.78**	4.25
	- Taxation Matters	**7.40**	6.01
	- Other Services	**10.11**	8.99
	- Reimbursement of Expenses	**0.08**	0.48
(b)	To Secretarial Auditor for Audit Fees	**0.75**	—
(c)	To Cost Auditor for Cost Audit Fees	**1.50**	—
(d)	Service tax on above (a) to (c)	**6.38**	4.25
		50.59	38.73

28. Related Party Disclosure

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

Nature of transactions		2014-15
	₹ in Lakhs	₹ in Lakhs
Purchase of goods	**54303.48**	59103.57
Sale of goods	**88960.85**	97820.92
Purchase of fixed assets	**—**	2.81
Sale of fixed assets	**—**	0.83
Reimbursement of Staff Cost [(includes ₹ 51.04 lakhs (previous year: ₹ 41.67 lakhs) related to Key Management Personnel)]	**174.90**	130.83
Rent Paid	**5.13**	4.10
Dividend Paid	**4146.30**	2764.20
Sales Commission paid	**1589.18**	1455.22
Related Party Balances		
Net Receivable from Voltas Limited at the year end (Holding Company)	**15372.12**	18134.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

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

		2014-15
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**8.26**	6.22

(b) Defined benefit plan for un-funded gratuity as per actuarial valuation on 31st March, 2016. 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.

		2014-15
	₹ in Lakhs	₹ in Lakhs
A. Assumptions		
Discount Rate	**8.01%**	7.96%
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

		2014-15
	₹ in Lakhs	₹ in Lakhs
B. Table showing change in Benefit Obligation		
Liability at the beginning of the year	**11.54**	6.38
Interest Cost	**0.92**	0.59
Current Service Cost	**2.26**	1.52
Past Service Cost (Non Vested Benefit)	**—**	—
Past Service Cost (Vested Benefit)	**—**	—
Benefit Paid	**(0.53)**	—
Actuarial (Gain)/Loss on obligations	**(1.33)**	3.05
Liability at the end of the year	**12.86**	11.54

		2014-15
	₹ in Lakhs	₹ in Lakhs
C. Amount Recognised in Income Statement		
Current Service Cost	**2.26**	1.52
Interest Cost	**0.92**	0.59
Expected Return on Plan Asset		
Net Actuarial (Gain)/Loss to be Recognised	**(1.33)**	3.05
Past Service Cost (Non Vested Benefit) Recognised	**—**	—
Past Service Cost (Vested Benefit) Recognised	**—**	—
Expenses Recognised in Statement of Profit and Loss	**1.85**	5.16

		2014-15
	₹ in Lakhs	₹ in Lakhs
D. Balance Sheet Reconciliation		
Opening Net Liability	**11.54**	6.38
Expenses as above	**1.85**	5.16
Employer's Contribution	**(0.53)**	—
Amount Recognised in Balance Sheet	**12.86**	11.54

E. Experience Adjustment		2014-15	2013-14	2012-13	2011-12
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Present value of defined benefit obligation	**12.86**	11.54	6.38	5.61	3.56
Plan Assets	**—**	—	—	—	—
Surplus/(Deficit)	**(12.86)**	(11.54)	(6.38)	(5.61)	(3.56)
On Plan Liability (Gain)/Loss	**(1.23)**	0.85	(0.02)	0.27	0.17
On Plan Asset (Gain)/Loss	**—**	—	—	—	—

F. 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.

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 obligation.

30. Deferred Taxes

As per Accounting Standard 22 on "Accounting for taxes on income" as prescribed under Section 133 of the Companies Act, 2013, the Company has recognised deferred tax Liability of ₹ 178.49 lakhs (31st March, 2015: ₹ 188.16 lakhs) for the year as indicated below.

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

		As at 31-3-2015
Deferred Tax Liability	**₹ in Lakhs**	₹ in Lakhs
Depreciation	**225.79**	234.95
Total (A)	**225.79**	234.95
Deferred Tax Assets		
Employee Benefits	**5.99**	3.99
Statutory Liability	**41.31**	42.80
Total (B)	**47.30**	46.79
Net Deferred Tax Liability/(Asset) (A-B)	**178.49**	188.16

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

31. Earnings Per Share

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Profit After Tax (₹ in lakhs)	**6339.86**	7187.06
Number of Equity Shares	**2,76,42,000**	2,76,42,000
Basic and Diluted Earnings per Share of ₹ 10 each (₹)	**22.94**	26.00

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

			As at 31-3-2015
		₹ in Lakhs	₹ in Lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**15.43**	58.70
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	**—**	—
(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.	**—**	—
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year.	**—**	—
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	**—**	—

33. Corporate Social Responsibility (CSR) Expenses

Amount required to be spent by the Company during the year on CSR was ₹ 138.14 lakhs (₹ 97 lakhs required to be spent in Financial Year 2014-15) of which the Company has spent, ₹ 198.29 lakhs (including ₹ 50 lakhs required to be spent for Financial Year 2014-15). The Company has spent the following amounts during the year :

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
- Health	**150.00**	50.00
- Education	**29.15**	—
- Vocational Skill	**19.14**	—
	198.29	50.00

34. 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

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

Mumbai, 22nd April, 2016

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

P. N. Dhume *(Chairman)*
Anil George
M. Gopi Krishna
Debendranath Sarangi
S. V. Phene

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirty-Third Annual Report and Audited Financial Statements for the year ended 31st March, 2016.

1. **Financial Results:**

₹ in crores

	2015-16	2014-15
Revenue from operations	**111**	53
Other income	**2**	1
Total Expenses	**117**	83
Loss before Tax	**4**	29
Tax expense	—	—
Loss after Tax	**4**	29

The Company has recorded higher revenue of ₹ 111 crores for the year ended 31st March, 2016 as compared to ₹ 53 crores, last year. Loss for the current year was lower at ₹ 4 crores as compared to ₹ 29 crores in the previous year. However, due to delay in booking and billing on new orders, slow pace of execution of existing orders for MP rural electrification projects, on account of non-availability of BIS Transformers and de-scope of some projects, the turnover for 2015-16 was lower than the budget. In view of increased focus by the Government on rural electrification, the Company has targeted to book new orders aggregating ₹ 200 crores on such projects.

2. **Reserves:**

In view of the loss situation, no amount is transferred to General Reserve.

3. **Dividend:**

The Directors do not recommend any dividend on equity and/or preference shares for the financial year 2015-16.

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, 2016 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 the Company had incurred losses during the 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 required.

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

During the year under review, 5 Board Meetings were held on 30th April, 2015; 24th July, 2015; 23rd October, 2015; 22nd January, 2016 and 11th March, 2016.

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

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

During the year under review, Mr. Jayant Balan ceased to be Director of the Company with effect from 12th March, 2016. The Directors place on record their sincere appreciation of the valuable advice and guidance given by Mr. Jayant Balan during his tenure as Director of the Company.

Mr. Sanjay Anand Naik was appointed as the Chief Financial Officer and KMP of the Company in place of Mr. Ajay Goswami effective 1st November, 2015.

The Directors have, at the Board Meeting held on 3rd May, 2016, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Indranil Chakraborty as 'Manager' and Key Managerial Person (KMP) of the Company effective 1st August, 2016 for a period of three years, subject to approval of shareholders at the ensuing Thirty-Third Annual General Meeting of the Company. The tenure of Mr. M. Valsaraj, the existing Manager and KMP is valid upto 31st July, 2016.

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:**

Audit Committee comprises Mr. Anil George (Non-Executive Director), Mr. Debendranath Sarangi and Mr. S. V. Phene (Independent Directors). Mr. Anil George is the Chairman of Audit Committee. The Board has accepted the recommendations made by the Audit Committee, from time to time.

13. **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee (NRC) comprises Mr. Anil George, Mr. Debendranath Sarangi and Mr. S. V. Phene. Mr. Anil George is the Chairman of NRC.

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 the criteria for evaluation of individual Directors, the Board, as a whole and Committees.

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:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors.

The performance of the Board, Committees and individual Directors was evaluated by seeking inputs from all Directors based on certain parameters such as: degree of fulfillment of key responsibilities; Board/Committee structure and composition; establishment and delineation of responsibilities to various Committees; effectiveness of Board processes, information and functioning; Board/Committee culture and dynamics and quality of relationship between the Board/Committees and the Management. The Directors made a Self Assessment in terms of attendance, contribution at Meetings and guidance/support extended to the Management outside Board/ Committee Meetings. The feedback received from the Directors was discussed and reviewed by the Independent Directors (ID) at their annual separate ID Meeting during which, the Independent Directors evaluated the performance of Non-Executive Directors, Board as a whole and the Chairman of the Company. The performance of Directors, the Board as a whole and various Committees was also reviewed and deliberated at the Board Meeting on 3rd May, 2016.

16. Statutory Auditors:

At the 32nd Annual General Meeting (AGM) held on 31st July, 2015, the shareholders had approved the appointment of M/s. Deloitte Haskins & Sells, Baroda (DHS), as Statutory Auditors of the Company to audit the accounts of the Company for two consecutive financial years (2015-16 and 2016-17), subject to ratification at every AGM. The approval of members' is being sought for ratification of appointment of DHS as Statutory Auditors from the conclusion of 33rd AGM till the conclusion of the 34th AGM to be held in 2017, to examine and audit the accounts of the Company for the financial year 2016-17. Their 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 2015-16. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed. Their 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 Directors' 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 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 2015-16, 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 2015-16 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 II.

25. Directors' Responsibility Statement:

Based on the compliance systems established and maintained by the Company, work performed by Internal, Statutory and Secretarial auditors, including audit of internal financial controls over financial reporting by Statutory Auditors, the reviews performed by Management / Audit Committee and the representations received from the Operating Management, the Board, pursuant to Section 134(5) of the Companies Act, 2013 confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2016, 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 item of Special Business in the Notice of Thirty-Third AGM, the Resolution incorporated in the Notice and the Explanatory Statement annexed thereto fully indicate the reason for seeking the approval of the shareholders to the proposal. Attention of the shareholders is drawn to this Resolution.

On behalf of the Board of Directors

P. N. Dhume
Chairman

Mumbai, 3rd May, 2016

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

[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 28500835, 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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	—	—	—	—	—	—	—	—	—
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Government(s)	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	18,25,775	7	18,25,782	100	18,25,775	7	18,25,782	100	—
(e) Banks / FIs	—	—	—	—	—	—	—	—	—
(f) Any Other	—	—	—	—	—	—	—	—	—
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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% 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 / 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 Corporate	—	—	—	—	—	—	—	—	—
(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)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	—	—	—	—	—	—	—	—	—
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Government(s)	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	—	62,00,000	62,00,000	100	—	62,00,000	62,00,000	100	—
(e) Banks / FIs	—	—	—	—	—	—	—	—	—
(f) Any Other	—	—	—	—	—	—	—	—	—
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 Corporate	—	—	—	—	—	—	—	—	—
(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)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
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 1-4-2015)			Shareholding at the end of the year (As on 31-3-2016)			% 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 Share 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 1-4-2015 and 31-3-2016			
2.	Date wise Increase / Decrease in Promoters Shareholding 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 1-4-2015)					
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
5.	Debendranath Sarangi	0	0	0	0
6.	S. V. Phene	0	0	0	0
Key Managerial Personnel					
1.	M. Valsaraj (Manager)	0	0	0	0
2.	Vishal Totla (Company Secretary)	0	0	0	0
3.	Ajay Goswami (CFO)	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			
At the end of the year (as on 31-3-2016)					
1.	Anil George			1*	0
2.	P. N. Dhume			0	0
3.	M. Gopi Krishna			1*	0
4.	Debendranath Sarangi			0	0
5.	S. V. Phene			0	0
Key Managerial Personnel					
1.	M. Valsaraj (Manager)			0	0
2.	Vishal Totla (Company Secretary)			0	0
3.	Ajay Goswami (CFO upto 31st October, 2015)			0	0
4.	Sanjay Anand Naik (CFO w.e.f. 1st November, 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	39.24	25.00	—	64.24
(ii) Interest due but not paid	—	10.33	—	10.33
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**39.24**	**35.33**	—	**74.57**
Change in Indebtedness during the financial year				
- Addition	4.07	2.25	—	6.32
- Reduction	—	—	—	-
Net Change	4.07	2.25	—	6.32
Indebtedness at the end of the financial year			—	
(i) Principal Amount	43.31	25.00	—	68.31
(ii) Interest due but not paid	—	12.58	—	12.58
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**43.31**	**37.58**	—	**80.89**

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	16.54
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.25
	(c) Profits in lieu of salary u/s 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 Fund – Medical (exempt)	0.58 0.15
	Total (A)	17.52
	Ceiling as per the Act	30.00

B. Remuneration to other Directors: Sitting fees is paid to Independent Directors - Mr. Debendranath Sarangi (₹ 2.18 lakhs) and Mr. S. V. Phene (₹ 1.78 lakhs).

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 (upto 31-10-2015)	**Sanjay Anand Naik CFO (w.e.f 1-11-2015)**	**Mr. Vishal Totla Company Secretary**	**Total Amount**
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	21.02	6.35	8.65	36.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.27	Nil	Nil	0.27
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify – Provident Fund and Superannuation – Medical (exempt)	 1.31 0.09	 0.31 0.06	 0.32 0.15	 1.94 0.30
	Total	22.69	6.72	9.12	38.53

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:**

   The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2015-16.

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 the financial statements for the year ended 31st March, 2016.

   (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 the financial statements for the year ended 31st March, 2016.

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

   Not applicable, since the transactions are 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

P. N. Dhume
Chairman

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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, 2016 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, 2016 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, 2015;

   (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 & Rules.
20. Micro, Small and 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) SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015: **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 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 during the audit period, no specific events/ actions took place that have a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

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

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

Mumbai, 22nd April, 2016

Date: 22nd April, 2016

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, Standard 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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 prescribed under Section 133 of the Act, as applicable.

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 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 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 and the Order under Section 143(11) of the Act.

We conducted our audit of the financial statements 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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. 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, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

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

(a) Note 31 in the financial statements indicates that, the Company has accumulated losses and its net worth has been fully eroded, as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 prescribed under Section 133 of the Act, as applicable.

   (e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   (f) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (h) 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Mukesh Jain
Partner

Mumbai, 3rd May, 2016 (Membership No. 108262)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ROHINI INDUSTRIAL ELECTRICALS LIMITED** (the "Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Mukesh Jain
Partner
Membership No.108262

Mumbai, 3rd May, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO, 2016 is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO, 2016 is not applicable.

