VOLTAS

A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2016-2017

CONTENTS

UNIVERSAL COMFORT PRODUCTS LIMITED

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Sixteenth Annual Report and Audited Financial Statements for the year ended 31st March, 2017.

1. **Financial Results:**

₹ in crores

	2016-17	2015-16
Revenue from operations	**1,405**	1,101
Other Income	**1**	2
Total Income	**1,406**	1,103
Total expenses	**1,272**	1,020
Profit before Tax	**134**	83
Tax expense	**33**	20
Profit for the year	**101**	63

The Company has recorded Revenue of ₹ 1,405 crores for the year ended 31st March, 2017 as compared to ₹ 1,101 crores in the previous year. Profit before tax was at ₹ 134 crores as compared to ₹ 83 crores in the previous year. The Company recorded production of 7,30,289 units during the year under review as compared to 5,83,274 units last year.

2. **Reserves:**

The Board of Directors have transferred ₹ 7.25 crores to General Reserve.

3. **Dividend:**

The Directors recommend dividend of ₹ 17.50 per equity share of ₹ 10 each (175%) for the year 2016-17 (2015-16: 150%).

4. **Number of Board Meetings and attendance of Directors:**

During 2016-17, five Board Meetings were held on 22nd April, 2016; 8th July, 2016; 24th October, 2016; 20th January, 2017 and 7th March, 2017. The attendance of each Director is given below:

Name of Director	**No. of Meetings attended**
Mr. Anil George	5
Mr. Nani Javeri	4
Mr. R. N. Mukhija	5
Mr. Pradeep Kumar Bakshi	5
Ms. Sandhya S. Kudtarkar	5

5. **Directors:**

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

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 Act). The Board has accepted the recommendations made by the Audit Committee, from time to time. During 2016-17, four Audit Committee Meetings were held on 22nd April, 2016; 8th July, 2016; 24th October, 2016 and 20th January, 2017. The attendance of each member of the Audit Committee is given below:

Name of Member	**No. of Meetings attended**
Mr. Anil George	4
Mr. Nani Javeri	3
Mr. R. N. Mukhija	4

8. **Nomination and Remuneration Committee:**

Nomination and Remuneration Committee (NRC) comprises Mr. Nani Javeri (Chairman), Mr. Anil George and Mr. R. N. Mukhija. During 2016-17, three Meetings were held on 22nd April, 2016, 8th July, 2016 and 7th March, 2017, which were attended by all Committee Members.

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

As reported last year, the Board has adopted the Remuneration Policy for Directors, Key Managerial Personnel (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 Act, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors.

The performance 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; quality of relationship between the Board / Committees and the Management, structure of Meetings and quality of agenda; functions of the Board, independence of the Management from the Board, evaluation of performance of the Management by the Board, professional development and training to Directors, independence of Committees from the Board and contribution of Committees to decisions of Board. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their separate annual Meeting during which, the Independent Directors evaluated the performance of Non-Executive Directors, including Chairman and the Board as a whole. The performance of Directors, the Board as a whole and various Committees was also reviewed and deliberated at the Board Meeting on 5th May, 2017.

11. Corporate Social Responsibility:

Disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 in prescribed form is enclosed as Annexure I to the Directors' Report. During 2016-17, two Meetings were held on 24th October, 2016 and 7th March, 2017, which were attended by all Committee Members.

12. Statutory Auditors:

The Members had, at the Fourteenth Annual General Meeting (AGM) of the Company on 3rd July, 2015, approved appointment of Deloitte Haskins & Sells (DHS) as the Statutory Auditors of the Company for a period of two consecutive financial years (2015-16 and 2016-17) from the conclusion of the Fourteenth AGM till the conclusion of Sixteenth AGM of the Company to be held in the year 2017, subject to ratification at every AGM. At the last AGM, the Members had ratified their appointment for the financial year 2016-17. DHS has done the Statutory audit of the financial statements of the Company for 2016-17 and their Report does not contain any qualification, reservation or adverse remark.

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint S R B C & Co. LLP (SRBC) as Statutory Auditors for a term of five years from the conclusion of Sixteenth AGM till the conclusion of Twenty-First AGM of the Company to be held in the year 2022, to examine and audit the accounts of the Company for financial years between 2017-18 and 2021-22, subject to ratification of their appointment at every subsequent AGM, if so required under the Act. SRBC have, pursuant to Section 139 of the Act, furnished a certificate regarding their eligibility of appointment.

Resolution seeking approval of Members for appointment of SRBC as Statutory Auditors of the Company forms part of the Notice of AGM of the Company.

13. Cost Auditors:

The Board had appointed M/s. Sagar & Associates, Cost Accountants as the Cost Auditors for the financial year 2016-17. M/s. Sagar & Associates have been appointed as Cost Auditors of the Company for the financial year 2017-18 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 2016-17. 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 air-conditioners for Voltas Limited, the holding company and is the preferred vendor for Split ACs as compared to other OEMs/ vendors of Voltas. The Company also supplies Split AC units to Voltas distributors/dealers, across the country. Production planning at Pantnagar Plant is done based on quantity requirements indicated by Voltas in advance. In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its business operations.

16. Extract of the Annual Return:

Pursuant to Sections 92(3) and 134(3)(a) of the Act, 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 Act, relating to conservation of energy, technology absorption, foreign exchange earning and outgo is given by way of 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 contracts or arrangements with related parties:

All related party transactions during 2016-17 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.

20. Directors' Responsibility Statement:

Based on the compliance systems established and maintained by the Company, work performed by the 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 Act, 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 Act, 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.

21. 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, 5th May, 2017 *Chairman*

Annexure I
ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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 the 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:** ₹ 83.21 crores.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above):** ₹ 1.67 crores.

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

(a) Total amount to be spent for the financial year: ₹ 1.67 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.	Phase II expansion project of hospital for cancer patients; Free eye operation camp for cataract treatment, other eye surgeries.	Health	Kolkata, Bodhgaya (Bihar)	₹ 1.00 crore	Direct expenditure	₹ 1.00 crore	₹ 0.50 crore each through Tata Medical Centre and Bhansali Trust
2.	Donation of books to libraries; Promoting research work on issues of health, environmental sustainability and education.	Education	Across India	₹ 0.45 crore	Direct expenditure	₹ 1.45 crores	The MARG Foundation (₹ 0.20 crore) and Vidhi Centre (₹ 0.25 crore)
3.	Financing the requirement of Ambulance and Solar Power Plant for Old Age home maintained by a Trust.	Community Development	Poovalai village (Chennai)	₹ 0.25 crore	Direct expenditure	₹ 1.70 crores	Shri Mahati Trust

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

Annexure II

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 OF
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 our 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, 2017 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, 2017 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, 2011;
- (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. Contract Labour (Regulation and Abolition) Act, 1970 and Rules
7. Employees Compensation Act, 1923
8. Employees` Provident Funds Act and Miscellaneous Provisions Act, 1952
9. Employees` State Insurance Act, 1948, Rules and Regulations
10. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
11. Equal Remuneration Act, 1976
12. E-waste (Management & Handling) Rules, 2011
13. Finance Act, 1994 (Service Tax)
14. Income-tax Act, 1961 and Rules
15. Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979
16. Maternity Benefit Act, 1961 and Rules
17. Micro, Small and Medium Enterprises Development Act, 2006
18. Minimum Wages Act, 1948 and State Rules
19. Payment of Bonus Act, 1965 and Rules
20. Payment of Wages Act, 1936 and Rules
21. Personal injuries (Compensation Insurance) Act, 1963

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(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 Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review. For day-to-day operations, the Company has a Manager under Companies Act, 2013.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes 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 Meetings and for meaningful participation at the Meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. All 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 and Guidelines, Standards, etc.

For **N L Bhatia & Associates**
UIN: P1996MH055800

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

Place: Mumbai
Date: 26th April, 2017

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: P1996MH055800

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

Place: Mumbai
Date: 26th April, 2017

Annexure III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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	100%

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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% 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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
(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	0	0	0	0	0	0	0	0	0
(a) Bodies Corporate	0	0	0	0	0	0	0	0	0
(i) Indian	0	0	0	0	0	0	0	0	0
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
(c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**	**2,76,42,000**	**2,76,42,000**	**100%**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2016)			Shareholding at the end of the year (As on 31-3-2017)			% 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	
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 (1-4-2016)	There is no change in Promoters' Shareholding between 1-4-2016 and 31-3-2017			
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 (31-3-2017)				

(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 (1-4-2016)					
1.	Anil George	1*	—	0	—
2.	Nani Javeri	0	0	0	0
3.	R. N. Mukhija	0	0	0	0
4.	Pradeep Kumar Bakshi	0	0	0	0
5.	Sandhya S. Kudtarkar	0	0	0	0
Key Managerial Personnel					
1.	M. K. Sharma	0	0	0	0
2.	Kajal Jangid	0	0	0	0
3.	Srinivas Raju	0	0	0	0
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):		Nil			

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

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the end of the year (31-3-2017)					
1.	Anil George			1*	—
2.	Nani Javeri			0	0
3.	R. N. Mukhija			0	0
4.	Pradeep Kumar Bakshi			0	0
5.	Sandhya S. Kudtarkar			0	0
Key Managerial Personnel					
1.	M. K. Sharma			0	0
2.	Kajal Jangid			0	0
3.	Srinivas Raju			0	0

* jointly with Voltas Limited

V. INDEBTEDNESS:

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Manager
		M. K. Sharma
1.	Gross salary (₹)	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	48.68
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.74
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify	Nil
5.	Others, please specify - P F, Superannuation and Medical (exempt)	1.60
	Total (A)	51.02
	Ceiling as per the Act (5% of profit u/s 198 of the Companies Act, 2013)	668.79

B. Remuneration to other directors: Fees for attending Board/Committee meetings:

₹ in Lakhs

Anil George	Pradeep Kumar Bakshi	Nani Javeri	R. N. Mukhija	Sandhya S. Kudtarkar	Total
0.70	0.35	2.60	2.60	1.00	7.25

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Srinivas Raju CFO	Kajal Jangid Company Secretary
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	29.18	8.55
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.22	Nil
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil
5.	Others, please specify - Provident Fund and Superannuation	1.21	0.34
	Total	30.61	8.89

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:

There was an improvement in Power factor from 0.94 to 0.99 by replacement of capacitors and productivity maintenance implementation for power bank. This resulted in savings in cost and also in carbon foot print (48 tons) during the year.

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 and production of Star rated DC Inverter air conditioner with ISEER methodology in 3 and 5 Star in line with latest energy norms of BEE.

(b) Development and production of split air conditioners with alternate Green gas Refrigerant R410a.

(c) Development and production of Smart air conditioners with Wi-Fi feature.

(d) Development and production of new downsized outdoor unit of 22 inch and 18 inch height for 1.5 ton 5 Star and 1 ton 2 Star ACs, respectively.

(e) Development of 5 Star Rated Window and Split AC with Eco friendly Refrigerant R410a.

The Company had incurred R&D expenditure of ₹1.05 crores during 2016-17.

C. Foreign Exchange Earnings and Outgo:

Expenditure in foreign currency: ₹ 0.22 crore.

On behalf of the Board of Directors

Anil George
Chairman

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 2016-17.

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. 32 of financial statements for the year ended 31st March, 2017.

(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. 32 of financial statements for the year ended 31st March, 2017.

(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 Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **UNIVERSAL COMFORT PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS 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 Ind AS financial statements based on our audit.