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

(vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under Section 148(1) 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, Service Tax, 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, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2016 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 (₹ in Lakhs)	Period to which the Amount Relates	Due Date	Date of subsequent payment
Sales Tax	WCT	1.76	2011-12, 2012-13, 2013-14	Various due dates	Unpaid

(c) Details of dues of Sales Tax, Service Tax and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Sales Tax	CST, VAT, WCT, Trade Tax and Entry Tax (including penalty and interest)	Appellate Tribunal	2005-06, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13	570.86	414.08
		Joint Commissioner (Appeals)	2006-07, 2007-08, 2008-09	38.28	34.28
		Deputy Commissioner (Appeals)	2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2012-13, 2013-14	1189.70	995.88
		Assessing Authority	2005-06, 2006-07, 2009-10	51.43	50.33

There are no dues of Income-tax, Customs Duty and Excise Duty as on 31st March, 2016 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO, 2016 is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO, 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO, 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

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

Mukesh Jain
Partner
Membership No.108262

Mumbai, 3rd May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	2	**6382.58**	6382.58
(b) Reserves and surplus	3	**(7715.47)**	(7277.21)
		(1332.89)	(894.63)
2. NON-CURRENT LIABILITIES			
(a) Long-term borrowings	4	**2500.00**	2500.00
(b) Other long-term liabilities	5	**309.96**	273.69
(c) Long-term provisions	6	**10.88**	10.85
		2820.84	2784.54
3. CURRENT LIABILITIES			
(a) Short-term borrowings	7	**4331.61**	4051.73
(b) Trade payables			
(i) total outstanding dues of micro and small enterprises	8	**62.85**	31.89
(ii) total outstanding dues of creditors other than micro and small enterprises		**5312.37**	3427.83
(c) Other current liabilities			
(d) Short-term provisions	9	**2933.12**	3507.72
	10	**25.88**	15.83
		12665.83	11035.00
	Total	**14153.78**	12924.91
B. ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	11 (A)	**67.55**	58.00
(ii) Intangible assets	11 (B)	**2.69**	8.98
		70.24	66.98
(b) Long-term loans and advances	12	**579.61**	335.72
(c) Other non-current assets	13	**614.11**	832.57
		1193.72	1168.29
2. CURRENT ASSETS			
(a) Inventories	14	**653.28**	272.09
(b) Trade receivables	15	**8158.87**	4747.00
(c) Cash and cash equivalents	16	**9.50**	107.80
(d) Short-term loans and advances	17	**721.04**	764.86
(e) Other current assets	18	**3347.13**	5797.89
		12889.82	11689.64
	Total	**14153.78**	12924.91
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

Mukesh Jain
Partner

Mumbai, 3rd May, 2016

For and on behalf of the Board of Directors

Chairman **P. N. Dhume**
Director **Anil George**
Director **M. Gopi Krishna**
Manager **Madathil Valsaraj**
Chief Financial Officer **Sanjay Naik**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

		Note	₹ in Lakhs	2014-15 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	19	**11131.19**	5332.79
2.	**OTHER INCOME**	20	**203.99**	113.26
3.	**TOTAL REVENUE (1 + 2)**		**11335.18**	5446.05
4.	**EXPENSES**			
	(a) Cost of sales - Traded goods	21 (A)	—	108.82
	(b) Cost of sales, services	21 (B)	**9490.91**	4733.76
	(c) Employee benefits expense	22	**431.72**	448.51
	(d) Finance costs	23	**753.17**	805.37
	(e) Depreciation and amortization expense	11	**20.33**	35.63
	(f) Other expenses	24	**1077.31**	2186.08
	TOTAL EXPENSES		**11773.44**	8318.17
5.	**LOSS BEFORE TAX (3 - 4)**		**(438.26)**	(2872.12)
6.	**TAX EXPENSE**			
	Current tax		—	—
7.	**LOSS AFTER TAX (5 - 6)**		**(438.26)**	(2872.12)
8.	**EARNINGS PER EQUITY SHARE OF ₹ 10/- EACH**	30		
	Basic and Diluted (in ₹)		**(24.11)**	(157.38)
	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

Mukesh Jain
Partner

Mumbai, 3rd May, 2016

For and on behalf of the Board of Directors

Chairman **P. N. Dhume**
Director **Anil George**
Director **M. Gopi Krishna**
Manager **Madathil Valsaraj**
Chief Financial Officer **Sanjay Naik**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

				2014-15
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
A.	**Cash flow from operating activities**			
	Net Loss before extraordinary items and tax		**(438.26)**	(2872.12)
	Adjustments for:			
	Depreciation and amortization	**20.33**		35.63
	Loss on sale / write off of assets	**0.62**		—
	Finance costs	**753.17**		805.37
	Interest income	**(0.48)**		(0.39)
	Bad and Doubtful Debts / Advances	**(42.71)**		1294.72
			730.93	2135.33
	Operating Profit/(Loss) before Working Capital changes		**292.67**	(736.79)
	Changes in Working Capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Inventories	**(381.19)**		(67.90)
	Trade receivables	**(3357.21)**		1946.22
	Short-term loans and advances	**43.82**		(172.34)
	Long-term loans and advances	**(191.98)**		(13.62)
	Other current assets	**2450.76**		1371.02
	Other non-current assets	**218.46**		298.40
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade payables	**1915.50**		(614.01)
	Other current liabilities	**(799.60)**		(1964.71)
	Other long-term liabilities	**(91.30)**		229.66
	Long-term Provision	**0.02**		4.79
	Short-term Provision	**10.05**		2.84
			(182.67)	1020.35
	Cash generated from operations		**110.00**	283.56
	Net income tax (paid) / refunds		**(63.86)**	(35.43)
	Net cash flow from / (used in) Operating Activities (A)		**46.14**	248.13
B.	**Cash flow from Investing Activities**			
	Capital expenditure on fixed assets, including capital advances		**(24.20)**	(39.10)
	Proceeds from sale of fixed assets		**—**	—
	Proceeds from/ (Investment in) Fixed deposit		**4.36**	2.64
	Interest Income		**0.48**	0.39
	Net cash flow from / (used in) Investing Activities (B)		**(19.36)**	(36.07)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

				2014-15
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
C.	**Cash flow from Financing Activities**			
	Net increase / (decrease) in working capital borrowings		**407.45**	466.18
	Proceeds from other Long-term borrowings		**—**	—
	Proceeds from other Short-term borrowings		**—**	—
	Finance cost		**(528.17)**	(580.37)
	Net cash flow from / (used in) Financing Activities (C)		**(120.72)**	(114.19)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(93.94)**	97.87
	Cash and cash equivalents at the beginning of the year		**103.44**	5.57
	Cash and cash equivalents at the end of the year		**9.50**	103.44
	Reconciliation of Cash and cash equivalents with the Balance Sheet:			
	Cash and cash equivalents as per Balance Sheet (Refer Note 16)		**9.50**	107.80
	Less: Bank balances not considered as Cash and cash equivalents Balances held as margin money (Refer Note (ii) below)		**—**	4.36
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16		**9.50**	103.44

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

Mukesh Jain
Partner

Mumbai, 3rd May, 2016

For and on behalf of the Board of Directors

Chairman	**P. N. Dhume**
Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Sanjay Naik**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. (i) NATURE OF BUSINESS

Rohini Industrial Electricals Limited is a subsidiary of Voltas Limited. 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. 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.

(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 year. Some of the estimations require higher degrees of judgement to be applied than others. 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 recognized in the periods in which the results are known / materialise.

(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 recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized.

(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 amortized 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 recognized 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, 2016 (contd.)

(h) REVENUE RECOGNITION

(i) Sales

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

(ii) Contract Revenue

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs based on current technical data. For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognised as an expense 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 recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

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 Company's 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 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 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 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.

(iii) 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.

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

(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 31-3-2015 Number	As at 31-3-2015 ₹ 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
	1,12,00,000	**6700.00**	1,12,00,000	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
	80,25,782	**6382.58**	80,25,782	6382.58

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled 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 31-3-2015 Number	As at 31-3-2015 ₹ in Lakhs
Equity Shares :				
Shares outstanding at the beginning of the year and 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 and at the end of the year	**62,00,000**	**6200.00**	62,00,000	6200.00

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

Name of Shareholder	**No. of Shares held**	% of Holding	As at 31-3-2015 No. of Shares held	As at 31-3-2015 % of Holding
Equity Shares:				
Voltas Limited (Holding Company)	**18,25,782**	**100%**	18,25,782	100%
Preference Shares:				
Voltas Limited (Holding Company)	**62,00,000**	**100%**	62,00,000	100%

3. RESERVES AND SURPLUS

	₹ in Lakhs	As at 31-3-2015 ₹ 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	**(9823.40)**	(6944.61)
Add: Depreciation adjustment on transition to Schedule II of the Companies Act, 2013 (Refer Note 25)	—	(6.67)
Add: Loss for the year	**(438.26)**	(2872.12)
Closing balance	**(10261.66)**	(9823.40)
	(7715.47)	(7277.21)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

4. LONG-TERM BORROWINGS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Loans and advances from related parties [Refer Note 29(b)]		
Unsecured :		
Voltas Limited (Holding Company)	**2500.00**	2500.00
	2500.00	2500.00

5. OTHER LONG-TERM LIABILITIES

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Trade Payables [Refer Note 29(b)]	**309.96**	273.69
(Retention on account of goods purchased and services received)		
	309.96	273.69

6. LONG-TERM PROVISIONS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Provision for employee benefits		
Provision for gratuity [Refer Note 28(b)]	**10.88**	10.85
	10.88	10.85

7. SHORT-TERM BORROWINGS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
(a) Loans repayable on demand		
From banks		
Secured	**4331.61**	3924.16
[Secured by first charge on all fixed assets and current assets (Present and 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	**—**	127.57
(Interest Free) [Refer Note 15(a)]		
	4331.61	4051.73

8. TRADE PAYABLES

			As at 31-3-2015
		₹ in Lakhs	₹ in Lakhs
Trade Payables [Refer Note 29(b)]			
(i)	Total outstanding dues of micro and small enterprises [Refer Note 8(i)]	**62.85**	31.89
(ii)	Total outstanding dues of creditors other than micro and small enterprises [includes acceptances of ₹1450.89 lakhs (31-03-2015: ₹ 716.81 lakhs)]	**5312.37**	3427.83
		5375.22	3459.72

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

			As at 31-3-2015
		₹ in Lakhs	₹ in Lakhs
(a)	Principal amount remaining unpaid to any supplier	**27.71**	10.82
(b)	Interest on (a) above	**8.14**	3.36
(c)	The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2015-16	**—**	—
(d)	Amount of interest due and payable on delayed payments	**1.00**	1.01
(e)	Amount of further interest remaining due and payable for the earlier years	**26.00**	16.70
(f)	Total outstanding dues to Micro, Small and Medium Enterprises		
	(i) Principal	**27.71**	10.82
	(ii) Interest	**35.14**	21.07

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 31-3-2015
		₹ in Lakhs	₹ in Lakhs
(a)	Interest accrued and due on borrowings (Refer Note 29(b))	**1257.70**	1032.70
(b)	Other payables		
	(i) Statutory obligations	**146.60**	355.30
	(ii) Advances from customers [Refer Note 29(b)]	**1528.82**	1993.51
	(iii) Others : Billing in Excess of contract revenue	**—**	126.21
		2933.12	3507.72

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

10. SHORT-TERM PROVISIONS

		₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
(a)	Provision for employee benefits		
	- Provision for compensated absences	**13.66**	15.83
(b)	Provision for Contingency on Indirect Tax matters	**12.22**	—
		25.88	15.83

Footnote: Details of movement in provisions

While denying liabilities, on an evaluation of each of its disputed claims, the Company holds an overall provision for contingency in respect of certain indirect tax matters in dispute which, as at the year-end, aggregates ₹ 12.22 lakhs (previous year : ₹ Nil). The movement during the year is as under:

	₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
Opening Balance	**—**	—
Additions	**12.22**	—
Utilisation	**—**	—
Reversed	**—**	—
Closing balance	**12.22**	—

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, 2015	Additions	Deductions	**As at 31 March, 2016**	Up to 31 March, 2015	For the Year	On Deductions	**Up to 31 March, 2016**	**As at 31 March, 2016**
				(1+2-3)				**(5+6-7)**	**(4-8)**
	(1)	(2)	(3)	**(4)**	(5)	(6)	(7)	**(8)**	**(9)**
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**
A. Tangible Assets:									
1. Plant & Machinery	**80.80**	**15.36**	**1.10**	**95.06**	**41.62**	**5.67**	**1.10**	**46.19**	**48.87**
	41.70	*39.10*	—	*80.80*	*35.84*	*5.78*	—	*41.62*	*39.18*
2. Furniture & Fittings	**33.24**	**4.48**	**0.61**	**37.11**	**29.80**	**4.56**	**0.61**	**33.75**	**3.36**
	33.24	—	—	*33.24*	*27.14*	*2.66*	—	*29.80*	*3.44*
3. Vehicles	**63.92**	**—**	**0.77**	**63.15**	**56.92**	**1.93**	**0.59**	**58.26**	**4.89**
	63.92	—	—	*63.92*	*53.12*	*3.78*	—	*56.90*	*7.02*
4. Computers & Accessories	**57.21**	**4.04**	**0.70**	**60.55**	**54.81**	**0.26**	**0.69**	**54.38**	**6.17**
	57.21	—	—	*57.21*	*52.60*	*2.24*	—	*54.84*	*2.37*
5. Office Equipments	**33.22**	**0.33**	**1.58**	**31.97**	**27.24**	**1.62**	**1.15**	**27.71**	**4.26**
	33.22	—	—	*33.22*	*17.30*	*9.93*	—	*27.23*	*5.99*
	268.39	**24.21**	**4.76**	**287.84**	**210.39**	**14.04**	**4.14**	**220.29**	**67.55**
	229.29	*39.10*	—	*268.39*	*186.00*	*24.39*	—	*210.39*	*58.00*
B. Intangible Assets:									
Software	**63.89**	**—**	**—**	**63.89**	**54.91**	**6.29**	**—**	**61.20**	**2.69**
	63.89	—	—	*63.89*	*37.01*	*17.90*	—	*54.91*	*8.98*
Total (A+B)	**332.28**	**24.21**	**4.76**	**351.73**	**265.30**	**20.33**	**4.14**	**281.49**	**70.24**
	293.18	*39.10*	—	*332.28*	*223.01*	*42.29*	—	*265.30*	*66.98*
									70.24

Note: From 'For the year' Deprecation figure of ₹ 42.29 lakhs of previous year, an amount of ₹ 6.67 lakhs is adjusted against the opening balance in the Statement of Profit and Loss of previous year under Reserves and Surplus in line with the provisions of Schedule II of the Companies Act, 2013.

Figures in italics are for the Previous year.

12. LONG-TERM LOANS AND ADVANCES

		₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
(a)	Advance income tax	**203.17**	139.31
(b)	Other loans and advances		
	Balance with Government authorities (Appeal Deposit for Sales Tax)	**369.24**	189.21
(c)	Security deposits		
	Unsecured, considered good	**7.20**	7.20
	Unsecured, considered doubtful	**13.13**	13.13
		20.33	20.33
	Less: Provision for doubtful advances/deposits	**13.13**	13.13
		7.20	7.20
(d)	Loans and advances to employees		
	Unsecured, considered doubtful	**31.26**	31.70
	Less: Provision for doubtful advances/ deposits	**31.26**	31.70
		—	—
(e)	Others		
	(i) Other Deposits		
	Unsecured, considered doubtful	**44.04**	51.18
	Less: Provision for doubtful advances/deposits	**44.04**	51.18
		—	—
	(ii) Advances to Suppliers		
	Unsecured, considered doubtful	**84.18**	64.65
	Less: Provision for doubtful advances/deposits	**84.18**	64.65
		579.61	335.72

13. OTHER NON-CURRENT ASSETS

	₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
Retention Money [Refer Note 29(b)] (Unsecured, considered good)	**614.11**	832.57
	614.11	832.57

14. INVENTORIES

(At lower of cost and net realisable value)

		₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
(a)	Work-in-progress	**653.28**	145.83
(b)	Stock-in-trade	**—**	126.26
		653.28	272.09

15. TRADE RECEIVABLES

		₹ in Lakhs	As at 31-3-2015 ₹ in Lakhs
(a)	Trade receivables outstanding for a period exceeding six months		
	Secured, considered good #	**—**	127.57
	Unsecured, considered good*	**3087.79**	3090.22
	Unsecured, considered doubtful	**2499.39**	2554.05
		5587.18	5771.84
	Less: Provision for doubtful trade receivables	**2499.39**	2554.05
		3087.79	3217.79
(b)	Other Trade receivables		
	Unsecured, considered good*	**5071.08**	1529.21
		8158.87	4747.00

*Refer Note 29(b)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

16. CASH AND CASH EQUIVALENTS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
(a) Cash and Cash equivalents		
Balances with bank - Current account	**9.50**	103.44
(b) Other Bank Balances		
Margin money with Bank	**—**	4.36
	9.50	107.80

17. SHORT-TERM LOANS AND ADVANCES

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
(a) Loans and advances to employees		
Unsecured, considered good	**24.67**	17.61
(b) Prepaid expenses		
Unsecured, considered good	**41.96**	42.78
(c) Balances with Government authorities		
Unsecured, considered good		
Indirect Taxes recoverable	**587.35**	475.44
(d) Interest accrued	**3.75**	8.40
(e) Others		
(i) Other Deposits		
Unsecured, considered good	**5.55**	6.30
(ii) Advances to Suppliers		
Unsecured, considered good	**57.76**	214.33
	721.04	764.86