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

We conducted our audit of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act as applicable.
   (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, 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 Ind AS financial statements - Refer Note 27 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.
      (iv) The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
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
(Membership No.108262)

Mumbai, 5th May 2017

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, 2017 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, 2017, 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, 5th May 2017

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 non current 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 to 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, 2017 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, 2017 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 Order 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 Order 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 Order 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 Order 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-IA 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, 5th May 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
A. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, plant and equipment	3	**1,270.37**	1,353.25	1,094.34
(b) Capital work-in-progress	3	—	20.40	—
(c) Intangible assets	3	**2.89**	6.99	11.85
(d) Financial assets				
- Other financial assets	4	**58.27**	47.34	635.88
(e) Deferred tax assets (net)	6	**176.64**	587.37	836.85
(f) Income tax assets (net)	7	**227.97**	234.72	34.61
(g) Other non-current assets	5	**311.49**	310.65	311.24
		2,047.63	2,560.72	2,924.77
2. CURRENT ASSETS				
(a) Inventories	8	**14,932.04**	18,843.24	15,062.24
(b) Financial assets				
(i) Trade receivables	9	**30,611.02**	15,374.25	18,170.17
(ii) Cash and cash equivalents	10	**488.83**	22.11	84.00
(iii) Other financial assets	4	—	7.54	64.72
(c) Other current assets	5	**484.68**	558.59	30.43
		46,516.57	34,805.73	33,411.56
	TOTAL	**48,564.20**	37,366.45	36,336.33
B. EQUITY AND LIABILITIES				
1. EQUITY				
(a) Equity share capital	11	**2,764.20**	2,764.20	2,764.20
(b) Other equity	12	**25,403.93**	20,342.70	18,993.33
Total equity		**28,168.13**	23,106.90	21,757.53
2. LIABILITIES				
NON-CURRENT LIABILITIES				
Provisions	13	**15.46**	12.86	11.54
		15.46	12.86	11.54
3. CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Trade payables	14	**19,603.66**	14,062.21	14,216.34
(ii) Other financial liabilities	15	**79.38**	64.83	31.55
(b) Provisions	13	**4.40**	2.47	2.79
(c) Current tax liabilities (net)	7	**530.75**	—	63.43
(d) Other current liabilities	16	**162.42**	117.18	253.15
Total current liabilities		**20,380.61**	14,246.69	14,567.26
Total equity and liabilities	TOTAL	**48,564.20**	37,366.45	36,336.33
Notes forming part of the financial statements	1-37			

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 5th May, 2017

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, 5th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

		Note	₹ in Lakhs	2015-16 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	17	**1,40,506.45**	1,10,149.53
2.	**OTHER INCOME**	18	**82.35**	211.14
3.	**TOTAL INCOME**		**1,40,588.80**	1,10,360.67
4.	**EXPENSES**			
	(a) Cost of materials consumed	19	**1,18,777.10**	99,777.87
	(b) Changes in inventories of finished goods	20	**905.87**	(2,060.29)
	(c) Employee benefits expense	21	**525.92**	443.32
	(d) Finance costs	22	—	0.62
	(e) Depreciation and amortisation expense	3	**131.76**	116.45
	(f) Other expenses	23	**6,872.40**	3,712.28
	TOTAL EXPENSES		**1,27,213.05**	1,01,990.25
5.	**PROFIT BEFORE TAX**		**13,375.75**	8,370.42
6.	**TAX EXPENSE**			
	(a) Current tax	26	**3,272.00**	2,038.99
	(b) Short provision of earlier years		**31.52**	2.57
	(c) Deferred tax	6	**18.58**	(10.13)
			3,322.10	2,031.43
7.	**PROFIT FOR THE YEAR**		**10,053.65**	6,338.99
8.	**OTHER COMPREHENSIVE INCOME, (NET OF TAX)**			
	Items that will not be reclassified subsequently to profit and loss :			
	Remeasurement of post-employment benefit obligations Actuarial (loss)/gain		**(3.11)**	1.33
	Income-tax relating to this item		**1.08**	(0.46)
			(2.03)	0.87
9.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**10,051.62**	6,339.86
10.	**EARNINGS PER SHARE**	30		
	Basic and Diluted - (₹)		**36.37**	22.93
	Face Value per equity share - (₹)		**10.00**	10.00
	Notes forming part of the financial statements	1-37		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 5th May, 2017

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, 5th May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. Equity share capital

	₹ in Lakhs
As at 1st April, 2015	2,764.20
Changes in Equity share capital	—
As at 31st March, 2016	2,764.20
Changes in Equity share capital	—
As at 31st March, 2017	**2,764.20**

B. Other equity

	Reserves and surplus		₹ in Lakhs
	General Reserve	**Retained earning**	**Total other equity**
Balance as at 1st April, 2015	600.00	18,393.33	18,993.33
Profit for the year	—	6,338.99	6,338.99
Other comprehensive income for the year (net of tax)	—	0.87	0.87
Total Comprehensive Income for the year	—	6,339.86	6,339.86
Transaction with owners in capacity as owners			
Transfer from retained earnings	725.00	(725.00)	—
Dividend paid (including tax thereon)	—	(4,990.49)	(4,990.49)
Balance as at 31st March, 2016	1,325.00	19,017.70	20,342.70
Profit for the year	—	10,053.65	10,053.65
Other comprehensive income for the year (net of tax)	—	(2.03)	(2.03)
Total comprehensive income for the year	—	10,051.62	10,051.62
Transaction with owners in capacity as owners			
Dividend paid (including tax thereon)	—	(4,990.39)	(4,990.39)
Transfer from retained earnings	725.00	(725.00)	—
Balance as at 31st March, 2017	**2,050.00**	**23,353.93**	**25,403.93**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 5th May, 2017

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, 5th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

		₹ in Lakhs	2015-16 ₹ in Lakhs
A.	**Cash Flow from Operating activities**		
	Profit before tax	**13,375.75**	8,370.42
	Adjustments for:		
	Unclaimed credit balances written back	**(6.19)**	(17.53)
	Interest income	**(1.10)**	(29.81)
	Finance costs	—	0.62
	Depreciation and amortisation expenses	**131.76**	116.45
	Lease prepayment amortized	**2.81**	2.81
	Actuarial Gain/(Loss) on remeasurement of defined employee benefit obligation transferred to other comprehensive income	**(3.11)**	1.33
	Operating profit before working capital changes	**13,499.92**	8,444.29
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	**3,911.20**	(3,781.00)
	Trade receivables	**(15,236.76)**	2,795.92
	Financial assets	**(3.39)**	(29.80)
	Non-financial assets	**73.07**	(530.38)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**5,541.45**	(136.60)
	Financial liabilities	**14.55**	33.28
	Non-financial liabilities	**54.30**	(134.97)
	Cash generated from operations	**7,854.34**	6,660.74
	Net income tax paid	**(2,372.85)**	(2,021.07)
	Net cash flow from Operating activities (A)	**5,481.49**	4,639.67
B.	**Cash Flow from Investing activities**		
	Capital expenditure on property, plant and equipment, including capital advances	**(24.38)**	(390.90)
	Bank balance not considered as cash and cash equivalent	—	624.59
	Interest received	—	80.74
	Net cash flow from/(used in) Investing activities (B)	**(24.38)**	314.43
C.	**Cash Flow from Financing activities**		
	Dividend paid	**(4,146.30)**	(4,146.30)
	Tax on dividend	**(844.09)**	(869.07)
	Finance costs	—	(0.62)
	Net cash flow from used in Financing activities (C)	**(4,990.39)**	(5,015.99)
	Net increase/(decrease) in Cash and cash equivalents (A+B+C)	**466.72**	(61.89)
	Cash and cash equivalents at the beginning of the year	**22.11**	84.00
	Cash and cash equivalents at the end of the year (Refer Note 10)	**488.83**	22.11

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 5th May, 2017

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, 5th May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. BACKGROUND AND OPERATIONS

Universal Comfort Products Limited manufactures room air conditioners and is a wholly owned subsidiary of Voltas Limited.

1.1 Significant accounting policies

(a) STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended 31st March, 2017 are the first financial statements under Ind AS as prepared by the Company. The date of transition to Ind AS is 1st April, 2015. Refer Note 1.3 for the details of first-time adoption exemptions availed by the Company.

(b) BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all years presented unless otherwise stated.

The Company has adopted all issued Ind AS standards and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from Indian GAAP which is previous GAAP, as defined in Ind AS 101.

An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 2.

(c) BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

(d) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements pertain to:

- Estimate of useful life of Property, plant and equipment and Intangible assets.

(e) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade discounts. Revenue includes excise duty however excludes Sales Tax, Value Added Tax, Works Contract Tax and any other indirect taxes or amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Company and specific criteria have been met for each of the activities as described below.

(i) Revenue from sale of goods:

Revenue from sale of goods is recognised when the titles have passed as per the terms of the agreement at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Interest Income

Interest income from financial assets is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(f) EMPLOYEE BENEFITS (OTHER THAN PERSONS ENGAGED THROUGH CONTRACTORS)

(A) Retirement benefits costs and termination benefits

(i) 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 the provident funds and pension fund to Government (Employee's Provident Fund Organization). The Company's contributions during the year to Provident Funds are recognised in the statement of profit and loss.

(ii) Defined Benefit Plans

The Company's liabilities towards gratuity schemes are determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses (excluding net interest), is reflected immediately in the Balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in statement of profit and loss in the line item "Employee Benefits Expenses". Curtailment gains and losses are accounted for as past service costs.

The defined benefit obligation recognised in the Balance Sheet represents the unfunded liability towards the defined benefit plans.

(B) Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the obligation at the Balance Sheet Date.

(g) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any.

The estimated useful lives are as mentioned below:

Type of asset	**Useful lives**
Buildings	30 years
Plant and Equipment	10 to 15 years
Furniture and Fixtures	10 years
Office equipment	3 to 5 years
Vehicles	10 years

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the depreciable amount of assets (other than assets under construction) over the useful lives using the straight line method.

Depreciation on property, plant and equipment has been provided on the Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Premium paid on Leasehold Land is amortised over the period of the lease, commencing from the date the land is put to use for commercial operations.

(h) INTANGIBLE ASSETS

Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of intangible assets of software is 5 years.

(i) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets 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 asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

(j) LEASES

Leases are classified as Finance lease whenever the terms of lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating leases.

Operating lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(k) 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 for bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Finished goods include appropriate proportion of overhead.

(l) TAXES ON INCOME

Current tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income-tax Act, 1961. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income-tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred income taxes

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Current tax include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India. Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(m) PROVISIONS AND CONTINGENCIES

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of past event, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

Contingencies

Contingent liabilities are disclosed only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

(n) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. A significant portion of the Company's financial assets is trade receivables from its holding company. The Company periodically assesses whether there has been a significant increase in credit risk since initial recognition on the basis of all reasonable and supportable information that is available without undue cost or effort. This includes historical and forward-looking information.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair Value through Profit and Loss (FVTPL).

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' or 'Other expenses' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(o) CASH AND CASH EQUIVALENTS (FOR THE PURPOSE OF CASH FLOW STATEMENT)

Cash and short-term deposits in the Balance Sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to insignificant risk of changes in value.

(p) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transitions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(q) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) 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.

(r) FOREIGN CURRENCY TRANSLATION

The functional currency of the Company is Indian rupee (₹).

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognitions

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

(s) SEGMENT REPORTING

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker. The Manager who has been identified as the chief operating decision-maker, is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

(t) 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.

1.2 New Standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' respectively. The amendments are applicable to the Company from 1st April, 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

1.3 First-time adoption exemptions availed by the Company as per Ind AS 101

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 by recognizing items of assets or liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

2. FIRST-TIME IND AS ADOPTION RECONCILIATIONS

(i) Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015

	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Total equity (shareholder's funds) as per previous GAAP	18,116.41	16,767.04
Adjustments:		
Proposed dividend including tax thereon (Refer Note 1 below)	4,990.49	4,990.49
Total equity as per Ind AS	23,106.90	21,757.53

(ii) Reconciliation of total comprehensive income for the year ended 31st March, 2016

	2015-16 ₹ in Lakhs
Profit after tax as per previous GAAP	6,339.86
Adjustments:	
Remeasurements of post-employment benefit obligations (Refer Note 2 below)	(1.33)
Tax effect of adjustments (Refer Note 2 below)	0.46
Total adjustments	(0.87)
Profit after tax as per Ind AS	6,338.99
Other comprehensive income (Refer Note 2 below)	0.87
Total comprehensive income as per Ind AS	6,339.86

(iii) Explanation of material adjustments to Statement of Cash Flows for the year ended 31st March, 2016.

The transition from previous GAAP to Ind AS has no material impact on the Statement of Cash Flows.

Notes:

(1) Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognized in the financial statements as a liability. Under Ind AS, such dividends (alongwith dividend tax thereon) are recognized when declared by the members in a general meeting. The effect of this change is an increase in total equity as at 31st March, 2016 of ₹ 4,990.49 lakhs. (₹ 4,990.49 lakhs as at 1st April, 2015), but does not affect profit before tax and total profit for the year ended 31st March, 2017.

(2) Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS 19, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of statement of profit and loss. The actuarial gain for the year ended 31st March, 2017 was ₹ 1.33 lakhs and the tax effect thereon ₹ 0.46 lakh. This change does not affect total equity, but there is a decrease in profit before tax of ₹ 1.33 lakhs in total profit of ₹ 0.87 lakh for the year ended 31st March, 2016.