18. OTHER CURRENT ASSETS

		As at 31-3-2015
	₹ in Lakhs	₹ in Lakhs
Unbilled Revenue	**3309.63**	5797.89
Others	**37.50**	—
	3347.13	5797.89

19. REVENUE FROM OPERATIONS

		2014-15
	₹ in Lakhs	₹ in Lakhs
(a) Sale of traded products [Refer Note 32(a)]	**—**	9.70
(b) Contract revenue [Refer Note 32(b)]	**11129.12**	5229.80
(c) Other operating income		
- Sale of scrap	**2.07**	—
- Liabilities / provisions no longer required written back (Trade payables / Advances from customers)	**—**	93.29
	11131.19	5332.79

20. OTHER INCOME

		₹ in Lakhs	2014-15 ₹ in Lakhs
(a)	Interest income		
	- On deposits with banks	**0.48**	0.39
	- On Income-tax refunds	**1.31**	0.81
	- Other Interest income	**26.07**	1.06
(b)	Other non-operating miscellaneous income	**176.13**	111.00
		203.99	113.26

21. (A) COST OF SALES - TRADED GOODS

		₹ in Lakhs	2014-15 ₹ in Lakhs
(a)	Opening stock of finished goods	**126.26**	171.42
(b)	Purchases [Refer Note 32(a)]	**—**	63.66
(c)	Less: Transferred to Work-in-progress	**126.26**	—
(d)	Closing stock of finished goods	**—**	126.26
		—	108.82

21. (B) COST OF SALES, SERVICES

		₹ in Lakhs	2014-15 ₹ in Lakhs
(a)	Opening Work-in-progress	**145.83**	32.81
(b)	Purchases and cost of jobs [Refer Note 32(b)]	**9872.10**	4846.78
(c)	Transferred from Stock-in-trade	**126.26**	—
(d)	Closing Work-in-progress	**653.28**	145.83
		9490.91	4733.76

22. EMPLOYEE BENEFITS EXPENSE

		₹ in Lakhs	2014-15 ₹ in Lakhs
(a)	Salaries and wages	**381.75**	405.48
(b)	Contributions to provident and other funds	**10.75**	10.63
(c)	Gratuity	**2.73**	4.79
(d)	Staff welfare expenses	**36.49**	27.61
		431.72	448.51

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

23. FINANCE COSTS

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	Borrowings	**660.93**	687.57
(b)	Trade payables	**32.41**	11.32
(c)	Others		
	- Interest on delayed / deferred payment of Income-tax, VAT, Service and other taxes	**0.20**	6.03
(d)	Other borrowing cost (Includes Interest on Customer Advance)	**59.63**	100.45
		753.17	805.37

24. OTHER EXPENSES

			2014-15
		₹ in Lakhs	₹ in Lakhs
(a)	Power and fuel	**11.32**	13.52
(b)	Rent	**72.06**	64.77
(c)	Repairs and maintenance	**11.00**	9.26
(d)	Insurance	**87.06**	27.56
(e)	Travelling and conveyance	**106.63**	84.87
(f)	Sales commission	**66.59**	39.65
(g)	Legal and professional charges	**23.86**	29.93
(h)	Auditors' remuneration (Refer Note 24(i) below)	**24.61**	19.13
(i)	Bad and Doubtful Debts / Advances / written off	**(42.71)**	1294.72
(j)	Loss on fixed assets sold / scrapped / written off (Net)	**0.62**	—
(k)	Outside service charges	**506.32**	418.87
(l)	Miscellaneous expenses	**209.95**	183.80
		1077.31	2186.08

24. (i) Auditors' Remuneration

			2014-15
		₹ in Lakhs	₹ in Lakhs
Payments to the auditors comprise (net of service tax input credit, where applicable):			
(a)	To Statutory Auditors		
	(i) For Audit	**14.25**	10.00
	(ii) For Taxation matters	**3.38**	3.00
(b)	For Other services	**6.75**	6.00
(c)	For Reimbursement of expenses	**0.23**	0.13
		24.61	19.13

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

During the previous 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	18.10% / ~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 ₹ Nil (for the previous year : ₹ 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 ₹ Nil (for the previous year : ₹ 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 ₹ 1.93 lakhs (31st March, 2015: ₹ 1.31 lakhs).

(b) Claims against the Company not acknowledged as debts

(i) Sales Tax demands :

In respect of matters in which Company is in further appeal ₹ 1850.27 lakhs (31st March, 2015: ₹ 1145.56 lakhs).

(ii) Contractual matters in the course of business :

In respect of various cases filled by Vendor ₹ 108.08 lakhs (31st March, 2015: ₹ 79.11 lakhs).

27. Details of contract revenue and costs

		2014-15
	₹ in Lakhs	₹ in Lakhs
Contract revenue recognised during the year	**11129.12**	5239.50
Aggregate amount of costs incurred and recognised profits (Less recognised losses) up to 31st March, 2016 for all the contracts in progress	**36122.51**	33415.59
Advances received for such contracts in progress	**1528.82**	1993.51
The amount of retentions due for such contracts	**614.11**	832.57
The gross amount due from customers for such contracts	**3309.63**	5797.89
The gross amount due to customers for such contracts	**—**	126.21

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 ₹ 10.75 lakhs (Year ended 31st March, 2015 : ₹ 10.63 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, 2016 (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:

		₹ in Lakhs Gratuity	2014-15 ₹ in Lakhs Gratuity
(I)	**Components of employer expense**		
	Current service cost	**3.61**	2.74
	Interest cost	**1.74**	1.56
	Expected return on plan assets	**(0.93)**	(1.02)
	Curtailment cost / (credit)	**—**	—
	Actuarial losses/(gains)	**(1.69)**	1.51
	Total expense recognised in the Statement of Profit and Loss	**2.73**	4.79
	Actual contribution and benefit payments for the year		
	Actual benefit payments	**0.55**	1.78
	Actual contributions	**2.71**	—
(II)	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	**(22.17)**	(19.11)
	Fair value of plan assets	**11.29**	8.26
	Funded status [Surplus / (Deficit)]	**(10.88)**	(10.85)
	Net asset / (liability) recognised in the Balance Sheet	**(10.88)**	(10.85)
(III)	**Change in defined benefit obligations (DBO) during the year**		
	Present value of DBO at beginning of the year	**19.11**	15.17
	Current service cost	**3.61**	2.74
	Interest cost	**1.74**	1.56
	Actuarial (gains) / losses	**(1.74)**	1.42
	Benefits paid	**(0.55)**	(1.78)
	Present value of DBO at the end of the year	**22.17**	19.11
(IV)	**Change in fair value of assets during the year**		
	Plan assets at beginning of the year	**8.27**	9.11
	Expected return on plan assets	**0.93**	1.02
	Actual Company contributions	**2.71**	—
	Actuarial gain / (loss)	**(0.06)**	(0.08)
	Benefits paid	**(0.55)**	(1.78)
	Plan assets at the end of the year	**11.30**	8.27
	Actual return on plan assets	**0.87**	0.93
(V)	**Composition of the plan asset is as follow:**		
	Insurer Managed Funds	**100%**	100%

(c) Experience adjustments ₹ in Lakhs

Gratuity	**2015-16**	2014-15	2013-14	2012-13	2011-12
Present value of DBO	**22.17**	19.11	15.17	17.32	32.30
Fair value of plan assets	**11.29**	8.26	9.11	3.35	28.14
Funded status [Surplus / (Deficit)]	**(10.88)**	(10.85)	(6.06)	(13.97)	(4.16)
Experience gain / (loss) adjustments on plan liabilities	**(1.90)**	(0.02)	(2.53)	1.50	(78.85)
Experience gain / (loss) adjustments on plan assets	**(0.06)**	(0.08)	(0.77)	(3.98)	0.08

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

		2014-15
Mortality (Indian Assured Lives Mortality)	**2006-08**	2006-08
Discount rate	**7.85%**	7.95%
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, 2016 and balances outstanding as at 31st March, 2016:

Nature of Transaction	**Holding Company**	
		2014-15
	₹ in Lakhs	₹ in Lakhs
(A) Sale of goods	**10191.07**	1976.68
(B) Purchase of fixed assets	**0.33**	—
(C) Receiving of services :		
1. Interest on inter corporate deposit	**250.00**	250.00
2. Salaries and wages	**151.13**	109.06
3. Reimbursement towards staff welfare expenses	**38.57**	32.94
4. Rent	**33.47**	33.95
5. Legal and professional charges	**3.00**	3.00
6. Other expenses paid	**47.56**	26.07
(D) Other income- MSMED Interest Received	**26.07**	19.63
(E) Balances outstanding at the end of the year		
1. Trade receivables	**3771.18**	321.24
2. Advance from customers	**1142.72**	1246.94
3. Trade payables	**580.67**	795.57
4. Interest accrued and due on borrowings	**1257.70**	1032.70
5. Borrowings	**2500.00**	2500.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

30. Earnings per share

		2014-15
Net loss for the year from continuing operations (₹ in lakhs)	**(438.26)**	(2872.12)
Less: Dividend on Cummulative redeemable preference shares (₹ in lakhs)	**1.93**	1.31
Loss attributable to equity shareholders (₹ in lakhs)	**(440.19)**	(2873.43)
Weighted average number of equity shares	**18,25,782**	18,25,782
Earnings per share from continuing operations - Basic & Diluted (₹)	**(24.11)**	(157.38)

31. Although the Company is incurring losses and its net worth has eroded, the financial statements have been prepared on a going concern basis based on the Parent company's confirmation to the Company of continuing support including by way of infusion of funds from time to time and the expected cash flows from the outstanding orders of more than ₹ 100 crores with the Company.

32. (a) Traded Goods

	Purchases		Sales	
		2014-15		2014-15
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Sale of traded Products	—	63.66	—	9.70

32. (b) Cost of Jobs

	Purchases		Sales	
		2014-15		2014-15
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Works contract, installation and erection services	**9872.10**	4846.78	**11129.12**	5229.80

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

Chairman	**P. N. Dhume**
Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Madathil Valsaraj**
Chief Financial Officer	**Sanjay Naik**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2016

AUTO AIRCON (INDIA) LIMITED

Directors :
Anil George
V. P. Malhotra
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Twenty First Annual Report and Accounts for the year ended 31st March, 2016.

1. **Financial Results:**

The Company has reported loss of ₹ 3.59 lakhs for the year ended 31st March, 2016, primarily on account of certain administrative and fixed overheads.

2. **Dividend:**

In view of losses incurred during the year 2015-16, the Directors do not recommend any dividend.

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

During 2015-16, four Board Meetings were held on 11th May, 2015; 30th July, 2015; 23rd October, 2015 and 20th January, 2016.

4. **Corporate Social Responsibility:**

In view of loss situation for the past many years, the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 are not applicable to the Company.

5. **Statutory Auditors:**

At the 20th Annual General Meeting (AGM) held on 25th July, 2015, the shareholders had approved the appointment of Messrs Damji Merchant & Co, Chartered Accountants, (Firm Registration No. 102082W), as Statutory Auditors of the Company to audit the accounts of the Company for two consecutive financial years (2015-16 and 2016-17), subject to ratification at every AGM. The approval of members' is being sought for ratification of appointment of Messrs Damji Merchant & Co, Chartered Accountants as Statutory Auditors from the conclusion of the 21st AGM till the conclusion of the 22nd AGM to be held in 2017, to examine and audit the accounts of the Company for the financial year 2016-17. The Auditors' Report does not contain any qualification, reservation or adverse remark.

6. **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. In the absence of any business activities and accumulated losses, the Company could not appoint Independent Directors and reconstitute its Audit Committee accordingly.

7. **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.

8. **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.

9. **Directors:**

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

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

During 2015-16, 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.

11. Particulars of contracts or arrangements with related parties:

The Company has not entered into related party transactions during 2015-16. There are no 'material' contracts or arrangements or transactions and hence, disclosure in Form No. AOC-2 is not required.

12. 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 that 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, 2016 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, 9th May, 2016 *Directors*

Annexure to Directors' Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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 1-4-2015)				No. of Shares held at the end of the year (As on 31-3-2016)				% 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 1-4-2015)			Shareholding at the end of the year (As on 31-3-2016)			% 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	100%	Nil	1,12,99,993	100%	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 2015-16.

(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 (1-4-2015)					
1.	Anil George	1*	—	1*	—
2.	V. P. Malhotra	1*	—	1*	—
3.	Vinod Chandrashekar	1*	—	1*	—
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):		Nil			
At the end of the year (31-3-2016)					
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 2015-16.

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, 2016, 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 Companies Act 2013 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 there under and Order under Section 143(11) of the Act. 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, 2016 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.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order (CARO), 2016 ("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, 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) the going concern matter described under the Emphasis of Matter paragraph above, in our opinion may have an adverse effect on the functioning of the Company.

   (f) on the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Sub-section (2) of Section 164 of the Companies Act, 2013.

   (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(h) 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 does not have any pending litigations which would impact its financial position in its 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
Mumbai, 9th May, 2016 Membership Number: 016086

ANNEXURE TO THE AUDITORS' REPORT

Annexure A 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, 2016

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.

(c) The Company does not own any immovable properties and therefore the question of title deeds does not arise.

(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, the Company has not granted any loans, made investments, provided any guarantees and security to its directors and any other entities in which the directors are interested and therefore question of complying with the provisions of Sections 185 and 186 of Companies Act, 2013 does not arise.

(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, Service Tax, Duty of Customs, Duty of Excise, 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, 2016 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, there are no disputed dues on account of Income Tax, Sales Tax, Service Tax, Duty of Customs or Duty of Excise and Value Added Tax.

(viii) 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.

(ix) 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, by its officers or employees nor the same has been noticed or reported during the course of our audit. We have also not been informed of any such instance by the Management.

(x) According to the records of the Company examined by us and as per the information and explanations given to us, all the transactions with the related party are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

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 have not reported on item nos. (ix), (xi), (xii), (xiv) and (xvi) of CARO, 2016, as the same are not applicable to the Company.

For **Damji Merchant and Co.**
Chartered Accountants
(Firm's Registration Number: 102082W)

Ambrish Mehta
Partner
Mumbai, 9th May, 2016 Membership Number: 016086

Annexure B

Referred to in paragraph 8(g) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the financial statements of Auto Aircon (India) Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of Auto Aircon (India) Limited as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Damji Merchant and Co.**
Chartered Accountants
(Firm's Registration Number: 102082W)

Ambrish Mehta
Partner
Membership Number: 016086

Mumbai, 9th May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	₹ in '000s	As at 31-3-2015 ₹ in '000s
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	**113000**	113000
(b) Reserves and surplus	4	**(121415)**	(121056)
		(8415)	(8056)
(2) Current liabilities			
(a) Trade payables	5	**8772**	8498
(b) Other current liabilities	6	**3122**	3122
		11894	11620
TOTAL EQUITY AND LIABILITIES		**3479**	3564
II. ASSETS			
(1) Non-Current Assets			
Fixed assets			
-Tangible assets	7	**3**	3
		3	3
(2) Current Assets			
(a) Cash and cash equivalents	8	**32**	17
(b) Short-term loans and advances	9	**3444**	3544
		3476	3561
TOTAL ASSETS		**3479**	3564

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	₹ in '000s	2014-15 ₹ 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	**2**	4
(c) Other expenses	**354**	8
TOTAL EXPENSES (IV)	**359**	15
V. PROFIT/(LOSS) BEFORE TAX (III - IV)	**(359)**	(15)
VI. TAX EXPENSE		
Current tax	**—**	—
Deferred tax	**—**	—
TOTAL TAX EXPENSE	**—**	—
VII. PROFIT/(LOSS) AFTER TAX	**(359)**	(15)
VIII. EARNINGS PER EQUITY SHARE		
Earnings per share - Basic and Diluted (₹)	**(0.03)**	—

The accompanying notes form an integral part of the Financial Statements.