3. PROPERTY, PLANT AND EQUIPMENT (OWNED, UNLESS OTHERWISE STATED), CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS

	Property, Plant and Equipment					Total	Capital Work in Progress	Intangible Asset	Grand Total
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles			Software	
Gross carrying amount									
At 1st April, 2016	785.28	1,355.59	78.75	67.88	26.96	2,314.46	20.40	43.74	2,378.60
Additions	1.14	41.80	0.49	1.10	—	44.53	—	0.25	44.78
Disposals/Transfer out	—	—	—	—	—	—	(20.40)	—	(20.40)
At 31st March, 2017	**786.42**	**1,397.39**	**79.24**	**68.98**	**26.96**	**2,358.99**	**—**	**43.99**	**2,402.98**
Depreciation									
At 1st April, 2016	246.10	585.31	50.07	57.82	21.91	961.21	—	36.75	997.96
Charge for the year	34.12	79.99	7.97	4.42	0.91	127.41	—	4.35	131.76
At 31st March, 2017	**280.22**	**665.30**	**58.04**	**62.24**	**22.82**	**1,088.62**	**—**	**41.10**	**1,129.72**
Net carrying amount at 31st March, 2017	**506.20**	**732.09**	**21.20**	**6.74**	**4.14**	**1,270.37**	**—**	**2.89**	**1,273.26**
Gross carrying amount									
At 1st April, 2015	779.49	1,004.59	67.82	65.10	26.96	1,943.96	—	43.74	1,987.70
Additions	5.79	351.00	10.93	2.78	—	370.50	20.40	—	390.90
At 31st March, 2016	785.28	1,355.59	78.75	67.88	26.96	2,314.46	20.40	43.74	2,378.60
Depreciation									
At 1st April, 2015	212.11	521.55	42.37	52.59	21.00	849.62	—	31.89	881.51
Charge for the year	33.99	63.76	7.70	5.23	0.91	111.59	—	4.86	116.45
At 31st March, 2016	246.10	585.31	50.07	57.82	21.91	961.21	—	36.75	997.96
Net carrying amount at 31st March, 2016	539.18	770.28	28.68	10.06	5.05	1,353.25	20.40	6.99	1,380.64

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

4. OTHER FINANCIAL ASSETS

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(A) Non current			
Security deposits	**58.27**	47.34	11.29
Fixed deposit (lien marked towards bank guarantee)	**—**	—	624.59
	58.27	47.34	635.88
(B) Current			
Security deposits	**—**	7.54	13.79
Interest accrued on deposits	**—**	—	50.93
	—	7.54	64.72

5. OTHER ASSETS

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(A) Non current			
Capital advances	**—**	—	3.09
Lease prepayment [Refer footnote (i)]	**228.04**	230.86	233.67
Deposits with government authorities	**14.45**	10.79	5.48
Balance with government authoritites:			
Unsecured, considered good [Refer footnote (ii)]	**69.00**	69.00	69.00
Unsecured, considered doubtful	**47.15**	47.15	47.15
	358.64	357.80	358.39
Less: Provision for VAT credit receivable	**(47.15)**	(47.15)	(47.15)
	311.49	310.65	311.24

Footnotes:

(i) Operating leases relate to lease of land with lease term of 90 years. The Company does not have an option to purchase the leased land on the expiry of the lease period.

(ii) Input tax credit claim refundable for year 2008-09 as per the Audit report submitted by Department of Value Added Tax, Silvassa.

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(B) Current			
Prepaid expenses	**57.12**	50.00	30.43
Indirect tax recoverable	**425.81**	504.81	—
Advance to suppliers	**1.75**	3.78	—
	484.68	558.59	30.43

6. DEFERRED TAX ASSET (NET)

The balance comprises temporary differences attributable to:

		₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(i)	**Deferred tax assets**			
	Employee benefits	**6.88**	5.30	4.96
	Statutory liabilities	**42.47**	42.00	41.83
	MAT credit entitlement [Refer footnote]	**372.63**	765.86	1,025.01
		421.98	813.16	1,071.80
(ii)	**Deferred tax liabilities**			
	Property, plant and equipment and intangible assets	**245.34**	225.79	234.95
(iii)	**Defered tax assets (net) (including MAT credit)**	**176.64**	587.37	836.85

Footnote:

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income-tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Movements in deferred tax (liabilities)/assets

	Property, plant and equipment and Intangible Assets	**Employee Benefits**	**Statutory Liabilities**	**Utilization of MAT Credit Entitlement**	**Total**
As at 1st April, 2015	(234.95)	4.96	41.83	1,025.01	836.85
(Charged)/credited					
-to statement of profit and loss	9.16	0.80	0.17	—	10.13
-to other comprehensive income	—	(0.46)	—	—	(0.46)
-adjusted against normal tax	—	—	—	(259.15)	(259.15)
As at 31st March, 2016	(225.79)	5.30	42.00	765.86	587.37
(Charged)/credited					
-to statement of profit and loss	(19.55)	0.50	0.47	—	(18.58)
-to other comprehensive income	—	1.08	—	—	1.08
-adjusted against normal tax	—	—	—	(393.23)	(393.23)
As at 31st March, 2017	**(245.34)**	**6.88**	**42.47**	**372.63**	**176.64**

7. ADVANCE TAX ASSETS AND CURRENT TAX LIABILITIES (NET)

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Advance tax asset (net)			
Tax receivable	**227.97**	234.72	34.61
Current tax liabilities (net)			
Income-tax payable	**530.75**	—	63.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

8. INVENTORIES [REFER FOOTNOTE (i) AND (ii)]

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Raw materials and components	**9,924.02**	12,929.35	11,208.64
Finished goods	**5,008.02**	5,913.89	3,853.60
	14,932.04	18,843.24	15,062.24
The above includes goods-in-transit:			
Raw materials	—	—	31.11
	—	—	31.11

Footnotes:

(i) The cost of inventories recognised as an expense and included in cost of material consumed amounted to ₹ 1,18,777.10 lakhs (previous year: ₹ 99,777.87 lakhs).

(ii) The cost of inventories recognised as an expense includes ₹ 6.69 lakhs (previous year: ₹ 6.01 lakhs) in respect of write-down of inventories to net realisable value.

9. TRADE RECEIVABLES

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Trade receivables	**14.22**	2.13	36.11
Receivables from holding company (Unsecured) [Refer footnote]	**30,596.80**	15,372.12	18,134.06
Trade receivables (net) (Unsecured, considered good)	**30,611.02**	15,374.25	18,170.17
Security details	**3.92**	—	—
Secured, considered good	**30,607.10**	15,374.25	18,170.17
Unsecured, considered good	**30,611.02**	15,374.25	18,170.17
Total trade receivables			
Gross carrying amount (ageing between 0 to 90 days, not due)	**30,611.02**	15,374.25	18,170.17

Footnote:

Trade receivable comprises of recoverable from Voltas Limited ("Holding Company"). Based on the past experience, there is no provision made against the outstanding from the Holding company and hence Company does not expect any credit loss against the outstanding. Further, Company has appropriately covered the credit risk and liquidity risk of way of entering into an agreement with Holding Company.

10. CASH AND CASH EQUIVALENTS

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Balances with bank in current account [Refer footnote]	**488.83**	22.11	84.00

Footnote:

The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

11. EQUITY SHARE CAPITAL

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Authorised share capital			
5,00,00,000 equity shares of ₹ 10 each	**5,000.00**	5,000.00	5,000.00
Issued, subscribed and paid up			
2,76,42,000 (31-3-2016: 2,76,42,000), (31-3-2015: 2,76,42,000) equity shares of ₹ 10 each	**2,764.20**	2,764.20	2,764.20

Notes:

(i) 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, except in case of interim dividend. 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).

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

	No. of shares	₹ in Lakhs	No. of shares	As at 31-3-2016 ₹ in Lakhs
As at the beginning of the year	**2,76,42,000**	**2,764.20**	2,76,42,000	2,764.20
As at the end of the year	**2,76,42,000**	**2,764.20**	2,76,42,000	2,764.20

(iii) Details of shares held by holding company and shareholders holding more than 5% shares in the Company

	No. of shares	% of Holding	No. of shares	As at 31-3-2016 % of Holding
Equity shares of ₹ 10 each fully paid				
Voltas Limited (holding company)	**2,76,42,000**	**100%**	2,76,42,000	100%

12. OTHER EQUITY

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Other equity consist of the following :			
General Reserve	**2,050.00**	1,325.00	600.00
Retained Earnings	**23,353.93**	19,017.70	18,393.33
	25,403.93	20,342.70	18,993.33

Movement in other equity:

		As at 31-3-2016 ₹ in Lakhs
General reserve		
As per last balance sheet	**1,325.00**	600.00
Transfer from statement of profit and loss	**725.00**	725.00
Closing balance	**2,050.00**	1,325.00
Retained earnings		
Opening balance	**19,017.70**	18,393.33
Net profit for the year	**10,053.65**	6,338.99
Transferred to general reserve	**(725.00)**	(725.00)
Remeasurement of post employment benefit obligation, net of tax (loss)/gain	**(2.03)**	0.87
Dividend (including dividend distribution tax)	**(4,990.39)**	(4,990.49)
Closing balance	**23,353.93**	19,017.70
Total other equity	**25,403.93**	20,342.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

13. PROVISIONS

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(A) Non Current			
Gratuity (Refer Note 34)	**15.46**	12.86	11.54
(B) Current			
Compensated absences	**4.40**	2.47	2.79

14. TRADE PAYABLES

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Trade payables (Refer footnote)			
(i) total outstanding of micro enterprises and small enterprises (Refer Note 31)	**16.62**	15.43	58.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**19,587.04**	14,046.78	14,157.64
	19,603.66	14,062.21	14,216.34

Footnote:

The average credit period for the year ended 31st March, 2017 was 90 days (31st March, 2016: 90 days, 1st April, 2015: 90 days).

15. OTHER FINANCIAL LIABILITIES

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Current			
Creditors for capital goods	**0.15**	32.56	2.63
Accrued payroll expenses	**74.23**	27.27	23.92
Security deposit from customer	**5.00**	5.00	5.00
	79.38	64.83	31.55

16. OTHER CURRENT LIABILITIES

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Statutory dues (withholding taxes, VAT, etc.)	**162.42**	115.55	211.56
Advances from customers	—	—	1.16
Others	—	1.63	40.43
	162.42	117.18	253.15

17. REVENUE FROM OPERATIONS

	₹ in Lakhs	2015-16 ₹ in Lakhs
Sale of products and spare parts	**1,40,506.45**	1,10,149.53

18. OTHER INCOME

	₹ in Lakhs	2015-16 ₹ in Lakhs
(a) Interest Income on:		
Fixed deposit with bank	—	29.19
Sundry advances, deposits, customers' balances etc.	**1.10**	0.62
(b) Others:		
Sale of scrap [Refer footnote]	**73.93**	67.26
Cash discount from suppliers	**1.13**	96.54
Unclaimed credit balances written back	**6.19**	17.53
	82.35	211.14

Footnote :

The nature of scrap sold mainly comprises of the scrap generated from the packaging material of materials purchased and is not related to the manufacturing activity. Hence, it has been classified as other income.