In terms of our report attached.

For **Damji Merchant & Co.**
Chartered Accountants

Ambrish Mehta
Partner
Mumbai, 9th May, 2016

For and on behalf of the Board

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

Mumbai, 9th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

			2014-15
		₹ in '000s	₹ in '000s
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) before Taxation	**(359)**	(15)
	Less - Adjustments for:		
	(Increase) / Decrease in loans and advances	**100**	—
	Increase / (Decrease) in trade payables	**274**	—
		374	—
	NET CASH FROM OPERATING ACTIVITIES	**15**	(15)
B.	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**	**15**	(15)
	CASH AND CASH EQUIVALENTS AS AT 1-4-2015	**17**	32
	CASH AND CASH EQUIVALENTS AS AT 31-3-2016	**32**	17
	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, 9th May, 2016

For and on behalf of the Board

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

Mumbai, 9th May, 2016

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

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, 2013. 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.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

3. Share Capital

		As at 31-3-2015
	₹ in '000s	₹ in '000s
Authorised:		
- 1,20,00,000 (Previous year: 1,20,00,000) Equity Shares of ₹ 10/- each	**120000**	120000
Issued, Subscribed and Paid up:		
- 1,13,00,000 (Previous year: 1,13,00,000) Equity Shares of ₹ 10/- each	**113000**	113000

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

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

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

				As at 31-3-2015	
Name of Shareholder	**Class of Shares**	**Number of Shares held**	**% of Holding**	Number of Shares held	% of Holding
Voltas Limited	Equity Shares with Voting Rights	**1,13,00,000**	**100%**	1,13,00,000	100%

4. Reserves and Surplus

		As at 31-3-2015
	₹ in '000s	₹ in '000s
Surplus / (deficit) in the statement of profit and loss		
(a) As per last Balance Sheet	**(121056)**	(121041)
(b) Additions		
(+) Net Profit / (Loss) for the current year	**(359)**	(15)
(c) Closing Balance	**(121415)**	(121056)
Total Reserves and Surplus	**(121415)**	(121056)

5. Current Liabilities

		As at 31-3-2015
	₹ in '000s	₹ in '000s
Trade Payables		
Due on account of goods purchased and services rendered - other than Acceptances	**8772**	8498

6. Other Current Liabilities

		As at 31-3- 2015
	₹ in '000s	₹ in '000s
Other Liabilities	**3122**	3122

7. Tangible Assets

₹ in '000s

	Leasehold Improvements	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 31-3-2015
	₹ in '000s	₹ in '000s
(a) Cash in hand	**1**	1
(b) Balances with banks		
- Current account	**31**	16
	32	17

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016 (contd.)

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

					As at 31-3-2015	
	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	**—**	**3428**	**3428**	—	3528	3528
	—	**3444**	**3444**	**—**	3544	3544

10. Additional information to the financial statements

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 ₹ (359053/-) [Previous Year : ₹ (14946/-)].

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

		2014-15
Basic and Diluted earnings per share (₹)	**(0.03)**	—

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:

			2014-15
		₹ in '000s	₹ in '000s
Party	**Relation**		
Voltas Limited	Holding Company		
- Amount payable towards liabilities/expenses incurred		**191**	191
- Amount outstanding at the year end		**8768**	8493

Signatures to Notes 1 to 11

For and on behalf of the Board

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

Mumbai, 9th May, 2016

WEATHERMAKER LIMITED

Directors :

P. N. Dhume
B. G. Prabhuajgaonkar
Jayant Balan
Stuart James Foster

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Third Annual Report and Accounts for the year ended 31st December, 2015.

2. The decision to venture into off-site Pre-fabrication activities resulted in significant improvement in the financial performance of the Company during the year ended 31st December, 2015 over the previous year. The Company recorded higher turnover of AED 16.979 million and profit of AED 1.351 million, as compared to turnover of AED 10.024 million and loss of AED 2.259 million in the previous year. However, in order to conserve the resources, the Directors do not recommend any dividend for the year ended 31st December, 2015 (previous year : Nil).

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

Directors

B. G. Prabhuajgaonkar
Jayant Balan

Dubai, 20th March, 2016

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDER
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, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 to 22.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of WEATHERMAKER LIMITED as of 31st December, 2015 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, 27th March 2016

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2015

	Notes	**AED**	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
NON-CURRENT ASSETS					
Property, plant and equipment	6	**366219**	478308	**6625**	8256
CURRENT ASSETS					
Inventories	7	**987069**	1410287	**17856**	24341
Trade and other receivables	8	**12436953**	8292647	**224984**	143131
Other current financial assets	10	**418886**	418460	**7578**	7223
Cash and cash equivalents	11	**2800525**	3807600	**50661**	65719
		16643433	13928994	**301079**	240414
TOTAL ASSETS		**17009652**	14407302	**307704**	248670
SHAREHOLDER'S EQUITY FUNDS					
Share capital	12	**1500000**	1500000	**27135**	25890
Retained earnings		**11001592**	9650914	**199019**	166575
		12501592	11150914	**226154**	192465
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	13	**666305**	536768	**12053**	9265
CURRENT LIABILITIES					
Acceptances		**94452**	150273	**1708**	2593
Trade and other payables	14	**3747303**	2569347	**67789**	44347
		3841755	2719620	**69497**	46940
TOTAL LIABILITIES		**4508060**	3256388	**81550**	56205
TOTAL EQUITY AND LIABILITIES		**17009652**	14407302	**307704**	248670

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 = ₹18.09 being the exchange rate prevailing as on 31st December, 2015. Previous year figures have been converted @ 1 AED = ₹17.26 being the exchange rate prevailing as on 31st December, 2014.

Directors

B. G. Prabhuajgaonkar
Jayant Balan

Dubai, 20th March, 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Notes	AED	2014 AED	₹ in '000s	2014 ₹ in '000s
Revenue		**16978631**	10023909	**300182**	171008
Cost of sales	16	**(11803364)**	(9314364)	**(208683)**	(158903)
Gross Profit		**5175267**	709545	**91499**	12105
Other income	17	**85936**	190796	**1519**	3255
Distribution costs	18	**(513087)**	(352420)	**(9071)**	(6013)
Administrative expenses	19	**(3402403)**	(2813625)	**(60155)**	(48000)
Interest income	21	**4965**	7090	**88**	121
Profit / (Loss) for the year		**1350678**	(2258614)	**23880**	(38532)
Other comprehensive income for the year		**—**	—	**—**	—
Total Comprehensive Income for the year		**1350678**	(2258614)	**23880**	(38532)

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 = ₹ 17.68 being the average of the exchange rates prevailing as on 31st December, 2014 (1 AED = ₹ 17.26) and as on 31st December, 2015 (1 AED = ₹ 18.09). Previous year figures have been converted @ 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).

Directors

B. G. Prabhuajgaonkar

Jayant Balan

Dubai, 20th March, 2016

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Share Capital		Retained Earnings		Total	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2014	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
Total comprehensive income for the year	—	—	1350678	23880	1350678	23880
Balance at 31st December, 2015	**1500000**	**27135**	**11001592**	**199019**	**12501592**	**226154**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Note	**AED**	2014 AED	**₹ in '000s**	2014 ₹ in '000s
Cash flows from operating activities					
Profit / (loss) for the year		**1350678**	(2258614)	**23880**	(38532)
Adjustments for:					
Depreciation of property, plant and equipment		**162304**	170759	**2870**	2913
Interest income		**(4965)**	(7090)	**(88)**	(121)
Profit on sale of property, plant and equipment		**—**	(21608)	**—**	(369)
Provision for slow moving inventories		**18776**	212135	**332**	3619
Provision for impairment of trade receivables		**517293**	441170	**9146**	7526
Provision for impairment of trade receivables written back		**(15003)**	—	**(265)**	—
Provision for end-of-service benefits		**172581**	67176	**3051**	1146
		2201664	(1396072)	**38926**	(23818)
Decrease in inventories		**404442**	221011	**5430**	2698
(Increase) / decrease in trade and other receivables		**(4646596)**	986697	**(90940)**	11755
Increase in trade and other payables		**1177956**	517650	**23442**	9776
Staff end-of-service gratuity paid		**(43044)**	(123851)	**(761)**	(2113)
Increase in other current financial assets		**(426)**	(454)	**(355)**	(179)
(Increase) / decrease in acceptances		**(55821)**	19030	**(885)**	382
Net cash (used in) / generated from operating activities		**(961825)**	224011	**(17399)**	3866
Cash flows used in investing activities					
Proceeds on disposal of property, plant and equipment		**—**	21608	**—**	369
Purchase of property, plant and equipment		**(50215)**	(51845)	**(888)**	(884)
Interest received		**4965**	7090	**88**	121
Net cash used in investing activities		**(45250)**	(23147)	**(819)**	(400)
Net (decrease) / increase in cash and cash equivalents		**(1007075)**	200864	**(15058)**	4945
Cash and cash equivalents at beginning of year		**3807600**	3606736	**65719**	60774
Cash and cash equivalents at end of year	11	**2800525**	3807600	**50661**	65719

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

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, 2015 and the requirements of Isle of Man Companies Acts, 1931 to 2005.

(b) Basis of measurement

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

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

(c) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the Company are as follows:

- Annual Improvements 2010 – 2012 Cycle (1st July, 2015)
  - 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.

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 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.

- Amendments to IAS 1 Disclosure Initiative (1st January, 2016)

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to :

  - The materiality requirements in IAS 1.
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated.
  - That entities have flexibility as to the order in which they present the notes to financial statements.
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

- 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 a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- IFRS 15: Revenue from Contracts with Customers (1st January, 2018)

  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, 2015 (contd.)

- IFRS 16: Leases (1st January, 2019)

  IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or financial lease for a lessee and instead, all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognize assets and liabilities for (a) Short term leases (for a period of twelve months or less) and (b) Leases of low value assets.

(d) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

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 derecognised.

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 is 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 are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

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:

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 1.868 million (₹ 33.795 million) [previous year : AED 2.273 million (₹ 39.225 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 trade and other receivables

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

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 0.666 million (₹ 12.053 million) [previous year : AED 0.537 million (₹ 9.265 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, 2014	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
Additions	—	—	37250	659	12965	229	—	—	50215	888
At 31st December, 2015	**916833**	**16586**	**3795313**	**68657**	**501178**	**9066**	**280000**	**5066**	**5493324**	**99375**
Accumulated depreciation										
At 1st January, 2014	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
Depreciation	1575	28	150377	2659	10352	183	—	—	162304	2870
At 31st December, 2015	**907908**	**16424**	**3458676**	**62567**	**480521**	**8693**	**280000**	**5066**	**5127105**	**92750**
Carrying amount										
At 1st January, 2014	12076	204	565782	9533	19364	326	—	—	597222	10063
At 31st December, 2014	10500	181	449764	7763	18044	312	—	—	478308	8256
At 31st December, 2015	**8925**	**162**	**336637**	**6090**	**20657**	**373**	—	—	**366219**	**6625**

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

		As at 31-12-2014		As at 31-12-2014
	AED	AED	**₹ in '000s**	₹ in '000s
7. INVENTORIES				
Raw materials	**363257**	717929	**6571**	12391
Consumables	**1399060**	1370900	**25309**	23661
Work in progress	**66929**	150517	**1211**	2598
Finished goods	**38893**	33235	**704**	574
Less: Provision for slow moving inventories	**(881070)**	(862294)	**(15939)**	(14883)
	987069	1410287	**17856**	24341
A reconciliation of the movements in the provision for slow moving inventories is as follows:				
Balance as at 1st January	**862294**	878910	**14883**	14810
Provisions made during the year	**18776**	212135	**332**	3619
Inventories written off	**—**	(228751)	**—**	(3902)
Balance as at 31st December	**881070**	862294	**15939**	14883

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	**13398392**	11568131	**242377**	199666
Less: Provision for impairment of trade receivables	**(1311582)**	(3514098)	**(23727)**	(60653)
	12086810	8054033	**218650**	139013
Advances	**34383**	104204	**622**	1799
Less: Provision for doubtful advances	**—**	(73700)	—	(1272)
	12121193	8084537	**219272**	139540
Prepayments	**150192**	59784	**2717**	1031
Other receivables	**92128**	71730	**1667**	1238
Deposits	**73440**	76596	**1328**	1322
	12436953	8292647	**224984**	143131

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

Balance as at 1st January	**3514098**	3072928	**60653**	51779
Provisions made during the year	**517293**	441170	**9146**	7526
Amount written off	**(2704806)**	—	**(47821)**	—
Provisions no longer required	**(15003)**	—	**(265)**	—
Balance as at 31st December	**1311582**	3514098	**23727**	60653

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

6 months to 1 year	**1116734**	930761	**20202**	16065
Over 1 year	**3381370**	3784035	**61169**	65312

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

Gross Value	**1311582**	3514098	**23727**	60653
Provision	**(1311582)**	(3514098)	**(23727)**	(60653)
Carrying value	—	—	—	—
Trade receivables not past due and not impaired	**7588706**	3339237	**137280**	57635

The Company holds post dated cheques amounting to AED 0.711 million (₹ 12.855 million) [Previous year : AED Nil (₹ Nil)] as security against past due but not impaired 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.

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

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
Trade and other receivables	**9847881**	6376003	**178148**	110050
Trade and other payables	**132657**	158185	**2400**	2730

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

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

	AED	2014 AED	₹ in '000s	2014 ₹ in '000s
Revenue	**11056960**	3152697	**195487**	53785
Purchases	**666980**	302263	**11792**	5157
Expenses charged to related parties	**193282**	65067	**3417**	1110
Expenses recharged by related parties	**650065**	173995	**11493**	2968

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
10. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits	**418886**	418460	**7578**	7223

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
11. CASH AND CASH EQUIVALENTS				
Cash on hand	**5578**	7450	**101**	129
Bank Balances :				
- Current accounts	**269362**	1278826	**4872**	22072
- Fixed deposits	**2525585**	2521324	**45688**	43518
	2800525	3807600	**50661**	65719

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
12. SHARE CAPITAL				
Authorised				
500000 shares of USD 1 each converted at USD 1 = AED 3.6725	**1836250**	1836250	**33218**	31694
Issued and paid up				
408441 shares of USD 1 each converted at USD 1 = AED 3.6725	**1500000**	1500000	**27135**	25890

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
13. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
Opening balance as at 1st January	**536768**	593443	**9265**	10000
Provision for the year	**172581**	67176	**3051**	1146
Paid during the year	**(43044)**	(123851)	**(761)**	(2113)
Closing balance as at 31st December	**666305**	536768	**12053**	9265

	AED	As at 31-12-2014 AED	₹ in '000s	As at 31-12-2014 ₹ in '000s
14. TRADE AND OTHER PAYABLES				
Trade payables	**2379523**	1691600	**43046**	29197
Accruals	**1351283**	819621	**24445**	14146
Other payables	**13460**	25009	**243**	432
Advance from a customer	**3037**	33117	**55**	572
	3747303	2569347	**67789**	44347

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as going concern and to provide the 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	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
16. COST OF SALES				
Materials consumed	**7003527**	5957236	**123822**	101630
Sub-contract costs	**2146728**	1042430	**37954**	17784
Wages and benefits	**2077829**	1610763	**36736**	27480
Staff end-of-service benefits	**92789**	18054	**1641**	308
Depreciation (Note 20)	**151952**	159554	**2687**	2722
Operating lease expenses	**63138**	63138	**1116**	1077
Other direct costs	**345331**	339997	**6105**	5800
Change in inventories of finished goods and work-in-progress	**(77930)**	123192	**(1378)**	2102
	11803364	9314364	**208683**	158903

	AED	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
17. OTHER INCOME				
Scrap sales	**70933**	142748	**1254**	2435
Profit on sale of property, plant and equipment	**—**	21608	**—**	369
Provision for impairment of trade receivables written back	**15003**	—	**265**	—
Miscellaneous income	—	26440	—	451
	85936	190796	**1519**	3255

	AED	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
18. DISTRIBUTION COSTS				
Staff salaries and benefits	**89259**	82302	**1578**	1404
Staff end-of-service benefits	**6456**	3348	**114**	57
Other distribution costs	**417372**	266770	**7379**	4552
	513087	352420	**9071**	6013

	AED	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
19. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits	**1895066**	1253215	**33505**	21380
Staff end-of-service benefits	**73336**	45774	**1297**	781
Depreciation (Note 20)	**10352**	11205	**183**	191
Inventory provision	**18776**	212135	**332**	3619
Provision for impairment of trade receivables	**517293**	441170	**9146**	7526
Other expenses	**887580**	850126	**15692**	14503
	3402403	2813625	**60155**	48000

	AED	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
20. DEPRECIATION				
Disclosed under cost of sales (Note 16)	**151952**	159554	**2687**	2722
Disclosed under administrative cost (Note 19)	**10352**	11205	**183**	191
	162304	170759	**2870**	2913

	AED	As at 31-12-2014 AED	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
21. INTEREST INCOME				
On bank deposits	**4965**	7090	**88**	121

22. 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**			
		2014		2014		2014		2014
	AED	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**12268597**	8145243	**221939**	140587	—	—	—	—
Cash and cash equivalents	**2800525**	3807600	**50661**	65719	—	—	—	—
Other current financial assets	**418886**	418460	**7578**	7223	—	—	—	—
Acceptances	—	—	—	—	**94452**	150273	**1708**	2593
Trade and other payables	—	—	—	—	**3475481**	2332095	**62872**	40252
	15488008	12371303	**280178**	213529	**3569933**	2482368	**64580**	42845

Management of Risk

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

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:

	AED	2014 AED	**₹ in '000s**	2014 ₹ in '000s
Kingdom of Saudi Arabia	**383417**	900	**6936**	16
Sultanate of Oman	**1157258**	21143	**20935**	365
Qatar	**355791**	403054	**6436**	6957

At the reporting date, 38% of trade receivables were due from two customers (previous year : 67% 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.