19. COST OF MATERIALS CONSUMED

	₹ in Lakhs	2015-16 ₹ in Lakhs
Opening stock	**12,929.35**	11,208.64
Add : Purchases	**1,15,771.77**	1,01,498.58
	1,28,701.12	1,12,707.22
Less : Closing stock	**9,924.02**	12,929.35
Cost of materials consumed	**1,18,777.10**	99,777.87

20. CHANGES IN INVENTORIES OF FINISHED GOODS

	₹ in Lakhs	2015-16 ₹ in Lakhs
Inventories at the end of the year:		
Finished Goods	**5,008.02**	5,913.89
Inventories at the beginning of the year:		
Finished Goods	**5,913.89**	3,853.60
Net (increase)/decrease	**905.87**	(2,060.29)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

21. EMPLOYEE BENEFITS EXPENSE

	₹ in Lakhs	2015-16 ₹ in Lakhs
Salaries, wages including bonus	**483.43**	399.63
Company's contribution to provident and other funds (Refer Note 34)	**7.68**	8.26
Gratuity expenses (unfunded)	**3.30**	3.18
Staff welfare expenses	**31.51**	32.25
	525.92	443.32

22. FINANCE COSTS

	₹ in Lakhs	2015-16 ₹ in Lakhs
Interest expense - others	**—**	0.62

23. OTHER EXPENSES

	₹ in Lakhs	2015-16 ₹ in Lakhs
Operating expenses consist of the following :		
Consumption of stores and spare parts	**289.90**	167.27
Outside service charges	**632.42**	472.11
Power and fuel	**101.80**	90.48
Rent (operating lease - cancellable) (Refer Note 33)	**330.79**	316.57
Repairs and maintenance - buildings	**2.45**	13.10
Repairs and maintenance - plant and machinery	**126.64**	108.13
Insurance charges	**70.84**	54.21
Rates and taxes	**0.22**	0.24
Travelling and conveyance	**16.12**	21.18
Printing and stationery	**12.80**	11.67
Freight and forwarding	**353.30**	260.68
Sales commission	**4,605.28**	1,807.77
Payment to auditors (Refer Note 24)	**46.43**	50.59
Legal and professional charges	**17.70**	7.35
Corporate social responsibility (CSR) (Refer Note 25)	**170.00**	198.29
Net loss on foreign currency transactions	**0.16**	1.40
Miscellaneous expenses	**95.55**	131.24
	6,872.40	3,712.28

24. PAYMENT TO AUDITORS

		₹ in Lakhs	2015-16 ₹ in Lakhs
To Statutory auditors for			
(i)	Audit fees (including tax audit fees)	**24.37**	24.37
(ii)	Taxation matters	**2.65**	7.40
(iii)	Other services	**10.61**	10.11
(iv)	Reimbursement of expenses	**0.30**	0.08
		37.93	41.96
To Secretarial auditor for secretarial audit		**0.90**	0.75
To Cost auditor for cost audit		**1.50**	1.50
Service tax on above		**6.10**	6.38
		46.43	50.59

25. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES

	₹ in Lakhs	2015-16 ₹ in Lakhs
Vocational skill	—	19.14
Health	**100.00**	150.00
Education	**45.00**	29.15
Community development	**25.00**	—
	170.00	198.29

Amount required to be spent by the Company during the year on CSR ₹ 167 lakhs (₹ 138.14 lakhs required to be spent in financial year 2015-16) of which the Company has spent ₹ 170 lakhs (₹ 198.29 lakhs in financial year 2015-16, including ₹ 50 lakhs required to be spent for financial year 2014-15).

26. RECONCILIATION OF INCOME TAX EXPENSE TO THE ACCOUNTING PROFIT

	₹ in Lakhs	2015-16 ₹ in Lakhs
Profit before tax from continuing operations	**13,375.75**	8,370.42
Income tax expense calculated at 34.61% (2015-16: 34.61%) [Refer footnote]	**4,629.35**	2,897.00
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Difference in Depreciation as per books and Income-tax Act	**15.79**	(14.09)
CSR Expenditure	**41.53**	51.32
Effect of deduction under Section 80 IC	**(1,400.96)**	(883.48)
Effect of deduction under Section 80 G	**(20.77)**	(25.66)
Other Items	**5.44**	3.77
Interest on Income-tax	**20.20**	—
Adjustment for current tax of prior periods	**31.52**	2.57
Income-tax expense recognized in statement of profit and loss	**3,322.10**	2,031.43

Footnote:

The tax rate used for 2016-17 and 2015-16 reconciliations above is the corporate tax rate of 34.61% (30% tax including 12% surcharge and 3% education cess) applicable to the Company on taxable profits under the Income-tax Act, 1961.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

27. CONTINGENT LIABILITIES: CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Sales Tax - Dadra	**601.16**	601.16	601.16
Sales Tax - Pantnagar (FY 2009-10)	**—**	—	694.00
Sales Tax - Pantnagar (FY 2010-11)	**—**	—	761.00
Service Tax - Dadra	**11.94**	11.94	11.94
Excise duty - Dadra	**73.07**	73.07	73.07
	686.17	686.17	2,141.17

28. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 0.61 lakh (as at 31st March, 2016: ₹ 1.17 lakhs; as at 1st April, 2015: ₹ 322.32 lakhs). Advance paid against such contracts: Nil (as at 31st March, 2016: Nil; as at 1st April, 2015: ₹ 3.09 lakhs).

29. 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 Ind AS 108 on 'Segment Reporting'.

30. EARNINGS PER SHARE

	₹ in Lakhs	2015-16 ₹ in Lakhs
Profit for the year (₹ in lakhs)	**10,053.65**	6,338.99
Weighted average number of equity shares	**27,642,000**	27,642,000
Basic and diluted earnings per share of ₹ 10 each (in ₹)	**36.37**	22.93

31. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**16.62**	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.	**—**	—	—

32. RELATED PARTY TRANSACTIONS

	₹ **in Lakhs**	2015-16 ₹ in Lakhs
Transaction with Voltas Limited (Holding Company)		
Income:		
Sale of goods	**1,03,207.69**	88,960.85
Expenses :		
Purchase of goods	**50,548.58**	54,303.48
Reimbursement of staff cost and other expenses	**206.91**	174.90
Rent paid	**7.30**	5.13
Dividend paid	**4,146.30**	4,146.30
Sales commission paid	**4,010.49**	1,589.18
Transactions with Subsidiary/Step down Subsidiary of a significant shareholder of Holding Company		
1. Drive India Enterprises Solutions Limited (ceased w.e.f. 1st September, 2015)		
Other expenses (Handling charges)	**—**	15.99
2. Tata Teleservices Limited (w.e.f. 2nd February, 2017)		
Other expenses (Telephone expenses)	**0.42**	—

	₹ **in Lakhs**	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Balances with related party			
Receivable from Voltas Limited	**30,596.80**	15,372.12	18,134.06
Payable to Drive India Enterprises Limited	**—**	—	8.82
Payable to Tata Teleservices Limited	**0.14**	—	—

Compensation to Key Management Personnel (Manager) is as follows:-

	₹ **in Lakhs**	2015-16 ₹ in Lakhs
Short term benefits (included in reimbursement of staff cost to Voltas Limited)	**52.34**	51.04

33. LEASING ARRANGEMENT

The Company has leased premises with lease term of 3 years against which it does not have option to purchase the leased land at the expiry of the lease period. The option of terminating the agreement is available to the lessor as well as the lessee. All operating lease contracts are subject to annual escalation.

	₹ **in Lakhs**	As at 31-3-2016 ₹ in Lakhs
Payments recognized as an expense:		
Minimum lease repayments (including amortization)	**330.79**	316.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

34. EMPLOYEE BENEFIT EXPENSE

(i) 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.

The total expense recognised in the Statement of Profit and Loss of ₹ 7.68 lakhs (for the year ended 31st March, 2016: ₹ 8.26 lakhs) represents contributions payable to this plan. As at 31st March, 2017, contributions of ₹ 0.57 lakh (as at 31st March, 2016: ₹ 0.69 lakh) due in respect of 2016-2017, reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the respective reporting periods.

(ii) 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.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, and salary risk.

Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.
The principal assumptions used for the purposes of the actuarial valuations were as follows.

		As at 31-3-2016	As at 1-4-2015
Discount rate(s)	**7.52%**	8.01%	7.96%
Expected rate(s) of salary increase	**8.00%**	8.00%	8.00%
Attrition rate	**2.00%**	2.00%	2.00%

Mortality Table : Based on Indian Assured Lives Mortality (2006-08) Ultimate.

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs
Current service cost	**2.27**	2.26
Net interest expense	**1.03**	0.92
Components of defined benefit costs recognised in Statement of Profit and Loss	**3.30**	3.18
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in financial assumptions	**1.09**	(0.10)
Actuarial (gains) / losses arising from experience adjustments	**2.02**	(1.23)
Components of defined benefit costs recognised in other comprehensive income	**3.11**	(1.33)
	6.41	1.85

The current service cost and net interest expense for the year is included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of net defined liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its un-funded defined benefit plans is as follows:

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Net liability arising from defined benefit obligation	**15.46**	12.86	11.54

Movements in the present value of the defined benefit obligation are as follows:

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs
Opening defined benefit obligation	**12.86**	11.54
Current service cost	**2.27**	2.26
Interest cost	**1.03**	0.92
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	**1.09**	(0.10)
Actuarial gains and losses arising from experience adjustments	**2.02**	(1.23)
Benefits paid	**(3.81)**	(0.53)
Closing defined benefit obligation	**15.46**	12.86

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. [The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.]

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₹ 2.11 lakhs (increase by ₹ 2.58 lakhs) [as at 31st March, 2016: decrease by ₹ 1.78 lakhs (increase by ₹ 2.18 lakhs)] [as at 1st April, 2015: decrease by ₹ 1.69 lakhs (increase by ₹ 2.09 lakhs)].
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by ₹ 2.54 lakhs (decrease by ₹ 2.12 lakhs) [as at 31st March, 2016: increase by ₹ 2.16 lakhs (decrease by ₹ 1.79 lakhs)] [as at 1st April, 2015: increase by ₹ 2.07 lakhs (decrease by ₹ 1.70 lakhs)].
- If the attrition rate increases (decreases) by 1%, the defined benefit obligation would decrease by ₹ 0.15 lakh (increase by ₹ 0.17 lakh) [as at 31st March, 2016: decrease by ₹ 0.04 lakh (increase by ₹ 0.04 lakh)] [as at 1st April, 2015: decrease by ₹ 0.05 lakh (increase by ₹ 0.05 lakh)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation for active members as at 31st March, 2017 is 17 years (as at 31st March, 2016: 17 years; as at 1st April, 2015: 18 years). There were no deferred or retired members.

Maturity Analysis of Projected Benefit Obligation:

The defined benefit obligations shall mature after year ended 31st March, 2017 as follows:

₹ in Lakhs

Year ending 31st March	Defined benefit obligations
2018	0.26
2019	0.32
2020	0.35
2021	0.38
2022	0.41
2023 to 2027	5.04

35. FINANCIAL INSTRUMENTS

Financial assets and liabilities

The carrying value of financial instruments by categories is as follows:

₹ in Lakhs

Particulars				As at 31-3-2016			As at 1-4-2015		
	FVTPL	**FVOCI**	**Amortised cost**	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Trade receivables	—	—	**30,611.02**	—	—	15,374.25	—	—	18,170.17
Cash and cash equivalents	—	—	**488.83**	—	—	22.11	—	—	84.00
Security deposits	—	—	**58.27**	—	—	54.88	—	—	25.08
Other financial assets	—	—	—	—	—	—	—	—	675.52
Total financial assets	—	—	**31,158.12**	—	—	15,451.24	—	—	18,954.77
Financial liabilities									
Trade payables	—	—	**19,603.66**	—	—	14,062.61	—	—	14,216.34
Other financial liabilities	—	—	**79.38**	—	—	64.83	—	—	31.55
Total financial liabilities	—	—	**19,683.04**	—	—	14,127.44	—	—	14,247.89

36. EVENTS AFTER THE REPORTING PERIOD

(i) Proposed dividend of ₹ 5,822.12 lakhs (previous year: ₹ 4,990.39 lakhs), including dividend distribution tax (DDT) of ₹ 984.77 lakhs (previous year: ₹ 844.09 lakhs) thereon at ₹17.5 per share (previous year: ₹15 per share) on equity shares of ₹10 each are subject to approval of the shareholders at the Annual General Meeting.

(ii) The amount of ₹ 725 lakhs proposed to be transferred to General Reserve is approved in Board Meeting held on 5th May, 2017.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at the Board Meeting held on 5th May, 2017.

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, 5th May, 2017

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Directors :

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirty-Fourth Annual Report and Audited Financial Statements for the year ended 31st March, 2017.

1. **Financial Results:**

₹ in crores

	2016-17	2015-16
Revenue from operations	**53**	113
Other income	**1**	—
Total expenses	**66**	120
Loss before Tax	**12**	7
Tax expense	—	—
Loss after Tax	**12**	7

The Company has reported lower revenue of ₹ 53 crores for the year ended 31st March, 2017 as compared to ₹ 113 crores, last year. Loss for the current year was ₹ 12 crores as compared to ₹ 7 crores in the previous year. Drop in turnover was due to delay in receipt of new orders, slow pace of execution of existing MP Rural Electrification projects, on account of non-availability of work front and other factors.

In order to reduce interest burden and improve its Net worth, the Company had on 1st September, 2016 issued and allotted 65,00,000 – 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each aggregating ₹ 65 crores to Voltas Limited on Rights basis, partly by converting the Inter-Corporate Deposits of ₹ 25 crores. Balance ₹ 40 crores was subscribed for cash at par. The Authorised Capital of the Company was accordingly increased from ₹ 67 crores to ₹ 132 crores. The Paid-up Capital of the Company is ₹ 128.83 crores comprising 18,25,782 equity shares of ₹ 10 each and 1,27,00,000 – 0.01% CRPS of ₹ 100 each.

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 2016-17.

4. **Corporate Social Responsibility:**

As the Company had incurred losses during the last three financial years, the provisions of Section 135 regarding Corporate Social Responsibility are not applicable.

5. **Number of Board Meetings and attendance of Directors:**

During the year under review, 6 Board Meetings were held on 3rd May, 2016; 25th July, 2016; 26th September, 2016; 21st October, 2016; 20th January, 2017 and 21st March, 2017.

Name of Director	**No. of Meetings attended**
Mr. P. N. Dhume	6
Mr. Anil George	6
Mr. M. Gopi Krishna	5
Mr. Debendranath Sarangi	6
Mr. S. V. Phene	5
Ms. Sandhya S. Kudtarkar*	4

*Ms. Sandhya S. Kudtarkar was appointed as Director of the Company w.e.f. 26th September, 2016.

6. **Directors and Key Managerial Personnel (KMP):**

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

Ms. Sandhya S. Kudtarkar was appointed as an Additional Director of the Company with effect from 26th September, 2016. In accordance with provisions of Section 161 of the Act, Ms. Sandhya S. Kudtarkar holds office upto the date of the forthcoming Annual General Meeting (AGM) and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member proposing her appointment as a Director of the Company. The Resolution seeking approval of Members for her appointment as a Director of the Company forms part of the Notice of AGM of the Company.

Mr. Bhushan Pandit was appointed as the Chief Financial Officer and KMP of the Company effective 21st March, 2017 in place of Mr. Sanjay Anand Naik.

7. **Declaration by Independent Directors:**

Pursuant to Section 149(7) of the Act, 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.

8. **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. During the year under review, 4 Audit Committee Meetings were held on 3rd May, 2016; 25th July, 2016; 21st October, 2016 and 20th January, 2017. The attendance of each member of the Audit Committee is given below:

Name of Member	**No. of Meetings attended**
Mr. Anil George	4
Mr. Debendranath Sarangi	4
Mr. S. V. Phene	3

9. **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. During the year under review, 3 NRC Meetings were held on 3rd May, 2016; 26th September, 2016 and 21st March, 2017. The attendance of each member of the NRC is given below:

Name of Member	**No. of Meetings attended**
Mr. Anil George	3
Mr. Debendranath Sarangi	3
Mr. S. V. Phene	2

10. 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.

11. 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 Act, 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 feedback received from the Directors was discussed and reviewed by the Independent Directors at their annual separate Meeting during which, the Independent Directors evaluated the performance of Non-Executive Directors, including Chairman and the Board as a whole. The performance of Directors, the Board as a whole and various Committees was also reviewed and deliberated at the Board Meeting on 3rd May, 2017.

12. Statutory Auditors:

The Members had, at the Thirty-Second AGM of the Company held on 31st July, 2015, approved appointment of M/s. Deloitte Haskins & Sells (DHS) as the Statutory Auditors of the Company for a period of two consecutive financial years (2015-16 and 2016-17) from the conclusion of the 32nd AGM till the conclusion of the 34th AGM of the Company to be held in 2017, subject to ratification of their appointment at every AGM. At the last AGM, the Members had ratified their appointment for the financial year 2016-17. DHS has done the statutory audit of the financial statements of the Company for 2016-17 and their Report for 2016-17 does not contain any qualification, reservation or adverse remark.

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint S R B C & Co. LLP (SRBC) as Statutory Auditors for a term of five years from the conclusion of 34th AGM till the conclusion of 39th AGM of the Company to be held in the year 2022, to examine and audit the accounts of the Company for financial years 2017-18 to 2021-22, subject to ratification of their appointment at every subsequent AGM, if so required under the Act. SRBC have pursuant to Section 139 of the Act, furnished a certificate regarding their eligibility of appointment.

Resolution seeking approval of Members for appointment of SRBC as Statutory Auditors of the Company forms part of the Notice of AGM of the Company.

13. 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 2016-17. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed as Annexure III. Their Report does not contain any qualification, reservation or adverse remark.

14. 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.

15. Extract of the Annual Return:

Pursuant to Sections 92(3) and 134(3)(a) of the Act, 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.

16. 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.

17. 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).

18. 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.

19. Particulars of contracts or arrangements with related parties:

All related party transactions during 2016-17 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.

20. 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 Act confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2017, 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 Act, 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.

21. General:

As regards item of Special Business in the Notice of Thirty-Fourth 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

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

Mumbai, 3rd May, 2017

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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 *Since shifted with effect from 20th April, 2017 to: Link Intime India Private Limited, C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400 083 Tel.: 022 49186270, E-mail: rnt.helpdesk@linkintime.co.in

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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% 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	0
(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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% 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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% 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	0	62,00,000	62,00,000	100	0	1,27,00,000	1,27,00,000	100	105%
(e) Banks / FIs	—	—	—	—	—	—	—	—	—
(f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1)	**0**	**62,00,000**	**62,00,000**	**100**	**0**	**1,27,00,000**	**1,27,00,000**	**100**	**105%**
(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**	**1,27,00,000**	**1,27,00,000**	**100**	**105%**
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**	**1,27,00,000**	**1,27,00,000**	**100**	**105%**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2016)			Shareholding at the end of the year (As on 31-3-2017)			% 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	1,27,00,000	100%	Nil	105%
	Total	**62,00,000**	**100%**	**Nil**	**1,27,00,000**	**100%**	**Nil**	**105%**

(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
At the beginning of the year (As on 1-4-2016)					
1.	Equity Shares of ₹ 10 each	18,25,782	100%	18,25,782	100%
2.	0.01% Cumulative Redeemable Preference Shares of ₹ 100 each (CRPS)	62,00,000	100%	1,27,00,000	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	65,00,000 - 0.01% CRPS were allotted on Rights basis on 1st September, 2016.			
At the end of the year (As on 31-3-2017)					
1.	Equity Shares of ₹ 10 each			**18,25,782**	**100%**
2.	0.01% Cumulative Redeemable Preference Shares of ₹ 100 each (CRPS)			**1,27,00,000**	**100%**

(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 1-4-2016)					
1.	Anil George	1*	0	1*	0
2.	P. N. Dhume	0	0	0	0
3.	M. Gopi Krishna	1*	0	1*	0
4.	Debendranath Sarangi	0	0	0	0
5.	S. V. Phene	0	0	0	0
Key Managerial Personnel					
1.	M. Valsaraj (Manager) (upto 31st July, 2016)	0	0	0	0
2.	Vishal Totla (Company Secretary)	0	0	0	0
3.	Sanjay Anand Naik (CFO) (upto 23rd December, 2016)	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 (31-3-2017)					
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
6.	Sandhya S. Kudtarkar (w.e.f. 26th September, 2016)			0	0
Key Managerial Personnel					
1.	Indranil Chakraborty (Manager) (w.e.f 1st August, 2016)			0	0
2.	Vishal Totla (Company Secretary)			0	0
3.	Bhushan Pandit (CFO) (w.e.f 21st March, 2017)			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	43.32	25.00	—	68.32
(ii) Interest due but not paid	—	12.58	—	12.58
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**43.32**	**37.58**	—	**80.90**
Change in Indebtedness during the financial year				
- Addition	—	—	—	—
- Reduction	36.45	31.06	—	67.51
Net Change	(36.45)	(31.06)	—	(67.51)
Indebtedness at the end of the financial year				
(i) Principal Amount	6.87	—	—	6.87
(ii) Interest due but not paid	—	6.52	—	6.52
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**6.87**	**6.52**	—	**13.39**

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 (upto 31-7-2016)	Indranil Chakraborty (w.e.f. 1-8-2016)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6.85	11.11	17.96
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.06	Nil	0.06
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify – Provident Fund and Superannuation Fund – Medical (exempt)	0.20 0.05	0.33 0.10	0.53 0.15
	Total (A)	7.16	11.54	18.70
	Ceiling as per the Act			30.00

B. Remuneration to other Directors: Sitting fees is paid to Independent Directors - Mr. Debendranath Sarangi (₹ 2.80 lakhs), Mr. S. V. Phene (₹ 2.20 lakhs). Sitting fees also paid to Ms. Sandhya. S. Kudtarkar (₹ 0.80 lakh), a Non-Executive Director of the Company.

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			
		Sanjay Anand Naik CFO (upto 23-12-2016)	Bhushan Pandit CFO (w.e.f 21-3-2017)	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	20.28	0.37	8.40	29.05
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary u/s 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)	0.68 —	0.02 —	0.34 0.15	1.04 0.15
	Total	20.96	0.39	8.89	30.24

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 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 transaction with its related parties which is not at arm's length during financial year 2016-17.

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 No. 27 of the financial statements for the year ended 31st March, 2017.

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

   Ongoing 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 27 of the financial statements for the year ended 31st March, 2017.

   (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

	Anil George	**M. Gopi Krishna**
Mumbai, 3rd May, 2017	*Director*	*Director*

Annexure III

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[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 OF

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 our 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, 2017 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, 2017 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, 2011;

   (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;

   (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (f) The Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations, 1993;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(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. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
   7. Employees Compensation Act, 1923.
   8. Employees' Provident Funds Act and Miscellaneous Provisions Act, 1952.
   9. Employees' State Insurance Act, 1948, Rules and Regulations.
   10. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
   11. Equal Remuneration Act, 1976.
   12. E-waste (Management & Handling) Rules, 2011.
   13. Finance Act, 1994 (Service Tax).

14. Income-tax Act, 1961 and Rules.
15. The Andhra Pradesh Labour Welfare Fund Act, 1987.
16. The Maharashtra Workmen's Minimum House-Rent Allowance Act, 1983.
17. The Payment of Gratuity Act, 1972.
18. Maternity Benefit Act, 1961 and Rules.
19. Micro, Small and Medium Enterprises Development Act, 2006.
20. Minimum Wages Act, 1948 and State Rules.
21. Payment of Bonus Act, 1965 and Rules.
22. Payment of Wages Act, 1936 and Rules.
23. Personal injuries (Compensation Insurance) Act, 1963.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(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 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. For day-to-day operations, the Company has a Manager under Companies Act, 2013.

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 Meetings and for meaningful participation at the Meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. All 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 the Members had at the Extra Ordinary General Meeting of the Company held on 22nd August, 2016 authorised the Board of Directors to issue and allot 65,00,000 - 0.01% Cumulative Redeemable Preference Shares of ₹ 100/- each aggregating ₹ 65 crores to Voltas Limited, the holding company as under:

- 25,00,000 - 0.01% Cumulative Redeemable Preference Shares of ₹ 100/- each, aggregating ₹ 25 crores, by conversion of Inter-Corporate Deposits and
- 40,00,000 - 0.01% Cumulative Redeemable Preference Shares of ₹ 100/- each, aggregating ₹ 40 crores, for cash at par.

For **N L Bhatia & Associates**
UIN: P1996MH055800

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

Mumbai, 25th April, 2017

TO
THE MEMBERS OF
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: P1996MH055800

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

Mumbai, 25th April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ROHINI INDUSTRIAL ELECTRICALS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **ROHINI INDUSTRIAL ELECTRICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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 Ind AS 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 Ind AS financial statements based on our audit.

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

We conducted our audit of the Ind AS 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 Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

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

Note 29 indicates that the Company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net loss during the current and previous year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 29, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Ind AS 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, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (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 the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 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, as amended, 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 Ind AS 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 including derivative contracts.

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

      (iv) The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

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
(Membership No. 108262)

Mumbai, 3rd May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "g" under 'Report on Other Legal and Regulatory Requirements' section 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, 2017 in conjunction with our audit of the Ind AS 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, 2017, 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's Registration No. 117364W)

Mukesh Jain
Partner
(Membership No. 108262)

Mumbai, 3rd May, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section 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 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.

(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 to 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, 2017 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, 2017 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, 2006-07, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	190.35	174.68
		Joint Commissioner (Appeals)	2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2013-14, 2014-15	1,255.98	955.96
		Deputy Commissioner (Appeals)	2006-07, 2007-08, 2008-09, 2011-12	51.17	46.67
		Assessing Authority	2005-06, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13	842.16	646.31
		High Court	2013-14	715.95	715.95

There are no dues of Income-tax, Customs Duty and Excise Duty as on 31st March, 2017 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 Order 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 Order 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-IA of the Reserve Bank of India Act, 1934.