23. OPERATING LEASE COMMITMENTS

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

	AED	2014 AED	**₹ in '000s**	2014 ₹ in '000s
Not later than one year	**61900**	61900	**1094**	1056
Between one and five years	**247600**	247600	**4378**	4224
Later than five years	**118642**	180542	**2096**	3080

24. CONTINGENT LIABILITIES

	AED	2014 AED	**₹ in '000s**	2014 ₹ in '000s
Bankers' letters of guarantee	**400000**	400000	**7236**	6904
Unutilized balances of commercial letter of credit	—	292820	—	5054

25. TAXATION

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

Directors

B.G. Prabhuajgaonkar

Dubai, 20th March, 2016 **Jayant Balan**

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

Director :
Mohammed Hanif Patvi

Supervisory Board :
P. N. Dhume
Anil George
B. G. Prabhuajgaonkar
Jayant Balan

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2015.

2. Despite good order booking, due to delay in execution of the projects, the Company has reported lower turnover of Saudi Riyals (SR) 10.160 million for the year under review as compared to turnover of SR 12.405 million in the previous year. As a result, the Company incurred a loss of SR 2.446 million for the year under review as compared to profit of SR 0.131 million in the previous year. With drop in oil prices, the general economic condition in the Kingdom of Saudi Arabia is passing through a difficult phase. There is, therefore, some uncertainty on new order booking in the near future, which is an area of concern. The Company had an order book of SR 15 million at the beginning of 2016.

3. During the year under review, the share capital of the Company was increased from SR 2.600 million to SR 26.150 million after completing a long drawn legal process which involved approvals from local Regulatory Authorities in Kingdom of Saudi Arabia. Accordingly, the Commercial Registration Certificate of the Company was suitably updated to reflect the increase in the share capital.

4. Mr. Jayant Balan was appointed as Member of the Supervisory Board of the Company with effect from 29th January, 2016 in place of Mr. Gavin Appleby.

5. The Company had earlier re-appointed M/s. Deloitte & Touche Bakr Abulkhair & Co., Public Accountants as Auditors for the year ended 31st December, 2015. Due to certain legal constraints, M/s. Deloitte & Touche Bakr Abulkhair & Co. could not accept their re-appointment. The Company had therefore appointed M/s. PKF Al-Bassam & Al-Nemer, Allied Accountants as Auditors of the Company for the year ended 31st December, 2015.

6. M/s. PKF Al-Bassam & Al-Nemer, Allied Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

Mohammed Hanif Patvi
Director

Jeddah, 10th March, 2016

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.
(FOREIGN LIMITED LIABILITY COMPANY)

Scope of Audit

We have audited the balance sheet of **SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.** (Foreign Limited Liability Company) (the "Company") as of 31st December, 2015, and the related statements of income, shareholders' equity and cash flows for the year then ended, and Notes 1 to 22 which form an integral part of these financial statements. These financial statements are the responsibility of the Company's Management and have been prepared by them in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Unqualified Opinion

In our opinion, the financial statements taken as a whole :

1. Present fairly, in all material respects, the financial position of the Company as of 31st December, 2015 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia; and
2. Comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of the financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1, stated therein that the Company's accumulated losses as at 31st December, 2015 is more than 50% of its share capital. This condition indicates the existence of uncertainties that may cast significant doubt about the Company's abilities as a going concern. The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from shareholders in order to enable it to cover its losses and settle its liabilities. The accompanying financial statements have been prepared on the assumption that the Company will continue its business as a going concern, and do not include any adjustments that might result from the outcome of this uncertainty.

PKF Al-Bassam & Al-Nemer
Allied Accountants
Ibrahim A. Al Bassam
Certified Public Accountant, License No. 337

Jeddah, 10th March, 2016

BALANCE SHEEET AS AT 31ST DECEMBER, 2015

ASSETS	Note	SR	As at 31-12-2014 SR	₹ in '000s	As at 31-12-2014 ₹ in '000s
CURRENT ASSETS					
Cash and bank balances	3	**159374**	102722	**2821**	1736
Accounts receivable	4	**3454091**	2640124	**61137**	44618
Due from a related party	11	—	36505	**—**	617
Retentions receivable	19	**2456684**	2969490	**43483**	50184
Advances, prepayments and deposits		**669768**	220354	**11855**	3724
Unbilled revenue		**1947863**	1961071	**34478**	33143
Total current assets		**8687780**	7930266	**153774**	134022
NON-CURRENT ASSETS					
Retentions receivable	19	**1195706**	1124072	**21164**	18997
Property and equipment	5	**50666**	55937	**897**	945
Total non-current assets		**1246372**	1180009	**22061**	19942
TOTAL ASSETS		**9934152**	9110275	**175835**	153964
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to bank	6	**788353**	978276	**13954**	16533
Accounts payable		**4582202**	3327915	**81105**	56242
Due to related parties	11	**813393**	614098	**14397**	10378
Accrued and other liabilities	7	**1359708**	905847	**24067**	15309
Contract advances		**1796341**	634470	**31795**	10723
Provision for income tax	10	—	61000	—	1031
Total current liabilities		**9339997**	6521606	**165318**	110216
NON-CURRENT LIABILITIES					
End-of-service indemnities	8	**2532177**	2081210	**44820**	35172
Total non-current liabilities		**2532177**	2081210	**44820**	35172
SHAREHOLDERS' EQUITY					
Share capital	1	**26150000**	2600000	**462855**	43940
Statutory reserve	9	**959649**	959649	**16986**	16218
Accumulated losses	1	**(29048538)**	(26603057)	**(514159)**	(449592)
Subordinated loan for losses	16	**867**	23550867	**15**	398010
Total shareholders' equity		**(1938022)**	507459	**(34303)**	8576
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9934152**	9110275	**175835**	153964

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) = ₹ 17.70 being the exchange rate prevailing as on 31st December, 2015. Previous year figures have been converted @ 1 SR = ₹ 16.90 being the exchange rate prevailing as on 31st December, 2014.

Jeddah, 10th March, 2016 *Director* **Mohammed Hanif Patvi**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Note	SR	2014 SR	₹ in '000s	2014 ₹ in '000s
Contract Revenues		**10159952**	12405106	**175767**	207165
Contract costs	12	**(9687890)**	(10195772)	**(167600)**	(170269)
Gross profit		**472062**	2209334	**8167**	36896
General and administrative expenses	13	**(2798662)**	(2065660)	**(48417)**	(34497)
Operating (loss) / profit		**(2326600)**	143674	**(40250)**	2399
Finance charges		**(151494)**	(78267)	**(2621)**	(1307)
Other income	14	**33423**	130566	**578**	2180
Net (loss) / income before income tax		**(2444671)**	195973	**(42293)**	3272
Income tax	10	**(810)**	(64834)	**(14)**	(1083)
NET (LOSS) / INCOME		**(2445481)**	131139	**(42307)**	2189

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

Note: The Statement of Income has been converted into Indian Rupees @ 1 SR = ₹ 17.30 being the average of the exchange rates prevailing as on 31st December, 2014 (1 SR = ₹ 16.90) and as on 31st December, 2015 (1 SR = ₹ 17.70). Previous year figures have been converted into Indian Rupees @ 1 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).

Jeddah, 10th March, 2016 *Director* **Mohammed Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2015

	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, 2014	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
Additional share capital	23550000	407415	—	—	—	—	(23550000)	(407415)	—	—
Net loss for 2015	—	—	—	—	(2445481)	(42307)	—	—	(2445481)	(42307)
31st December, 2015	**26150000**	**462855**	**959649**	**16986**	**(29048538)**	**(514159)**	**867**	**15**	**(1938022)**	**(34303)**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2015

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net (loss) / income before income tax	**(2444671)**	195973	**(42293)**	3272
Adjustments for:				
Depreciation	**24436**	28038	**423**	468
Gain on sale of property and equipment	**(6500)**	(4000)	**(112)**	(67)
Allowance for doubtful debts	**—**	50250	**—**	839
End-of-service indemnities	**452405**	172490	**7827**	2881
Finance charges	**151494**	78267	**2621**	1307
Changes in operating assets and liabilities:				
Accounts receivable	**(43723)**	195315	**(2037)**	2147
Due from a related party	**36505**	(9815)	**617**	(177)
Retention receivable	**(329072)**	(943314)	**(9099)**	(17202)
Advances, prepayments and deposits	**(449412)**	(14875)	**(8131)**	(334)
Unbilled revenue	**13208**	199637	**(1335)**	2509
Due to related party	**199295**	—	**4019**	—
Account payable, accrued and other liabilities	**1708147**	(207885)	**33621**	(1491)
Contract advances	**1161871**	174544	**21073**	3134
Retentions payable	**—**	(229222)	**—**	(3782)
Cash from / (used in) operations	**473983**	(314597)	**8389**	(5317)
Finance charges paid	**(151494)**	(78267)	**(2621)**	(1307)
End-of-service indemnities paid	**(1438)**	(18268)	**(25)**	(305)
Income tax paid	**(61810)**	(44834)	**(1069)**	(749)
Net cash from / (used in) operating activities	**259241**	(455966)	**4589**	(7706)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(19166)**	(28932)	**(332)**	(483)
Proceeds from sale of property and equipment	**6500**	4000	**112**	67
Net cash used in investing activities	**(12666)**	(24932)	**(224)**	(421)
FINANCING ACTIVITIES				
Due to bank	**(189923)**	499377	**(2579)**	8631
Net cash (used in) / from financing activities	**(189923)**	499377	**(3362)**	8439
Net change in cash and bank balances	**56652**	18479	**1085**	346
Cash and bank balances, 1st January	**102722**	84243	**1736**	1390
Cash and bank balances, 31st December	**159374**	102722	**2821**	1736

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

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 H (19th October, 1978) under Commercial Registration No. 4030016635. The Company obtained its SAGIA license, number 112030054332-01, on 14 Jumadil Awal, 1410 H (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 H (4th March, 2003).

The Company was 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 Company is now owned 92% by Voltas Limited, a Company registered in India and 8% by Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands.

On 22nd October, 2015, the shareholders resolved to increase the Company's capital from SR 2,600,000 to SR 26,150,000, to be owned in the same proportion as prior to the increase.

The share capital of the Company is SR 26,150,000 divided into 261,500 shares valued at SR 100 each. The ownership of the Company as per its revised and amended Articles of Association is as per the following –

Name of the shareholder	No. of previous shares	No. of additional shares	Total No. of shares	Value per share in Saudi Riyals	Percentage	Value in Saudi Riyals	Value ₹ in '000s
Voltas Limited	15860	225500	241360	100	92%	24136000	427207
Voltas Netherlands B.V.	10140	10000	20140	100	8%	2014000	35648
Total	**26000**	**235500**	**261500**	**100**	**100%**	**26150000**	**462855**

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 H (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 H (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 the 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 of 31st December, 2015, 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 22nd February, 2016, decided to continue the business and to provide financial support to the Company. The Company is in the process of publishing the resolution in the official gazette as required by Article 180.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia on a going concern basis (Note 1). The following is a summary of significant accounting policies applied by the Company:

(a) Revenue recognition

Service revenues are recognized upon delivery of services to customers. Revenues 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 the contract. When the current estimate of total contract costs and revenues indicate 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 immediately.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

(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%

Capital work-in-progress represents all costs relating directly and indirectly to the on-going projects in progress and is capitalized as the Property, plant and equipment when the project is completed.

(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 rate 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 of 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 assets 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 local 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.

(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.

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**159374**	102722	**2821**	1736

4. ACCOUNTS RECEIVABLE

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts receivable	**3504341**	2690374	**62027**	45467
Allowance for doubtful debts	**(50250)**	(50250)	**(890)**	(849)
	3454091	2640124	**61137**	44618

5. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Cost:								
Machinery	536170	9062	1300	22	—	—	**537470**	**9513**
Furniture and fixtures	372614	6297	—	—	—	—	**372614**	**6595**
Office equipment	888458	15015	17866	309	—	—	**906324**	**16042**
Vehicles	281429	4756	—	—	(130260)	(2253)	**151169**	**2676**
Porta cabins	55630	940	—	—	—	—	**55630**	**985**
Total Cost	2134301	36070	19166	331	(130260)	(2253)	**2023207**	**35811**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

5. PROPERTY AND EQUIPMENT (Contd.)

	1st January		Additions		Disposals		**31st December**	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Depreciation:								
Machinery	512059	8654	5109	88	—	—	**517168**	**9154**
Furniture and fixtures	372614	6297	—	—	—	—	**372614**	**6595**
Office equipment	856632	14477	19328	334	—	—	**875960**	**15504**
Vehicles	281429	4757	—	—	(130260)	(2253)	**151169**	**2676**
Porta cabins	55630	940	—	—	—	—	**55630**	**985**
Total Depreciation	2078364	35125	24437	422	(130260)	(2253)	**1972541**	**34914**
Net Book Value at 1st January	55937	945						
Net Book Value at 31st December							**50666**	**897**

6. 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, 2015, 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).

7. ACCRUED AND OTHER LIABILITIES

	SR	2014 SR	**₹ in '000s**	2014 ₹ in '000s
Salaries and other benefits	**758804**	392392	**13431**	6632
Al Zaibag Company for Contracting Limited	**364019**	364019	**6443**	6152
Other liabilities	**236885**	149436	**4193**	2525
	1359708	905847	**24067**	15309

8. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	SR	2014 SR	**₹ in '000s**	2014 ₹ in '000s
1st January	**2081210**	1926988	**35172**	31795
Provision for the year	**452405**	172490	**7827**	2881
Payments during the year	**(1438)**	(18268)	**(25)**	(305)
31st December	**2532177**	2081210	**44820**	35172

9. 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.

10. INCOME TAX

The movement in the income tax provision is as follows :

	SR	2014 SR	₹ in '000s	2014 ₹ in '000s
1st January	**61000**	41000	**1031**	677
Provision for the year	**—**	61000	**—**	1019
Under provision for prior year	**810**	3834	**14**	64
Payments during the year	**(61810)**	(44834)	**(1069)**	(749)
31st December	**—**	61000	**—**	1031

Outstanding assessments :

The tax returns for the years 2008 to 2014 are under review by the DZIT.