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

Mukesh Jain
Partner
(Membership No. 108262)

Mumbai, 3rd May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
A. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, plant and equipment	4	**56.81**	67.55	58.00
(b) Intangible assets	4	**2.69**	2.69	8.98
(c) Financial assets				
- Other financial assets	5	—	7.20	7.20
(d) Non-current tax assets (Net)	6	**76.76**	203.17	139.31
(e) Other non-current assets	7	**586.21**	369.24	189.21
		722.47	649.85	402.70
2. CURRENT ASSETS				
(a) Financial assets				
(i) Trade receivables	8	**7,124.21**	8,531.01	5,232.57
(ii) Cash and cash equivalents	9	**309.12**	9.50	107.80
(iii) Other financial assets	5	**12.40**	46.80	15.08
(b) Other current assets	7	**2,397.18**	4,674.55	6,820.14
		9,842.90	13,261.86	12,175.59
TOTAL ASSETS		**10,565.37**	13,911.71	12,578.29
B. EQUITY AND LIABILITIES				
1. EQUITY				
Equity share capital	10	**182.58**	182.58	182.58
Other equity	11	**(4,078.05)**	(6,041.08)	(5,319.76)
		(3,895.47)	(5,858.50)	(5,137.18)
2. LIABILITIES				
NON-CURRENT LIABILITIES				
(a) Financial liabilities				
- Long-term borrowing	12	**8,242.59**	6,783.54	6,395.55
(b) Provisions	13	**11.41**	10.88	10.85
		8,254.00	6,794.42	6,406.40
3. CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Short-term borrowing	12	**686.68**	4,331.61	4,052.12
(ii) Trade payables	14	**3,380.71**	5,685.18	3,733.40
(ii) Other financial liabilities	15	**652.01**	1,257.70	1,032.70
(b) Provisions	13	**25.02**	25.88	15.83
(c) Other current liabilities	16	**1,462.42**	1,675.42	2,475.02
		6,206.84	12,975.79	11,309.07
TOTAL EQUITY AND LIABILITIES		**10,565.37**	13,911.71	12,578.29

See accompanying notes to the financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 3rd May, 2017

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Indranil Chakraborty**
Chief Financial Officer	**Bhushan Pandit**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

		Note	₹ in Lakhs	2015-16 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	17	**5,337.39**	11,305.25
2.	**OTHER INCOME**	18	**57.52**	29.93
3.	**TOTAL INCOME**		**5,394.91**	11,335.18
4.	**EXPENSES**			
	(a) Cost of jobs and services		**4,295.62**	9,490.91
	(b) Employee benefits expense	19	**446.24**	433.38
	(c) Finance costs	20	**935.15**	1,141.16
	(d) Depreciation and amortisation expense	4	**10.14**	20.33
	(e) Other expenses	21	**909.51**	972.35
	TOTAL EXPENSES		**6,596.66**	12,058.13
5.	**LOSS BEFORE TAX**		**(1,201.75)**	(722.95)
6.	**TAX EXPENSES**			
	(a) Current tax		—	—
	(b) Deferred tax		—	—
	TOTAL TAX EXPENSES		—	—
7.	**LOSS FOR THE PERIOD**		**(1,201.75)**	(722.95)
8.	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to profit or loss:			
	Remeasurement of defined benefit plan		**0.31**	1.63
9.	**TOTAL OTHER COMPREHENSIVE INCOME (NET OF TAXES)**		**0.31**	1.63
10.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**(1,201.44)**	(721.32)
11.	**EARNINGS PER SHARE - (REFER NOTE 25)**			
	Basic and Diluted- (₹)		**(65.82)**	(39.60)
	Face value per equity share - (₹)		**10.00**	10.00

See accompanying notes to the financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 3rd May, 2017

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Indranil Chakraborty**
Chief Financial Officer	**Bhushan Pandit**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

		₹ in Lakhs
A.	**Equity share capital**	
	Balance at 1st April, 2015	182.58
	Changes in equity share capital	—
	Balance at 31st March, 2016	182.58
	Changes in equity share capital	—
	Balance at 31st March, 2017	**182.58**

B. Other equity — ₹ in Lakhs

	Reserves and surplus				
	General Reserve	**Security Premium**	**Retained earning**	**Equity component of liability**	**Total other equity**
Balance at 1st April, 2015	2,053.76	492.43	(10,170.74)	2,304.79	(5,319.76)
Loss for the year	—	—	(722.95)	—	(722.95)
Other Comprehensive Income for the year (net of income taxes)	—	—	1.63	—	1.63
Total Comprehensive Income for the year	—	—	(721.32)	—	(721.32)
Balance at 31st March, 2016	2,053.76	492.43	(10,892.06)	2,304.79	(6,041.08)
Loss for the year	—	—	(1,201.75)	—	(1,201.75)
Other Comprehensive Income for the year (net of income taxes)	—	—	0.31	—	0.31
Total Comprehensive Income for the year	—	—	(1,201.44)	—	(1,201.44)
Addition in equity component of liability	—	—	—	3,164.47	3,164.47
Balance at 31st March, 2017	**2,053.76**	**492.43**	**(12,093.50)**	**5,469.26**	**(4,078.05)**

See accompanying notes to the financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 3rd May, 2017

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Indranil Chakraborty**
Chief Financial Officer	**Bhushan Pandit**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017

		₹ in Lakhs	2015-16 ₹ in Lakhs
A.	**Cash flow from Operating Activities**		
	Loss before tax	**(1,201.44)**	(721.32)
	Adjustments for:		
	Unclaimed credit balances written back	**(739.21)**	(176.13)
	Interest income	**(57.52)**	(0.48)
	Finance costs	**935.15**	1,141.16
	Depreciation and amortisation expenses	**10.14**	20.33
	Bad and doubtful debts/advances	**47.65**	(147.72)
	Provisions for employee benefits	**(0.32)**	10.07
	Loss on sale of property, plant and equipment	**7.25**	0.62
	Stamp duty charges on issue of shares	**81.21**	—
		(917.09)	126.53
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	**1,359.15**	(3,278.36)
	Financial assets	**41.60**	(31.72)
	Non financial assets	**2,186.80**	1,901.71
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**(1,565.26)**	2,127.91
	Financial liabilities	**(605.68)**	(0.33)
	Non financial liabilities	**(213.00)**	(799.60)
	Cash generated from operations	**286.52**	46.14
	Income tax paid	**—**	—
	Net cash generated by Operating Activities (A)	**286.52**	46.14
B.	**Cash flow from Investing Activities**		
	Payments for purchase of property, plant and equipment	**(8.45)**	(24.20)
	Proceeds from disposal of property, plant and equipment	**1.80**	—
	Proceeds from fixed deposits (margin money)	**—**	4.36
	Interest received	**57.52**	0.48
	Net cash generated by/(used in) Investing Activities (B)	**50.87**	(19.36)
C.	**Cash flow from Financing Activities**		
	Repayment of long-term borrowings	**(2,500.00)**	—
	Repayment of short-term borrowings	**(3,644.94)**	—
	Proceeds from short-term borrowings	**—**	407.42
	Proceeds from issue of redeemable preference shares	**6,500.00**	—
	Stamp duty charges paid	**(81.21)**	—
	Interest paid	**(311.60)**	(528.14)
	Net cash generated by/(used in) Financing Activities (C)	**(37.75)**	(120.72)
Net increase/decrease in cash and cash equivalents (A+B+C)		**299.64**	(93.94)
Cash and cash equivalents at the beginning of the year		**9.50**	103.44
Cash and cash equivalents at the end of the year (Refer Note 9)		**309.12**	9.50

See accompanying notes to the financial statements.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Mukesh Jain
Partner

Mumbai, 3rd May, 2017

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Indranil Chakraborty**
Chief Financial Officer	**Bhushan Pandit**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. BACKGROUND AND OPERATIONS

Rohini Industrial Electricals Limited (the "Company") is a company incorporated in India. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

The Company is a wholly owned subsidiary of Voltas Limited and is engaged in Engineering, Procurement and Construction (EPC) Contracting. The Company predominantly deals in Rural Electrification and Distribution, Power Augmentation & Separation, Substations & Industrial electrification etc.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from 1st April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the financial statements as the standard is not applicable to the Company.

3. (i) SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements of the Company have been prepared, in all material aspects, in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with generally accepted accounting principles in India, including accounting standards read with Section 133 of the Companies Act, 2013 notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2015. Refer Note 3(iii) for the details of first-time adoption exemptions availed by the Company.

(b) Basis of preparation and measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. 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) Revenue recognition

Revenue is measured at the Fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue excludes Sales Tax, Value Added Tax, Works Contract Tax and any other indirect taxes or amounts collected on behalf of third parties.

(i) Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

(ii) Other Income

Interest income is accrued on a time proportion basis using the effective interest rate method.

(d) Employee Benefits (other than persons engaged through contractors)

A. Retirement benefits costs and termination benefits

(i) Defined contribution plans

Payments to defined benefit contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined benefit plans

The Company's liabilities towards gratuity is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at the end of each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost is recognized as an expense in the period of a plan amendment.

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plan.

B. Short term and other long term employee benefits

Benefits accruing to employees in respect of compensated absences and which are 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 at the present value of the estimated future cash flow expected to be made by the Company in respect of services provided by employees up to the reporting date.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any.

Historical Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the acquisition of assets and making them operational for their intended use and, in the case of qualifying assets.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the depreciable amount of assets (other than assets under construction) over the useful lives using the straight line method.

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.

(f) Impairment of Property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its Property, plant and equipment and intangible assets 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 asset is estimated in order to determine the extent of the impairment loss (if any). When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

(g) Taxes on income

Current tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income-tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(h) Provisions and Contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of past event, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Contingent assets are neither recognised nor disclosed in the financial statements.

(i) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on trade receivable and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

De-recognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL (fair value through Profit and Loss) are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

(j) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprises of cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(k) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares.

(l) Segment Reporting

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Company's business activity confined to "Electrical Installation Work and Electrical Engineering Services including supply of materials" constitute its only business and primary segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

(m) Operating cycle

Operating cycle for the business activities of the Company covers the duration of the specific project/contract, wherever applicable extends up to realisation of receivable (including retention monies) within the agreed credit period normally.

3. (ii) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

Critical judgements

In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

In determining the appropriate discount rate for plans, the Management considers the prevailing market yields of Indian Government securities as at the date of balance sheet for the estimated term of the obligations.

Contingencies

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, it is disclosed as contingent liabilities. Although there can be no assurance regarding the final outcome of the legal proceedings, the Management does not expect them to have a materially adverse impact on the financial position or profitability.

Key sources of estimation uncertainty

The following are the key assumptions 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 amount of assets and liabilities within the next financial year:

Cost to complete

The Company's Management estimates the costs to complete for each project for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, Management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process required monitoring controls including financial and operational controls and identifying major risks faced by the Company and developing and implementing initiatives to manage those risks. The Company's Management is confident that the costs to complete the project are fairly estimated.

Percentage of completion

Management's estimate of the percentage of completion on each project for the purpose of revenue recognition is through conducting some weight analysis to assess the actual quantity of the work for each activity performed during the reporting period and estimate any future costs for comparison against the initial project budget. This process required monitoring of financial and operational controls. Management is of the opinion that the percentage of completion of the projects is fairly estimated.

As required by Ind AS 11 in applying the percentage of completion on its long-term projects, the Company is required to recognize any anticipated losses on its contracts. In light of the above, Management is of the opinion that based on the current facts, future losses on contract has been adequately provided for.

Contract variations and claims

Contract variations and claims are recognized as revenue to the extent that it is probable that they will result in revenue which can be reliably measured, which required the exercise of judgement by Management based on prior experience, application of contract terms and relationship with the customers.

Impairment of financial assets

The Company's Management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

3. (iii) First-time adoption exemptions availed by the Company as per Ind AS 101

As stated in Note 3(i) (a), the Company's financial statements for the year ended 31st March, 2017 are the first financial statements prepared by the Company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1st April, 2015 as the transition date. The effect of adopting Ind AS has been summarized in the reconciliations provided below.

Ind AS 101 generally requires full retrospective application of the Standards in force at the first reporting date. However, Ind AS 101 allows certain exemptions in the applications of particular Standards to prior periods in order to assist companies with the transition process.

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April, 2015 by recognizing items of assets or liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below:

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Reconciliations

The accounting policies as stated above in Note 3(i) have been applied in preparing the financial statements for the year ended 31st March, 2017, the financial statements for the year ended 31st March, 2016 and the preparation of an opening Ind AS statement of financial position as at 1st April, 2015. In preparing its opening Ind AS Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2016, the Company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables.

(i) Reconciliations of equity:

	As at 31-3-2016	As at 1-4-2015
	₹ in Lakhs	₹ in Lakhs
Equity as per Previous GAAP	(1,332.89)	(894.63)
Additional capital contribution	2,304.79	2,304.79
Reclassification of redeemable preference share capital as financial liability.	(6,200.00)	(6,200.00)
Interest expense on redeemable preference shares (borrowing)	(388.85)	—
Impairment of financial assets (including expected credit loss)	(241.55)	(347.34)
Equity as per Ind AS	(5,858.50)	(5,137.18)

(ii) Reconciliation of total comprehensive income:

	For the year ended 31-3-2016
	₹ in Lakhs
Loss as per Previous GAAP	438.26
Interest expense on redeemable preference shares (borrowing)	388.85
Impairment of financial assets (including expected credit loss)	(105.79)
Actuarial gain on employee benefit plans recognised in Other comprehensive income (net of taxes)	1.63
Net loss after tax as per Ind AS	722.95
Other comprehensive income (net of taxes)	(1.63)
Total comprehensive loss as per Ind AS	721.32

(iii) Explanation of material adjustments to statement of cash flows for the year ended 31st March, 2016:

The transition from previous GAAP to Ind AS has no material impact on the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

4. Property, Plant and Equipment (Owned, unless otherwise stated) and Intangible assets

₹ In Lakhs

	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total	Intangible Software	Grand Total
Gross carrying amount							
At 1st April, 2015	80.80	33.24	90.43	63.92	268.39	63.89	332.28
Additions	15.36	4.48	4.37	—	24.21	—	24.21
Disposals/transfer	1.10	0.61	2.28	0.77	4.76	—	4.76
At 31st March, 2016	95.06	37.11	92.52	63.15	287.84	63.89	351.73
Depreciation							
At 1st April, 2015	41.62	29.80	82.05	56.92	210.39	54.91	265.30
Charge for the year	5.67	4.56	1.88	1.93	14.04	6.29	20.33
Disposals/transfer	1.10	0.61	1.84	0.59	4.14	—	4.14
At 31st March, 2016	46.19	33.75	82.09	58.26	220.29	61.20	281.49
Net carrying amount at 1st April, 2015	39.18	3.44	8.38	7.00	58.00	8.98	66.98
Net carrying amount at 31st March, 2016	48.87	3.36	10.43	4.89	67.55	2.69	70.24
Gross carrying amount							
At 1st April, 2016	95.06	37.11	92.52	63.15	287.84	63.89	351.73
Additions	2.01	—	6.44	—	8.45	—	8.45
Disposals/transfer	34.51	32.48	51.33	30.12	148.44	10.18	158.62
At 31st March, 2017	**62.56**	**4.63**	**47.63**	**33.03**	**147.85**	**53.71**	**201.56**
Depreciation							
At 1st April, 2016	46.19	33.75	82.09	58.26	220.29	61.20	281.49
Charge for the year	5.83	0.78	2.73	0.80	10.14	—	10.14
Disposals/transfer	32.95	30.84	47.57	28.03	139.39	10.18	149.57
At 31st March, 2017	**19.07**	**3.69**	**37.25**	**31.03**	**91.04**	**51.02**	**142.06**
Net carrying amount at 31st March, 2017	**43.49**	**0.94**	**10.38**	**2.00**	**56.81**	**2.69**	**59.50**

5. Other financial assets

		As at 31-3-2016	As at 1-4-2015
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(A) Non current			
Sundry receivables and deposits			
Unsecured, considered good	**—**	7.20	7.20
Unsecured, considered doubtful	**57.67**	57.17	64.31
	57.67	64.37	71.51
Less: Provision for sundry receivables and deposits	**(57.67)**	(57.17)	(64.31)
	—	7.20	7.20
(B) Current			
Sundry receivables and deposits	**11.84**	5.55	6.29
Interest receivable	**0.56**	41.25	8.79
	12.40	46.80	15.08

6. Non-current tax assets (Net)

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Advance income tax (Net)	**76.76**	203.17	139.31

7. Other assets

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
(A) Non current			
Advance to suppliers	**0.98**	84.18	64.65
Advances to employees	**34.19**	31.26	31.70
Provision for advance to employees and suppliers	**(35.17)**	(115.44)	(96.35)
	—	—	—
Deposits for tax and other statutory dues	**586.21**	369.24	189.21
	586.21	369.24	189.21
(B) Current			
Advance to suppliers	**59.05**	57.76	214.33
Advances to employees	**12.93**	24.67	17.61
Amount due from customers under construction contracts (Refer footnote)	**1,905.58**	3,962.91	6,069.98
Indirect tax recoverable	**390.77**	587.35	475.44
Prepaid expenses	**28.85**	41.86	42.78
	2,397.18	4,674.55	6,820.14
Footnote:			
Includes material specifically procured for contracts	**315.03**	653.28	272.09

8. Trade Receivables

	₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 1-4-2015 ₹ in Lakhs
Gross trade receivables (excluding retention money receivable)	**9,569.06**	10,658.28	7,301.05
Retention money receivable	**327.18**	614.11	832.57
Classification of security details			
Secured, considered good	**—**	—	127.57
Receivables from holding company (unsecured)	**2,173.74**	3,771.18	321.24
Unsecured, considered good	**4,950.47**	4,759.83	4,783.76
Doubtful	**2,772.04**	2,741.39	2,901.05
Gross current trade receivables	**9,896.24**	11,272.40	8,133.62
Less: Allowance for doubtful debts	**(2,772.04)**	(2,741.39)	(2,901.05)
Net current trade receivables (Refer footnote)	**7,124.21**	8,531.01	5,232.57

Footnote: The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix and also provided for allowance against specific cases for credit loss. The provision matrix takes into account historical credit loss experience (based on the ageing of days the receivables are due as given in provision matrix), adjusted for forward looking information and expected delay in collection.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

8. Trade Receivables (contd.)

	₹ **In Lakhs**
Loss allowance on 1st April, 2015	2,901.05
Changes in loss allowance	(159.66)
Loss allowance on 31st March, 2016	2,741.39
Changes in loss allowance	30.65
Loss allowance on 31st March, 2017	**2,772.04**

There are no dues outstanding contributing 10% or more except the amount receivable from holding company.

9. Cash and bank balances

		As at 31-3- 2016	As at 1-4-2015
	₹ **In Lakhs**	₹ In Lakhs	₹ In Lakhs
Balances with bank in current account (Refer footnote)	**309.12**	9.50	103.44
Balance held as margin money with bank	—	—	4.36
Cash and cash equivalents	**309.12**	9.50	107.80

Footnote:

The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

10. Equity share capital

	₹ **In Lakhs**	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Authorised Share Capital			
50,00,000 equity shares of ₹ 10 each	**500.00**	500.00	500.00
Issued, subscribed and paid up shares			
18,25,782 (31st March, 2016: 18,25,782 ; 1st April, 2015: 18,25,782) Equity Shares of ₹ 10 each	**182.58**	182.58	182.58

Footnotes:

(i) 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. In the event of liquidation of the Company, the equity shareholders are eligible to receive the 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.

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

				As at 31-3-2016
	No. of shares	₹ **In Lakhs**	No. of shares	₹ In Lakhs
As at the beginning of the year	**1,825,782**	**182.58**	1,825,782	182.58
As at the end of the year	**1,825,782**	**182.58**	1,825,782	182.58

(iii) Details of shares held by holding company and shareholders holding more than 5% shares in the Company

			As at 31-3-2016	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
Equity Shares of ₹ 10 each fully paid				
Voltas Limited (holding company)	**1,825,782**	**100%**	1,825,782	100%

11. Other equity

		As at 31-3-2016	As at 1-4-2015
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
(a) General Reserve	**2,053.76**	2,053.76	2,053.76
(b) Securities premium	**492.43**	492.43	492.43
(c) Additional capital contribution (Refer footnote 1 of Note 12)	**5,469.26**	2,304.79	2,304.79
(d) Retained earnings	**(12,093.50)**	(10,892.06)	(10,170.74)
	(4,078.05)	(6,041.08)	(5,319.76)

		As at 31-3-2016
	₹ In Lakhs	₹ In Lakhs
(a) General Reserve		
Balance at the beginning and at the end of the year	**2,053.76**	2,053.76
(b) Securities premium		
Balance at the beginning and at the end of the year	**492.43**	492.43
(c) Additional capital contribution (Refer footnote 1 of Note 12)		
Balance at the beginning of the year	**2,304.79**	2,304.79
Addition during the year	**3,164.47**	—
Balance at the end of the year	**5,469.26**	2,304.79
(d) Retained earnings		
Balance at the beginning of the year	**(10,892.06)**	(10,170.74)
Net loss for the year	**(1,201.75)**	(722.95)
Remeasurement of post employment benefit obligation	**0.31**	1.63
Balance at the end of the year	**(12,093.50)**	(10,892.06)

12. Borrowings

		As at 31-3-2016	As at 1-4-2015
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
(A) Long-term			
Redeemable preference shares [at amortised cost] (Refer footnote 1)	**8,242.59**	4,283.54	3,895.55
Inter-corporate deposits from holding company (Refer footnote 2)	**—**	2,500.00	2,500.00
	8,242.59	6,783.54	6,395.55
(B) Short-term			
Loans repayable on demand from bank - overdrafts	**686.68**	4,331.61	3,924.55
Others	**—**	—	127.57
	686.68	4,331.61	4,052.12

Footnotes:

1. Redeemable preference shares were issued in 2016-17: ₹ 6,500 lakhs, in 2012-13: ₹ 3,700 lakhs and in 2011-12: ₹ 2,500 lakhs for period of 7 years, respectively and are cumulative with dividend of 0.01%. This liability is accounted at amortised cost and the difference between the liability and the amortised cost amounting to ₹ 5,469.26 lakhs is included as additional capital contribution and disclosed under "Other equity".

2. Inter-corporate deposits are obtained from holding company @ 10% interest per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

13. Provisions

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
(A) Non Current			
Gratuity (Refer Note 28)	**11.41**	10.88	10.85
(B) Current			
Compensated absences	**12.80**	13.66	15.83
Provision for contingency on indirect tax matters	**12.22**	12.22	—
	25.02	25.88	15.83

14. Trade payables

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Trade payables (Refer footnote)			
(i) total outstanding of micro enterprises and small enterprises (Refer Note 26)	**10.48**	62.85	31.89
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**3,121.02**	5,312.37	3,427.83
(iii) Retention money payable	**249.21**	309.96	273.68
	3,380.71	5,685.18	3,733.40

Footnote:

The average credit period for trade payables (excluding retention) for the year ended 31st March, 2017 was 266 days (31st March, 2016: 207 days, 31st March, 2015: 261 days)

15. Other financial liabilities

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Current			
Interest accrued (Payable to holding company)	**652.01**	1,257.70	1,032.70

16. Other current liabilities

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Advances received from customers	**1,309.46**	1,528.82	1,993.51
Amount due to customers under construction contracts	**137.75**	—	126.21
Statutory dues (withholding taxes, VAT, etc.)	**15.21**	146.60	355.30
	1,462.42	1,675.42	2,475.02

17. Revenue from operations

	₹ In Lakhs	2015-16 ₹ In Lakhs
Construction contract revenue	**4,598.18**	11,129.12
Other operating income:		
Unclaimed credit balances written back	**739.21**	176.13
	5,337.39	11,305.25

18. Other income

	₹ In Lakhs	2015-16 ₹ In Lakhs
(a) Interest Income on:		
Income tax refund	**33.55**	1.31
On deposits with banks	**—**	0.48
Sundry advances and customers' balances	**23.97**	26.07
(b) Others:		
Sale of scrap	**—**	2.07
	57.52	29.93

19. Employee benefits expense

	₹ In Lakhs	2015-16 ₹ In Lakhs
Salaries and wages including bonus	**397.27**	380.99
Company's contribution to provident and other funds (Refer Note 28)	**15.81**	15.12
Staff welfare expenses	**33.16**	37.27
	446.24	433.38

20. Finance costs

	₹ In Lakhs	2015-16 ₹ In Lakhs
Interest expense - others	**935.15**	1,141.16

21. Other expenses

	₹ In Lakhs	2015-16 ₹ In Lakhs
Outside service charges	**384.83**	506.32
Power and fuel	**11.76**	11.32
Rent	**56.01**	72.06
Insurance charges	**40.10**	87.06
Rates and taxes	**103.00**	86.77
Travelling and conveyance	**66.14**	106.63
Printing and stationery	**8.87**	9.75
Stamp duty charges on issue of shares	**81.21**	5.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

21. Other expenses (contd.)

		2015-16
	₹ In Lakhs	₹ In Lakhs
Payment to auditors [Refer Note 22]	**24.53**	24.61
Legal and professional charges	**21.85**	23.86
Advances written off	**17.00**	11.94
Bad and doubtful debts/advances	**30.65**	(159.66)
Loss on sale of fixed assets (net)	**7.25**	0.62
Miscellaneous expenses	**56.31**	185.89
	909.51	972.35

22. Payment to auditors

		2015-16
	₹ In Lakhs	₹ In Lakhs
To statutory auditors for:		
(i) Audit Fees (including tax audit fees)	**14.25**	14.25
(ii) Taxation matters	**3.38**	3.38
(iii) Other services	**6.75**	6.75
(iv) Reimbursement of expenses	**0.15**	0.23
	24.53	24.61

Footnote:

Service Tax which is being claimed for set off as input credit has not been included in the expenditure above.