11. 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	2014 SR	₹ in '000s	2014 ₹ in '000s
Revenues	**—**	164370	**—**	2745
Purchases of materials and services	**3825700**	194819	**66185**	3253
Expenses reimbursed to affiliates	**973461**	68525	**16841**	1144
Expenses incurred on behalf of affiliates	**1024**	36505	**18**	610

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

	SR	2014 SR	₹ in '000s	2014 ₹ in '000s
Branch of Voltas Company Limited	—	36505	**—**	617

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

	SR	2014 SR	₹ in '000s	2014 ₹ in '000s
Voltas Limited	**248276**	195000	**4394**	3296
Voltas Netherlands B.V.	**54466**	54466	**964**	920
Weathermaker Limited	**—**	916	**—**	15
Universal Weathermaker Factory L.L.C.	**509627**	363716	**9021**	6147
Branch of Voltas Company Limited	**1024**	—	**18**	—
	813393	614098	**14397**	10378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

12. CONTRACT COSTS

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Material cost	**5924165**	5900367	**102488**	98536
Sub-contractor cost	**723055**	1343375	**12508**	22434
Salaries and benefits	**2244453**	2046827	**38829**	34182
Other expenses	**796217**	905203	**13775**	15117
	9687890	10195772	**167600**	170269

13. GENERAL AND ADMINISTRATIVE EXPENSES

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**1876406**	1163073	**32462**	19424
Rent (Note 18)	**386653**	345057	**6689**	5762
Allowance for doubtful debts	**—**	50250	**—**	839
Vehicle expenses	**76221**	94443	**1319**	1577
Communication, travel and insurance	**130673**	96634	**2261**	1614
Office expenses	**38981**	37652	**674**	629
Depreciation	**24436**	28038	**423**	468
Professional fee	**92500**	111540	**1600**	1863
Other expenses	**172792**	138973	**2989**	2321
	2798662	2065660	**48417**	34497

14. OTHER INCOME

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Gain on sale of property and equipment	**6500**	4000	**112**	67
Receipts against bad debts written off	**16500**	23000	**285**	384
Scrap sales	**4900**	10000	**85**	167
Liabilities written back	**—**	62470	**—**	1043
Others	**5523**	31096	**96**	519
	33423	130566	**578**	2180

15. TRANSACTIONS WITH MAJOR CUSTOMER

Contract revenue from three customers (2014 : one) amounted to approximately SR 8.30 million (₹ 1435.90 lakhs) [2014 : SR 9.60 million (₹ 1603.20 lakhs)], which represents approximately 82% (2014 : 77%) of the total contract revenue.

16. 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 (₹ 575.25 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 (₹ 44.25 lakhs), SR 9.00 million (₹ 1593 lakhs) and SR 8.50 million (₹ 1504.50 lakhs), respectively.

Further during 2009, an amount of SR 1.74 million (₹ 307.98 lakhs) was transferred from short term debts to subordinated loans and the shareholders waived a balance of SR 0.81 million (₹ 143.37 lakhs) due to them. The subordinated loan is not repayable until the accumulated losses are recovered from future profits.

During the year, the Company amended its Articles of Association and transferred SR 23.55 million (₹ 4074.15 lakhs) to the share capital.

17. 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.

18. OPERATING LEASE ARRANGEMENTS

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**386653**	345057	**6689**	5762

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

19. 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.

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Retentions receivable	**3652390**	4093562	**64647**	69181
Less : Current portion	**2456684**	2969490	**43483**	50184
Non-current portion	**1195706**	1124072	**21164**	18997

The impact of discounting the non-current retentions receivables to be presented at their fair value as of 31st December, 2015 has not been accounted for as the Company's Management believes that the amount is immaterial.

20. CONTINGENCIES AND COMMITMENTS

		2014		2014
	SR	SR	**₹ in '000s**	₹ in '000s
Letters of credit	**851788**	1556755	**15077**	26309
Letters of guarantees	**—**	930000	**—**	15717
Commitment for the remaining contractual works to be completed	**13643884**	30475682	**241497**	515039

21. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACT

		2014		2014
	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	**51627793**	41479841	**913813**	701010
Less : Progress billings	**(49679930)**	(39518770)	**(879335)**	(667867)
	1947863	1961071	**34478**	33143
Recognized and included in the financial statements as amount due :				
From customers under construction contracts – unbilled revenue	**1947863**	1961071	**34478**	33143

22. FAIR VALUES

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

Jeddah, 10th March, 2016 *Director* **Mohammed Hanif Patvi**

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

Directors :

Anil George *(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, 2015.

2. The Company continued its growth trend and achieved significant improvement in its performance, over the previous year. The Company recorded turnover of Rials Omani (RO) 8.944 million during the year ended 31st December, 2015, as compared to turnover of RO 4.066 million last year. Profit for the year under review was also higher at RO 0.774 million, as compared to RO 0.407 million in the previous year. The order book position of the Company at the year end was much better at RO 11 million in all the three businesses - Water Management, Irrigation & Land Scaping and Drilling.

3. With drop in oil prices, below the breakeven level of Oil-producing Sultanate of Oman, the liquidity/release of payments, especially from Government Clients is under stress. In order to conserve cash, the Directors do not recommend any dividend for the year ended 31st December, 2015 (previous year : RO 0.225 million).

4. Mr. Anil George was appointed as Director and Chairman of the Company with effect from 16th March, 2016 in place of Mr. Gavin Appleby.

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

On behalf of Board of Directors
Anil George
Chairman

Muscat, 16th March, 2016

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 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 2 to 20.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C. as of 31st December, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF L.LC.
Chartered Accountants
Percy R. Bhaya
Sultanate of Oman

Muscat, 16th March, 2016

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2015

	Notes	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**305368**	150234	**52670**	24730
Other financial assets	8	**573045**	406287	**98839**	66879
		878413	556521	**151509**	91609
CURRENT ASSETS					
Inventories	4	**83548**	101701	**14410**	16741
Contract and other receivables	5	**2265642**	1890985	**390778**	311275
Amounts due from customers for contract work	6	**4524047**	1162313	**780308**	191328
Cash and cash equivalents	7	**118986**	315989	**20523**	52015
Other current financial assets	8	**—**	101500	**—**	16708
		6992223	3572488	**1206019**	588067
TOTAL ASSETS		**7870636**	4129009	**1357528**	679676
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	9	**250000**	250000	**43120**	41153
Legal reserve		**83334**	83334	**14373**	13718
General reserve		**750000**	750000	**129360**	123457
Accumulated profits		**1877793**	1103314	**323882**	181616
Equity funds		**2961127**	2186648	**510735**	359944
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**168372**	140247	**29042**	23086
CURRENT LIABILITIES					
Trade and other payables	10	**4336662**	1326442	**747987**	218346
Amounts due to customers for contract work	6	**178025**	116095	**30706**	19110
Provision for tax		**226450**	359577	**39058**	59190
		4741137	1802114	**817751**	296646
TOTAL EQUITY AND LIABILITIES		**7870636**	4129009	**1357528**	679676

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) = ₹ 172.48 being the exchange rate prevailing as on 31st December, 2015. Previous year figures have been converted @ 1 RO = ₹ 164.61 being the exchange rate prevailing as on 31st December, 2014.

Directors **Anil George**
Issa Lalbuksh Al Raisi
B.G.Prabhuajgaonkar
Jayant Balan

Muscat, 16th March, 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Notes	**RO**	2014 RO	**₹ in '000s**	2014 ₹ in '000s
REVENUE		**8944049**	4065925	**1507519**	661201
Cost of works executed	11	**(7851948)**	(3576224)	**(1323446)**	(581566)
GROSS PROFIT		**1092101**	489701	**184073**	79635
Other operating income	12	**63525**	219727	**10707**	35732
Staff costs		**(174146)**	(137814)	**(29352)**	(22411)
Director's remuneration		**(9168)**	(9261)	**(1545)**	(1506)
Depreciation		**(6880)**	(6267)	**(1160)**	(1019)
Other operating expenses	13	**(96783)**	(124984)	**(16313)**	(20325)
PROFIT FROM OPERATING ACTIVITIES		**868649**	431102	**146410**	70106
Interest income		**6510**	8810	**1097**	1432
Finance costs	14	**(6093)**	(836)	**(1027)**	(136)
NET PROFIT FOR THE YEAR BEFORE TAX		**869066**	439076	**146480**	71402
Income tax expense for current year		**(94587)**	(32223)	**(15943)**	(5240)
NET PROFIT FOR THE YEAR AFTER TAX		**774479**	406853	**130537**	66162
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**774479**	406853	**130537**	66162

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) = ₹ 168.55 being the average of the exchange rates prevailing as on 31st December, 2014 (1 RO = ₹ 164.61) and as on 31st December, 2015 (1 RO = ₹ 172.48). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Anil George**
Issa Lalbuksh Al Raisi
B.G.Prabhuajgaonkar
Jayant Balan

Muscat, 16th March, 2016

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2015

	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, 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
Total comprehensive income for the year	—	—	—	—	—	—	774479	130537	774479	130537
As at 31st December, 2015	**250000**	**43120**	**83334**	**14373**	**750000**	**129360**	**1877793**	**323882**	**2961127**	**510735**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2015

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**869066**	439076	**146480**	71402
Adjustments for:				
Depreciation	**113790**	108864	**19179**	17703
Profit on disposal of property, plant and equipment	**(1842)**	(81724)	**(310)**	(13290)
Interest income	**(6510)**	(8810)	**(1097)**	(1432)
Finance costs	**6093**	7010	**1027**	1140
Operating profit before changes in operating assets and liabilities	**980597**	464416	**165279**	75523
(Increase) / decrease in contract and other receivables	**(570147)**	886240	**(110645)**	136109
Change in amounts due from / to customers for contract work	**(3299804)**	(1375315)	**(577384)**	(225078)
Decrease / (increase) in inventories	**18153**	(10846)	**2331**	(2148)
Increase in trade and other payables	**3010220**	219323	**529642**	40520
Increase in staff end-of-service gratuity	**28125**	483	**5955**	637
Cash generated from operating activities	**167144**	184301	**28829**	30338
Finance costs paid	**(6093)**	(7010)	**(1027)**	(1140)
Taxes paid	**(32224)**	(4156)	**(5240)**	(629)
Net cash generated from operating activities (A)	**128827**	173135	**22220**	28500
Cash flows from investing activities				
Interest received	**6510**	8810	**1097**	1432
(Increase) / decrease in time deposits	**(65258)**	48687	**(15252)**	5794
Purchase of property, plant and equipment	**(269505)**	(68470)	**(45425)**	(11135)
Proceeds from disposal of property, plant and equipment	**2423**	82696	**408**	13448
Net cash (used in) / from investing activities (B)	**(325830)**	71723	**(56199)**	11806
Cash flows from financing activity				
Dividends paid	**—**	(225000)	**—**	(36590)
Net cash used in financing activity (C)	**—**	(225000)	**—**	(37037)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(197003)**	19858	**(31492)**	4450
Cash and cash equivalents at beginning of year	**315989**	296131	**52015**	47565
Cash and cash equivalents at end of year	**118986**	315989	**20523**	52015

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

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.

(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 2011 to 2015 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the 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 for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising of leave salary, passage and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability, which would arise if the employment of all staff were terminated at the year-end. The total expense recognised in the statement of comprehensive income for staff end-of-service benefits amounts to RO 77739 (₹ 13102908) [previous year: RO 53864 (₹ 8759364)].

(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 any further amount to legal reserve as legal reserve has reached 33.33% of the paid up share capital of the Company. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

(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.

(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 creditworthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

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

Staff end-of-service gratuity

The Company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as at the year end. The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress 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) There are no International Financial Reporting Standards, amendments thereto and interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on the financial statements.

(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, 2018)
- IFRS 9 : Financial Instruments (1st January, 2018)

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, 2015	36597	6024	1134760	186793	96385	15866	596262	98151	1864004	306834
Additions	60200	10147	23532	3966	31452	5301	154321	26011	269505	45425
Disposals	(1322)	(223)	(17960)	(3027)	(24893)	(4196)	(6450)	(1087)	(50625)	(8533)
As at 31st December, 2015	**95475**	**16468**	**1140332**	**196684**	**102944**	**17756**	**744133**	**128348**	**2082884**	**359256**
Accumulated depreciation										
As at 1st January, 2015	27564	4537	1078526	177536	73693	12131	533987	87900	1713770	282104
Depreciation for the year	5959	1004	30446	5132	13014	2194	64371	10849	113790	19179
Adjustment relating to disposals	(1318)	(222)	(17939)	(3024)	(24338)	(4102)	(6449)	(1087)	(50044)	(8435)
As at 31st December, 2015	**32205**	**5555**	**1091033**	**188181**	**62369**	**10757**	**591909**	**102093**	**1777516**	**306586**
Net book value										
As at 31st December, 2014	9033	1487	56234	9257	22692	3735	62275	10251	150234	24730
As at 31st December, 2015	**63270**	**10913**	**49299**	**8503**	**40575**	**6999**	**152224**	**26255**	**305368**	**52670**

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

4. INVENTORIES

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Materials	**180548**	192701	**31141**	31721
Provision for slow moving inventories	**(97000)**	(91000)	**(16731)**	(14980)
	83548	101701	**14410**	16741

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

Opening balance	**91000**	85000	**14980**	13653
Provision made	**6000**	6000	**1011**	976
Closing balance	**97000**	91000	**16731**	14980

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

5. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**1813852**	1576551	**312853**	259516
Retentions	**406616**	161333	**70133**	26557
	2220468	1737884	**382986**	286073
Provision for doubtful debts	**(170000)**	(225000)	**(29322)**	(37037)
	2050468	1512884	**353664**	249036
Advances to suppliers	**20727**	16065	**3575**	2644
Advances to staff	**40137**	12458	**6923**	2051
Prepaid expenses*	**2070**	3890	**357**	640
Advance tax	**131864**	327354	**22744**	53886
Deposits	**15874**	8582	**2738**	1413
Interest accrued on bank fixed deposit	**2314**	9987	**399**	1644
Other receivables**	**2588**	165	**446**	27
	2266042	1891385	**390846**	311341
Provision for doubtful receivables	**(400)**	(400)	**(68)**	(66)
	2265642	1890985	**390778**	311275

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

** Other receivables include RO 165 (₹ 28459) [previous year : RO 165 (₹ 27161)] due from related parties.

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

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**225000**	338170	**37037**	54317
Excess provision written back to the statement of comprehensive income (Refer Note No.12)	**(55000)**	(113170)	**(9270)**	(18404)
Closing balance	**170000**	225000	**29322**	37037

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 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**127406**	129324	**21975**	21288
Over 1 year	**40567**	431413	**6997**	71015
	167973	560737	**28972**	92303

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

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**170000**	225000	**29322**	37037
Provision	**(170000)**	(225000)	**(29322)**	(37037)
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**1882495**	952147	**324693**	156733

6. CONTRACTS IN PROGRESS

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**13381919**	6644414	**2255522**	1080515
Progress billings	**9035897**	5598196	**1523000**	910379
Retentions receivable	**336885**	137880	**58106**	22696
Advances received	**846248**	167292	**145961**	27538

7. CASH AND CASH EQUIVALENTS

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Bank balances:				
Current accounts	**105241**	262893	**18152**	43275
Smart card balances	**1289**	187	**222**	31
Margin deposit	**12000**	—	**2070**	—
Fixed deposits	**—**	51075	**—**	8407
	118530	314155	**20444**	51713
Cash on hand	**456**	1834	**79**	302
	118986	315989	**20523**	52015

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

(a) Lien on fixed deposits of RO 0.528 million (₹ 91.069 million) with the banks.

(b) Personal guarantees of RO 2.600 million (₹ 448.448 million) from the Legal heirs of Late Lalbuksh Essa Al Raisi (signed by power of attorney holder, Mr. Issa Lalbuksh Essa Al Raisi).

(c) Assignment letters from major customers.

8. OTHER FINANCIAL ASSETS

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Fixed deposits with banks	**573045**	507787	**98839**	83587
Less : Current Portion	**—**	(101500)	**—**	(16708)
	573045	406287	**98839**	66879

Fixed deposits of RO 0.528 million (₹ 91.069 million) [previous year : RO 0.373 million (₹ 61.400 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

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Trade payables	**2726100**	548977	**470198**	90367
Accruals	**763787**	605755	**131738**	99713
Other payables	**527**	526	**91**	87
Advance from customers	**846248**	171184	**145960**	28179
	4336662	1326442	**747987**	218346

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

11. COST OF WORKS EXECUTED

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed	**4061477**	1428173	**684562**	232250
Labour expenses	**1869573**	1211220	**315117**	196969
Sub contract expenses	**897544**	265247	**151281**	43134
Other direct expenses	**1023354**	671584	**172486**	109213
	7851948	3576224	**1323446**	581566

12. OTHER OPERATING INCOME

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Excess provision for doubtful debts written back	**55000**	113170	**9270**	18404
Profit on disposal of property, plant and equipment	**1842**	81724	**310**	13290
Miscellaneous income	**6683**	24833	**1127**	4038
	63525	219727	**10707**	35732

13. OTHER OPERATING EXPENSES

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**47220**	46500	**7959**	7562
Repairs and maintenance	**7167**	26200	**1208**	4261
Insurance	**3160**	1830	**533**	298
Electricity and water charges	**8846**	15592	**1490**	2536
Telephones, fax and postage	**10532**	5071	**1775**	824
Travelling and conveyance	**571**	2200	**96**	358
Vehicle expenses	**743**	744	**125**	121
Advertisement and business promotion expenses	**1510**	2576	**255**	419
Printing and stationery	**2609**	1690	**440**	275
Visa expenses	**330**	19	**56**	3
Bad debts written off	**—**	6180	**—**	1005
Miscellaneous expenses	**14095**	16382	**2376**	2663
	96783	124984	**16313**	20325

14. FINANCE COSTS

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**6093**	836	**1027**	136

15. DIVIDENDS

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

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	**Total**	2014 Total	**Total**	2014 Total
	RO	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**51420**	**51420**	69142	**8667**	11244
Director's remuneration	**9168**	**9168**	9261	**1545**	1506
Dividend paid	**—**	**—**	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 2011 to 2015 are subject to agreement with the taxation authorities.

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

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Current Tax				
Charge for the current year	**94587**	32223	**15943**	5240
Income Tax expense	**94587**	32223	**15943**	5240

(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:

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit of RO 0.869 million (₹ 146.481 million) [previous year : RO 0.439 million (₹ 71.403 million)] at applicable tax rates	**100689**	49089	**16971**	7983
Add / less tax effect of:				
Expenses disallowable	**144**	955	**24**	155
Profit on sale of property, plant and equipment not considered as taxable income for tax purposes	**(221)**	(9807)	**(37)**	(1595)
Provisions made / (written back) (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**(5880)**	(12860)	**(991)**	(2091)
Depreciation adjustment based on depreciation rates as per tax law	**(145)**	4846	**(24)**	788
Tax expense per statement of comprehensive income	**94587**	32223	**15943**	5240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

18. FINANCIAL INSTRUMENTS

Management of risk

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

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

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

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

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 1.463 million (₹ 252.258 million) constituting 66% [previous year : RO 1.447 million (₹ 238.199 million) constituting 83%] of contract debtors and retentions are due from three debtors (previous year : five debtors). As at the year end amounts due from customers for contract works of RO 3.701 million (₹ 638.389 million) [previous year : RO 0.001 million (₹ 0.111 million)] constituting 82% (previous year : 58%) are due from two (previous year : 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 0.160 million (₹ 27.674 million) (comprising of dues from main contract of RO 0.138 million (₹ 23.830 million) and dues of RO 0.022 million (₹ 3.844 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 0.170 million (₹ 29.322 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 1.50% per annum (previous year : 0.05% 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.

(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	1 year to 5 years	Total	Total
	RO	RO	RO	₹ in '000s
As at 31st December, 2015				
Staff end-of-service gratuity	**—**	**168372**	**168372**	**29041**
Trade and other payables	**4336662**	**—**	**4336662**	**747987**
Amounts due to customers for contract work	**178025**	**—**	**178025**	**30706**
Provision for tax (net of advance tax)	**94586**	**—**	**94586**	**16314**
	4609273	**168372**	**4777645**	**824048**
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

19. CONTINGENT LIABILITIES

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilised letter of credit	**9766**	83966	**1684**	13822
Banker's letters of guarantees and bonds	**2419110**	1248974	**417248**	205593
Acceptances	**114135**	—	**19686**	—
	2543011	1332940	**438618**	219415

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.

21. COMPARATIVE INFORMATION

Previous year's figures have been reclassified as follows as it is considered that the revised classification, which has been adopted in the current accounting year, more fairly presents the state of affairs and results of operations:

Reclassified from	**Reclassified to**	**RO**	**₹ in '000s**
Staff costs	Cost of works executed	9378	1581
Depreciation (indirect)	Cost of works executed	102597	17293
Other operating expenses	Cost of works executed	71593	12067
Finance costs	Cost of works executed	6174	1041

Directors **Anil George**

Issa Lalbuksh Al Raisi

B.G.Prabhuajgaonkar

Muscat, 16th March, 2016 **Jayant Balan**

VOLTAS OMAN L.L.C.

Directors :

Anil George *(Chairman)*
Akber M. Sultan *(Vice Chairman)*
B. G. Prabhuajgaonkar
Jayant Balan
Satish Moorjani

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Fifth Annual Report and Accounts for the year ended 31st December, 2015.

2. Despite delays in execution of some of the projects, the performance of the Company significantly improved during the year under review as compared to last year. The Company recorded higher turnover of Rials Omani (RO) 6.538 million and profit of RO 0.334 million as compared to turnover of RO 4.774 million and profit of RO 0.120 million in the previous year.

3. In view of improved performance, the Directors recommend maiden dividend of RO 50000 for the year ended 31st December, 2015.

4. Mr. Anil George was appointed as Director and Chairman of the Company with effect from 16th March, 2016 in place of Mr. Gavin Appleby. Mr. Satish Moorjani was appointed as Director of the Company with effect from 2nd September, 2015 in place of Mr. Minoo M. Saher.

5. 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

Anil George
Chairman

Muscat, 16th March, 2016

INDEPENDENT AUDITOR'S 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, 2015, 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 VOLTAS OMAN L.L.C. as of 31st December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Muscat, 16th March, 2016

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2015

	Notes	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**181973**	98279	**31387**	16178
CURRENT ASSETS					
Inventories		**3121426**	252797	**538384**	41613
Trade and other receivables	4	**3639327**	1054864	**627711**	173641
Amounts due from related parties		**1052**	—	**181**	—
Amounts due from customers for contract work	5	**4553722**	1494987	**785426**	246090
Cash and cash equivalents	6	**120124**	528480	**20719**	86993
		11435651	3331128	**1972421**	548337
TOTAL ASSETS		**11617624**	3429407	**2003808**	564515
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	7	**500000**	500000	**86240**	82305
Legal reserve		**50679**	17326	**8741**	2852
Accumulated profit / (losses)		**69935**	(230243)	**12062**	(37900)
Equity Funds		**620614**	287083	**107043**	47257
Amount due to a member	8	**—**	1167	**—**	192
Amount due to ultimate parent company		**26740**	52608	**4612**	8660
Members' Funds		**647354**	340858	**111655**	56109
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**74656**	38958	**12876**	6413
CURRENT LIABILITIES					
Bank borrowings	9	**1623935**	—	**280096**	—
Trade and other payables	10	**9167921**	2924049	**1581284**	481327
Amounts due to related parties		**33774**	16984	**5826**	2796
Amounts due to customers for contract works	5	**46079**	108558	**7948**	17870
Provision for tax		**23905**	—	**4123**	—
		10895614	3049591	**1879277**	501993
TOTAL EQUITY AND LIABILITIES		**11617624**	3429407	**2003808**	564515

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) = ₹ 172.48 being the exchange rate prevailing as on 31st December, 2015. Previous year figures have been converted @ 1 RO = ₹ 164.61 being the exchange rate prevailing as on 31st December, 2014.

Directors **Anil George**
Akber M. Sultan
B. G. Prabhuajgaonkar
Jayant Balan
Satish Moorjani

Muscat, 16th March, 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Notes	RO	2014 RO	₹ in '000s	2014 ₹ in '000s
REVENUE	11	**6537922**	4773522	**1101967**	776270
Cost of works executed	12	**(5951639)**	(4420242)	**(1003149)**	(718820)
GROSS PROFIT		**586283**	353280	**98818**	57450
Other operating income	13	**548**	1100	**92**	179
Staff costs		**(165958)**	(151264)	**(27972)**	(24599)
Depreciation		**(11107)**	(8532)	**(1872)**	(1387)
Other operating expenses	14	**(52330)**	(74135)	**(8820)**	(12056)
PROFIT FROM OPERATING ACTIVITIES FOR THE YEAR		**357436**	120449	**60246**	19587
Finance costs	15	**—**	(107)	**—**	(17)
NET PROFIT FOR THE YEAR BEFORE TAX		**357436**	120342	**60246**	19570
Income tax expenses for the current year		**(23905)**	—	**(4029)**	—
NET PROFIT FOR THE YEAR AFTER TAX		**333531**	120342	**56217**	19570
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**333531**	120342	**56217**	19570

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) = ₹ 168.55 being the average of the exchange rates prevailing as on 31st December, 2014 (1 RO = ₹ 164.61) and as on 31st December, 2015 (1 RO = ₹ 172.48). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Anil George**
Akber M. Sultan
B. G. Prabhuajgaonkar
Jayant Balan
Satish Moorjani

Muscat, 16th March, 2016

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2015

	Share capital		Legal reserve		Accumulated losses		Total	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
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
Total comprehensive profit for the year	—	—	—	—	333531	56217	333531	56217
Transfer to legal reserve	—	—	33353	5753	(33353)	(5753)	—	—
As at 31st December, 2015	**500000**	**86240**	**50679**	**8741**	**69935**	**12062**	**620614**	**107043**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2015

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**357436**	120342	**60246**	19570
Adjustments for:				
Depreciation on property, plant and equipment	**52477**	25572	**8845**	4159
Finance costs	**—**	107	**—**	17
Profit on disposal of property, plant and equipment	**—**	(1000)	**—**	(163)
Operating profit before changes in operating assets and liabilities	**409913**	145021	**69091**	23583
(Increase) / decrease in trade and other receivables	**(2584463)**	1188966	**(454070)**	186763
Increase in trade and other payables	**6243872**	969178	**1099955**	167336
Increase in staff end-of-service gratuity payable	**35698**	21418	**6464**	3596
Decrease in advance billing	**—**	(4500)	**—**	(723)
(Increase) / decrease in inventories	**(2868629)**	59140	**(496771)**	8490
Increase in amounts due from / to customers for contract work (net)	**(3121214)**	(1984196)	**(549258)**	(324233)
Member's balance	**(1167)**	515	**(192)**	87
Ultimate parent company's balance	**(25868)**	32582	**(4048)**	5443
Related parties balances	**15738**	8224	**2848**	1389
Cash (used in) / from operating activities (A)	**(1896120)**	436348	**(327043)**	71827
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**—**	1000	**—**	163
Purchase of property, plant and equipment	**(136171)**	(90534)	**(22952)**	(14723)
Net cash used in investing activities (B)	**(136171)**	(89534)	**(23487)**	(14738)
Cash flows from financing activity				
Proceeds from bank borrowings	**1623935**	—	**280096**	—
Finance costs paid	**—**	(107)	**—**	(17)
Net cash from / (used in) financing activities (C)	**1623935**	(107)	**280096**	(18)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	**(408356)**	346707	**(66274)**	57797
Cash and cash equivalents at beginning of year	**528480**	181773	**86993**	29196
Cash and cash equivalents at end of year	**120124**	528480	**20719**	86993

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015

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 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:

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.

(d) Trade 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 for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising of leave salary, and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. The total expense recognised in the statement of comprehensive income for staff end-of-service gratuity amounts to RO. 0.058 million (₹ 9.810 million) [previous year : RO 0.034 million (₹ 5.472 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 has been made 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 net profit as per the Company's financial statements. Additional income tax liability that may arise in future on completion of pending tax assessment for the tax years 2013 to 2015 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the income tax assessments are completed. Income tax assessments are pending from tax year 2011.

(l) 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.

(m) Financial instruments

- Financial instruments of the Company comprise trade and other receivables, cash and cash equivalents, amounts due from / to customers for contract work, bank borrowings, trade and other payables, amounts due from / 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.

(n) 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 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 revenues and contract costs associated with the contract are recognised as revenues 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

(o) 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.

(p) 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.

(q) 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.

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 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 creditworthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

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

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 / 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.

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.

2.6 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

(i) There are no International Financial Reporting Standards, amendments thereto and interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on the financial statements.

(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, 2018)
- IFRS 9 : Financial Instruments (1st January, 2018)
- Amendment to IAS 27: Equity Method in Separate Financial Statements (1st January, 2016)
- IFRS 16 : Leases (1st January, 2019)

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, 2015	29212	4809	24367	4011	32952	5424	65717	10818	152248	25062
Additions	88275	14880	12367	2084	9119	1537	26410	4451	136171	22952
As at 31st December, 2015	**117487**	**20264**	**36734**	**6336**	**42071**	**7256**	**92127**	**15890**	**288419**	**49746**
Accumulated depreciation										
As at 1st January, 2015	1410	232	6145	1012	18473	3041	27941	4599	53969	8884
Charge for the year	13258	2235	6033	1017	8964	1511	24222	4082	52477	8845
As at 31st December, 2015	**14668**	**2530**	**12178**	**2100**	**27437**	**4732**	**52163**	**8997**	**106446**	**18359**
Net book value										
As at 31st December, 2014	27802	4577	18222	2999	14479	2383	37776	6219	98279	16178
As at 31st December, 2015	**102819**	**17734**	**24556**	**4236**	**14634**	**2524**	**39964**	**6893**	**181973**	**31387**

4. TRADE AND OTHER RECEIVABLES

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**1303881**	440794	**224893**	72559
Contract retentions	**871188**	383359	**150263**	63105
Contract debtors billed on account of advances receivable for materials at sites	**629364**	92812	**108553**	15277
	2804433	916965	**483709**	150941
Advance to suppliers	**780988**	43459	**134705**	7154
Advance to staff	**8157**	6081	**1407**	1001
Prepayments	**15461**	9507	**2666**	1565
Other advances	**18559**	16579	**3201**	2729
Accrued income	**10711**	61255	**1847**	10083
Deposits	**1018**	1018	**176**	168
	3639327	1054864	**627711**	173641

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

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
3 months to 1 year	**319528**	626620	**55112**	103148
Over 1 year	**327240**	288491	**56442**	47489
	646768	915111	**111554**	150637

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

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**2157665**	1854	**327154**	305

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

5. CONTRACT IN PROGRESS

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**13887897**	7619067	**2340805**	1239013
Progress billings	**9380254**	6232638	**1581042**	1013552
Advance on contracts	**1660690**	1711125	**286436**	281668
Retentions receivables	**848712**	377341	**146386**	62114

Amount due from customers for contract works of RO 4.554 million (₹ 785.426 million) [previous year : RO 1.495 million (₹ 246.090 million)], amount due to customer for contract work of RO 0.046 million (₹ 7.948 million) [previous year : RO 0.109 million (₹ 17.870 million)] and total contract values considered as per cost to completion exercise includes unapproved variances aggregating to RO 0.848 million (₹ 146.186 million) which are in the process of being certified and approved by main contractors. The Management of the Company is confident that the same will be certified in due course by main contractors.

6. CASH AND CASH EQUIVALENTS

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**117473**	523454	**20262**	86166
Bank smart card account	**1540**	624	**266**	103
Cash on hand	**1111**	4402	**191**	724
	120124	528480	**20719**	86993

7. SHARE CAPITAL

			As at 31-12-2014		As at 31-12-2014
	Share %	**RO**	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35%**	**175000**	175000	**30184**	28807
Voltas Netherlands B.V.	**65%**	**325000**	325000	**56056**	53498
	100%	**500000**	500000	**86240**	82305

The share capital comprises of 500000 shares of face value RO 1 (₹ 172.48) each, fully paid up.

8. AMOUNT DUE TO A MEMBER

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.LC.	**—**	1167	**—**	192

9. BANK BORROWINGS

		As at 31-12-2014		As at 31-12-2014
	RO	RO	**₹ in '000s**	₹ in '000s
Bank overdrafts	**544708**	—	**93951**	—
Bill discounting	**611375**	—	**105450**	—
Loan against trust receipts	**467852**	—	**80695**	—
	1623935	—	**280096**	—

Bank facilities are secured against:

(a) Corporate guarantees from members of the Company to cover project specific facilities and additional allocation under umbrella project specific facilities to banks.

(b) Irrevocable assignment of receivables from Company's projects financed under the umbrella project specific limits to banks.

10. TRADE AND OTHER PAYABLES

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Trade payables *	**3469965**	775444	**598500**	127646
Advance received from customers	**4293736**	1803937	**740584**	296946
Accruals	**1339550**	292440	**231046**	48138
Provision for expenses during defect liability period	**64670**	52228	**11154**	8597
	9167921	2924049	**1581284**	481327

* Trade payables include RO. 0.132 million (₹ 22.825 million) [previous year : RO 0.071 million (₹ 11.640 million)] due to related parties on account of trade dealings.

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

	RO	As at 31-12-2014 RO	₹ in '000s	As at 31-12-2014 ₹ in '000s
Opening balance	**52228**	—	**8597**	—
Provision during the year	**34060**	52228	**5741**	8493
Incurred and written off against provision during the year	**(21618)**	—	**(3644)**	—
Closing balance	**64670**	52228	**11154**	8597

11. REVENUE

	RO	2014 RO	₹ in '000s	2014 ₹ in '000s
Contract revenue	**6402828**	4686421	**1079197**	762106
Maintenance revenue	**135094**	87101	**22770**	14164
	6537922	4773522	**1101967**	776270

12. COST OF WORKS EXECUTED

	RO	2014 RO	₹ in '000s	2014 ₹ in '000s
Materials consumed and related expenses	**1742765**	1854411	**293743**	301564
Wages and related expenses	**2298122**	1607343	**387348**	261386
Depreciation on property, plant and equipment	**41370**	17040	**6973**	2771
Sub contract costs	**1202627**	513271	**202703**	83468
Other direct costs	**611053**	377356	**102993**	61366
	5895937	4369421	**993760**	710555
Maintenance project cost	**55702**	50821	**9389**	8265
	5951639	4420242	**1003149**	718820

13. OTHER OPERATING INCOME

	RO	2014 RO	₹ in '000s	2014 ₹ in '000s
Profit on disposal of property, plant and equipment	**—**	1000	**—**	163
Exchange gain (Net)	**548**	—	**92**	—
Miscellaneous Income	**—**	100	**—**	16
	548	1100	**92**	179

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

14. OTHER OPERATING EXPENSES

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**10800**	11450	**1820**	1862
Repairs and maintenance	**2896**	6942	**488**	1129
Insurance	**899**	891	**152**	145
Electricity and water	**1485**	1372	**250**	223
Telephones, fax and postage	**5818**	6562	**981**	1067
Travelling and conveyance	**8785**	12287	**1481**	1998
Tender charges	**310**	8558	**52**	1392
Vehicle expenses	**2860**	1725	**482**	281
Advertisement and business promotion expenses	**5151**	1997	**868**	325
Entertainment expenses	**14**	21	**2**	3
Miscellaneous expenses	**13312**	22330	**2244**	3631
	52330	74135	**8820**	12056

15. FINANCE COSTS

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**—**	107	**—**	17

16. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The Management considers such transactions to be in the normal course of business. Related parties comprise companies under common ownership and / or common management control and members. The balances with related parties at the period end have 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**	2014 Total	**Total**	2014 Total
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Purchase of property, plant and equipment from	**—**	**—**	**9010**	**9010**	6045	**1519**	983
Back to back expenses from	**3488**	**—**	**24239**	**27727**	21262	**4673**	3458
Back to back expenses to	**—**	**—**	**11221**	**11221**	5770	**1891**	938
Purchases from	**—**	**—**	**113950**	**113950**	113355	**19206**	18434
Expenses from	**62284**	**—**	**79784**	**142068**	163670	**23946**	26616
Allocation of expenses from	**—**	**—**	**—**	**—**	4568	**—**	743
Allocation of expenses to	**—**	**—**	**65933**	**65933**	49272	**11113**	8013
Materials transferred to	**—**	**—**	**—**	**—**	—	**—**	—
Materials transferred from	**—**	**—**	**970**	**970**	4275	**163**	695

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 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:

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**23905**	—	**4029**	—
Charge for the earlier years	**—**	—	**—**	—
Income tax expense	**23905**	—	**4029**	—

(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:

		2014		2014
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting net profit of RO 0.357 million (₹ 60.246 million) [previous year : profit of RO 0.120 million (₹ 19.570 million)] at applicable tax rates	**39292**	14441	**6623**	2348
Add / less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**720**	(525)	**121**	(85)
Profit on disposal of property, plant and equipment	**—**	(120)	**—**	(20)
Provision made not deductible	**3122**	6267	**526**	1019
Tax fees not considered as deductible expense for income tax purpose	**108**	156	**18**	25
Previous years' tax losses brought forward	**(19352)**	(39571)	**(3262)**	(6435)
Expense not considered as deductible expense for income tax purpose	**15**	—	**3**	—
Tax loss carried forward to adjust against future taxable net profit	**—**	19352	**—**	3148
	23905	—	**4029**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2015 (contd.)

18. FINANCIAL INSTRUMENTS

Management of risk

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

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

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

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

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its 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, amounts due from related parties and trade and other receivables. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets.

The Company's bank current and smart card accounts are placed with reputed financial institutions. As at year end 2015, 96.58% (previous year : 96.34%) of contract receivables was due from three (previous year : three) contract debtors. As at year end 2015, 93.22% (previous year : 96.76%) of amounts due from customers for contract works was due from three (previous year : two) customers. Amounts due from customers for contract works of RO 4.554 million (₹ 785.426 million) [previous year : RO 1.495 million (₹ 246.090 million)] and amounts due to a customer for contract work of RO 0.046 million (₹ 7.948 million) and total contract values considered as per cost to completion exercise includes unapproved variances aggregating to RO 0.848 million (₹ 146.186 million) which are in the process of being certified and approved by main contractors as mentioned in Note 5 to these financial statements. As at the previous year end, amount of RO 0.380 million (₹ 62.607 million) constituting 11.42% 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

Bank current, overdraft and other borrowings are at floating rates at levels which are generally obtained in Sultanate of Oman and are therefore exposed to cash flow 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.

(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 RO	3 to 12 months RO	1 year to 5 years RO	More than 5 years RO	Total RO	Total ₹ in '000s
As at 31st December, 2015						
Staff end-of-service gratuity	**—**	**—**	**—**	**74656**	**74656**	**12876**
Bank borrowings	**1623935**	**—**	**—**	**—**	**1623935**	**280096**
Trade and other payables	**9167921**	**—**	**—**	**—**	**9167921**	**1581284**
Amounts due to customers for contract works	**46079**	**—**	**—**	**—**	**46079**	**7948**
Provision for tax	**23905**	**—**	**—**	**—**	**23905**	**4123**
Amount due to related parties	**33774**	**—**	**—**	**—**	**33774**	**5826**
	10895614	**—**	**—**	**74656**	**10970290**	**1892153**
As at 31st December, 2014						
Staff end-of-service gratuity	—	—	—	38958	38958	6413
Trade and other payables	2924049	—	—	—	2924049	481327
Amounts due to customers for contract works	108558	—	—	—	108558	17870
Advance billing	—	—	—	—	—	—
Amount due to related parties	16984	—	—	—	16984	2796
	3049591	—	—	38958	3088549	508406

19. OPERATING LEASE COMMITMENTS

The Company has entered into operating leases for 10 years. The total of the future lease payment is as follows:

	RO	As at 31-12-2014 RO	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
Not later than one year	**34200**	—	**5764**	—
Between one and five years	**91800**	—	**15473**	—
Later than five years	**12600**	—	**2124**	—
	138600	—	**23361**	—

20. CONTINGENT LIABILITIES

	RO	As at 31-12-2014 RO	**₹ in '000s**	As at 31-12-2014 ₹ in '000s
Acceptances	**21070**	—	**3634**	—
Banker's letter of guarantee	**4071899**	3945878	**702321**	649531
Banker's letters of credit	**747730**	251938	**128968**	41472
	4840699	4197816	**834923**	691003

Bank facilities are secured against:

(a) Corporate guarantees from members of the Company to cover project specific facilities and additional allocation under umbrella project specific facilities to banks.

(b) Irrevocable assignment of receivables from Company's projects financed under the umbrella project specific limits to banks.

21. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to ensure that the Company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalent.

Directors **Anil George**
Akber M. Sultan
B. G. Prabhuajgaonkar
Jayant Balan
Satish Moorjani

Muscat, 16th March, 2016

VOLTAS NETHERLANDS B.V.

Directors :

P. N. Dhume
B. G. Prabhuajgaonkar
Jayant Balan
Representative of TMF Management B.V.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Seventeenth Annual Report and the Accounts for the year ended 31st March, 2016.

2. The Company has reported higher profit of Euro 2.344 million for the year ended 31st March, 2016 as compared to Euro 0.152 million in the previous year, due to higher dividend income earned from Participations. The Directors recommended dividend of Euro 1.000 million for the year ended 31st March, 2016, same as last year.

3. Mr. Jayant Balan was appointed as Director of the Company with effect from 21st January, 2016 in place of Mr. Gavin Appleby.

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

On behalf of the Board of Directors

B. G. Prabhuajgaonkar
Director

Dubai, 20th April, 2016

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, 2016, 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 included in the special purpose financial information. 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, 2016 is prepared, in all material respects, in accordance with the accounting policies included in the special purpose financial information.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we note that this special purpose financial information is prepared for purposes of providing information to Voltas Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Voltas Netherlands B.V. in accordance with Dutch GAAP and is not intended to give a true and fair view of the financial position of Voltas Netherlands B.V. as per 31st March, 2016, 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, 28th April, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Euro	As at 31-3-2015 Euro	₹ in '000s	As at 31-3-2015 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**618729**	618729	**46386**	41863
Reserves and Surplus	**7679311**	6335115	**575718**	428634
Total Shareholders' Funds	**8298040**	6953844	**622104**	470497
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**338684**	160788	**25391**	10879
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1159588**	1159588	**86934**	78458
Voltas Oman L.L.C.	**636945**	636945	**47752**	43096
Voltas Qatar W.L.L.	**101056**	101056	**7576**	6837
Universal Voltas L.L.C.	**3763260**	3763260	**282132**	254622
	5999533	5821637	**449785**	393892
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(338684)**	(160788)	**(25391)**	(10879)
	5660849	5660849	**424394**	383013
CURRENT ASSETS, LOANS AND ADVANCES (NOMINAL VALUE)				
Receivables from group companies	**901727**	177896	**67603**	12036
Other receivables	**4644**	5799	**348**	392
Bank balances	**1748834**	1128035	**131110**	76323
Less: Current Liabilities	**(18014)**	(18735)	**(1351)**	(1267)
Net Current Assets	**2637191**	1292995	**197710**	87484
	8298040	6953844	**622104**	470497

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 74.97 being the exchange rate prevailing as on 31st March, 2016. Previous year figures have been converted @ 1 Euro = ₹ 67.66 being the exchange rate prevailing as on 31st March, 2015.

Directors **B. G. Prabhuajgaonkar**
Dubai, 20th April, 2016 **Jayant Balan**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2016

	Euro	2014-15 Euro	₹ in '000s	2014-15 ₹ in '000s
OTHER INCOME				
Dividend from participations	**2593580**	182976	**184974**	13729
EXPENSES				
Operating and Administrative Expenses	**(280447)**	(103263)	**(20001)**	(7748)
Financial results	**31063**	72681	**2215**	5453
	(249384)	(30582)	**(17786)**	(2295)
Profit	**2344196**	152394	**167188**	11434

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 71.32 being the average of the exchange rates prevailing as on 31st March, 2015 (1 Euro = ₹ 67.66) and as on 31st March, 2016 (1 Euro = ₹ 74.97). Previous year figures have 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).

Directors **B. G. Prabhuajgaonkar**
Dubai, 20th April, 2016 **Jayant Balan**

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, 2015 up to and including 31st March, 2016.

Participations

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

		Acquisition costs	
	%	**Euro**	**₹ in '000s**
Saudi Ensas Company for Engineering Services W.L.L.	**8**	**338684**	**25391**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**1159588**	**86934**
Voltas Oman L.L.C.	**65**	**636945**	**47752**
Voltas Qatar W.L.L.	**49**	**101056**	**7576**
Universal Voltas L.L.C.	**49**	**3763260**	**282132**
Total acquisition costs		**5999533**	**449785**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(338684)**	**(25391)**
		5660849	**424394**

The participations are carried at acquisition costs.

Share Capital

The registered share capital amounts to Euro 1021005 (₹ 76544745)

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 Euros in accordance with Article 178c, Book 2 of the Netherlands Civil Code.

Share Capital

	Euro	**₹ in '000's**
Balance as per 31st March, 2015	**618729**	**41863**
Movement	**—**	**—**
Balance as per 31st March, 2016	**618729**	**46386**

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2015	**6335115**	**428634**
Profit for the year ended 31st March, 2016	**2344196**	**167188**
Dividend bookyear 2014 / 2015	**(1000000)**	**(67660)**
Balance as per 31st March, 2016	**7679311**	**575718**

Receivables from group companies

	Euro	**₹ in '000s**
Receivable from Universal Voltas L.L.C. (AED 3430000)	**825516**	**61889**
Receivable from Voltas Oman L.L.C. (OMR 32500)	**76211**	**5714**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43068**	**3229**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43068)**	**(3229)**
Balance as per 31st March, 2016	**901727**	**67603**

The loan to Saudi Ensas Company for Engineering Services W.L.L. has been converted into equity capital in 2015/2016. Therefore, no interest is calculated.

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

Other receivables

	Euro	₹ in '000s
Prepayments	3739	280
Interest to be received	905	68
Balance as per 31st March, 2016	4644	348

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	8290	622
ABN Amro Bank USD	13134	984
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	1727406	129504
Balance as per 31st March, 2016	1748834	131110

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	18014	1351
Balance as per 31st March, 2016	18014	1351

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 39.046 million) (₹ 2927.279 million)

(ii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 200.000 million (Euro 48.227 million) (₹ 3615.578 million)

(iii) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 2.223 million) (₹ 166.658 million)

(iv) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 4.550 million (Euro 10.374 million) (₹ 777.739 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
Universal Voltas L.L.C. (AED 6860000 + AED 3430000)	2517369	179539
Voltas Oman L.L.C. (OMR 32500)	76211	5435
	2593580	184974

The Company did not have any employees during 2015-16 (2014-15: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Subscriptions	15	1
Management costs	27996	1996
Audit and advisory expenses	65473	4670
Legal fees	9067	646
Write down participation - Saudi Ensas Company for Engineering Services W.L.L.	177896	12688
	280447	20001

Interest

	Euro	₹ in '000s
Interest received	(3682)	(263)
Bank cost	1594	114
Exchange rate differences	(28975)	(2066)
	(31063)	(2215)

Directors **B. G. Prabhuajgaonkar**
Jayant Balan

Dubai, 20th April, 2016

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