23. Contingent liabilities

		As at 31-3-2016	As at 1-4-2015
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
(a) Claims against the Company not acknowledged as debts:			
Contractual matters in the course of business (in respect of cases filed by Vendors)	**104.77**	108.80	79.11
Taxes, Cess and Duties (other than Income Tax)	**3,055.62**	1,850.27	1,145.56
	3,160.39	1,959.07	1,224.67

(b) Contractual matters under arbitration : Amount indeterminate.

(c) Liquidated damages, except to the extent provided, for delay in delivery of goods/execution of projects: Amount indeterminate.

24. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Board of Directors, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker are the Board of Directors of the Company.

The Company is engaged solely in the business of Electrical Installation Work and Electrical Engineering Services, including supply of materials which constitute its only business and primary segment. The contracts are executed within India. Hence, the activities of the Company have been disclosed as a single segment as per Ind AS 108 on 'Segment Reporting'.

25. Earnings Per Share

	₹ **In Lakhs**	As at 31-3-2016 ₹ In Lakhs
Loss After Tax	**(1,201.75)**	(722.95)
Number of Equity Shares	**1,825,782**	1,825,782
Basic and Diluted Earnings per share of ₹ 10 each (in ₹)	**(65.82)**	(39.60)

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

	₹ **In Lakhs**	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**2.75**	27.71	10.82
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	**0.75**	8.14	3.36
(iii) The amount of interest paid/adjusted along with the amounts of the payment made to the supplier beyond the appointed day.	**29.43**	—	—
(iv) The amount of interest due and payable for the year.	**0.01**	1.00	1.01
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	**6.97**	26.00	16.70
(vi) Total outstanding dues of Micro, Small and Medium Enterprises			
- Principal	**2.75**	27.71	10.82
- Interest	**7.73**	35.14	21.07
	10.48	62.85	31.89

27. Related Party Transactions

	₹ **In Lakhs**	2015-16 ₹ In Lakhs
Transaction with Voltas Limited (holding company)		
Billing for jobs and services	**5,721.92**	10,191.07
MSME interest accrual	**23.92**	26.07
Property, Plant and Equipment	—	0.33
Interest on inter-corporate deposits (Net)	**104.79**	250.00
Reimbursement of staff cost and other expenses (Net)*	**234.86**	273.73
Repayment of inter-corporate deposit	**2,500.00**	—
Issue of preference shares	**6,500.00**	—
* Inclusive of following amounts as reimbursement of staff cost related to Key Managerial Personnel		
M. Valsaraj (upto 31st July, 2016)	**7.16**	17.52
Indranil Chakraborty (w.e.f. 1st August, 2016)	**11.54**	—
Transaction with subsidiary of Tata Sons Limited - Tata Consultancy Services Limited		
Purchase of Property, Plant and Equipment	**6.44**	—
Other expense	**2.35**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

27. Related Party Transactions (contd.)

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Balances with Voltas Limited (holding company)			
Trade receivables	**2,173.74**	3,771.18	321.24
Advance from customers	**1,098.25**	1,142.72	1,246.94
Trade payables	**851.14**	580.67	795.57
Interest accrued and due on borrowings	**652.01**	1,257.70	1,032.70
Inter-corporate deposits	**—**	2,500.00	2,500.00
Debit balance outstanding with subsidiaries of Tata Sons Limited			
Tata Consultancy Services Limited	**9.17**	0.25	—
Tata Advanced Systems Limited	**—**	—	0.54

Footnote :

All related-party transactions were entered into on an arm's length basis.

28. Employee benefit expense

(i) 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 employee state insurance. The Company's contributions during the year to Provident Funds are recognised in the statement of profit and loss.

The total expense recognised in the statement of profit and loss of ₹ 11.83 lakhs (for the year ended 31st March, 2016: ₹ 10.75 lakhs) represents contributions payable to this plan.

(ii) 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.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, and salary risk.

Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government bonds.
Interest risk	A decrease in the Government security's interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Discount rate(s)	**6.95%**	7.85%	7.95%
Expected rate(s) of salary increase	**8.00%**	8.00%	8.00%
Average longevity at retirement age for current beneficiaries of the plan (Males) (in years)	*****	*	*
Average longevity at retirement age for current employees (future beneficiaries of the plan) (Male) (in years)	*****	*	*

* Based on Indian Assured Lives Mortality (2006-08) with modification to reflect expected changes in mortality/others.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	₹ In Lakhs	2015-16 ₹ In Lakhs
Current service cost	**3.52**	3.90
Past service cost and (gain)/ loss from settlements	**—**	—
Net interest expense	**0.46**	0.47
Components of defined benefit costs recognised in profit or loss	**3.98**	4.37
Remeasurement on the net defined benefit liability:		
Opening components of defined benefit costs recognised in other comprehensive income	**(1.63)**	—
Actuarial (gains) / losses arising from changes in financial assumptions	**1.56**	0.15
Actuarial (gains) / losses arising from experience adjustments	**(0.27)**	(1.90)
Actual return on plan assets less interest on plan assets	**0.04**	0.12
Components of defined benefit costs recognised in other comprehensive income	**(0.31)**	(1.63)
	3.67	2.74

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 31-3-2015 ₹ In Lakhs
Present value of funded defined benefit obligation	**25.49**	22.17	19.11
Fair value of plan assets	**14.08**	11.29	8.26
Net liability arising from defined benefit obligation	**11.41**	10.88	10.85

Movements in the present value of the defined benefit obligation are as follows:

	₹ In Lakhs	2015-16 ₹ In Lakhs
Opening defined benefit obligation	**22.17**	19.11
Current service cost	**3.52**	3.90
Interest cost	**1.60**	1.45
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	**1.56**	0.15
Actuarial gains and losses arising from experience adjustments	**(0.27)**	(1.90)
Benefits paid	**(3.09)**	(0.54)
Closing defined benefit obligation	**25.49**	**22.17**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

Movements in the fair value of the plan assets are as follows:

		2015-16
	₹ In Lakhs	₹ In Lakhs
Opening fair value of plan assets	**11.29**	8.26
Interest income	**1.14**	0.98
Remeasurement gain/(loss):		
Actual return on plan assets less interest on plan assets	**(0.04)**	(0.12)
Contributions from the employer	**4.78**	2.71
Benefits paid	**(3.09)**	(0.54)
Closing fair value of plan assets	**14.08**	11.29

The plan assets are represented by investment made under the Gratuity Scheme operated by Life Insurance Corporation of India.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity analysis:

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₹ 1.72 lakhs (increase by ₹ 1.98 lakhs) [as at 31st March, 2016: decrease by ₹ 1.41 lakhs (increase by ₹ 1.63 lakhs)].
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by ₹ 1.94 lakhs (decrease by ₹ 1.72 lakhs) [as at 31st March, 2016: increase by ₹ 1.61 lakhs (decrease by ₹ 1.42 lakhs)].
- If the attrition rate increases (decreases) by 1%, the defined benefit obligation would decrease by ₹ 0.15 lakh (increase by ₹ 0.17 lakh) [as at 31st March, 2016: decrease by ₹ 0.05 lakh (increase by ₹ 0.05 lakh)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation for active members as at 31st March, 2017 is 7.23 years (as at 31st March, 2016: 7.37 years, as at 1st April, 2015: 7.77 years). There were no deferred or retired members.

29. Going concern basis

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 holding company's confirmation to the Company of continuing support including by way of infusion of funds from time to time and expected cash flows and profitability from outstanding orders of more than ₹ 400 crores with the Company.

30. Amount due from/(to) customers under construction contracts

		As at 31-3-2016	As at 1-4-2015
	₹ In Lakhs	₹ In Lakhs	₹ In Lakhs
Contracts in progress at the end of the reporting period			
Construction costs incurred plus recognised profits less recognised losses to date	**36,298.37**	36,122.51	33,415.59
Less: progress billings	**34,845.57**	32,812.88	27,743.91
	1,452.80	3,309.63	5,671.68
Recognised and included in the financial statements as amounts due:			
- from customers under construction contracts [Refer Note 7 (b)]	**1,905.58**	3,962.91	6,069.98
- to customers under construction contracts [Refer Note 16]	**137.75**	—	126.21
	1,767.83	3,962.91	5,943.77
Advances received for contracts in progress	**1,309.46**	1,528.82	1,993.51
Retention money for contracts in progress	**327.18**	614.11	832.57

31. Deferred tax assets

The Company has not shown tax reconciliations as they have no tax profits due to loss in the current year and carried forward losses and unabsorbed depreciation.

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Deductible temporary differences , unused tax losses and unused tax credits for which no deferred tax assets have been recognised are:			
- Unabsorbed depreciation and carried forward losses	**7,507.68**	6,905.64	6,373.08
- deductible temporary differences			
Provision for Doubtful debts, advances and contingencies	**2,869.38**	2,901.78	3,061.71
Depreciation as per books of account and income tax	**65.22**	71.58	77.69
Employee benefits	**24.21**	24.54	26.68
Total temporary difference	**10,466.49**	9,903.54	9,539.16
Deferred tax asset (Refer footnote)	**3,622.24**	3,427.42	3,301.31

Footnote:

The Company is not recognising deferred tax assets due to prudence and in the absence of probability of future taxable profit.

32. Financial instruments

(A) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern (as refered in Note 29) while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in Note 12 offset by cash and bank balances) and total equity of the Company.

Gearing Ratio

The gearing ratio at the end of the reporting period was as follows:

	₹ In Lakhs	As at 31-3-2016 ₹ In Lakhs	As at 1-4-2015 ₹ In Lakhs
Debt (Long-term and short-term borrowings)	**8,929.26**	11,115.15	10,447.66
Less: Cash and cash equivalents	**309.12**	9.50	107.80
Net debt	**8,620.14**	11,105.65	10,339.86
Total equity	**(3,895.47)**	(5,858.50)	(5,137.18)
Net debt to equity ratio	**(221.29%)**	(189.56%)	(201.27%)

The Management of the Company reviews the capital structure of the Company on a periodic basis.

(B) Financial instruments by category

₹ In Lakhs

		As at 31-3-2016	As at 1-4-2015
Financial assets			
Trade receivables	**7,124.21**	8,531.01	5,232.57
Cash and cash equivalents	**309.12**	9.50	107.80
Security deposits	**11.84**	12.75	13.49
Other financial assets	**0.56**	41.25	8.79
Total financial assets	**7,445.73**	8,594.51	5,362.65
Financial liabilities			
Borrowings	**8,929.26**	11,115.15	10,447.66
Trade payables	**3,380.71**	5,685.18	3,733.40
Other financial liabilities	**652.01**	1,257.70	1,032.70
	12,961.98	18,058.03	15,213.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

(C) Finance risk management

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Long-term borrowings at fixed / variable rates	Sensitivity analysis	Rate negotiations with the lenders

The Company risk management is carried out by the Board of Directors. Finance in-charge identifies, evaluates and hedges financial risks as per the requirement of the business. The Board provides written principles for overall risk management, as well as polices covering specific areas such as interest rate risk and credit risk.

(i) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own business records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas within India. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The largest customer of the Company is holding company. Apart from it, the Company does not have significant credit risk exposure to any single counterparty.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

(ii) Liquidity risk management:

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities:

The table below analyse the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ In Lakhs

Contractual maturities of financial liabilities (31-3-2017)	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives					
Borrowings	686.68	2,066.12	2,646.37	3,530.10	8,929.27
Trade payables	3,131.50	249.21	—	—	3,380.71
Other financial liabilities	—	—	652.01	—	652.01
Total non-derivative liabilities	**3,818.18**	**2,315.33**	**3,298.38**	**3,530.10**	**12,961.99**

Contractual maturities of financial liabilities (31-3-2016)	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives					
Borrowings	4,331.61	—	6,783.54		11,115.15
Trade payables	5,375.22	309.96	—	—	5,685.18
Other financial liabilities	—	—	1,257.70	—	1,257.70
Total non-derivative liabilities	**9,706.83**	**309.96**	**8,041.24**	**—**	**18,058.03**

Contractual maturities of financial liabilities (1-4-2015)	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives					
Borrowings	3,924.55	—	4,207.54	2,188.01	10,320.10
Trade payables	3,459.72	273.68	—	—	3,733.40
Other financial liabilities	—	—	1,032.70	—	1,032.70
Total non-derivative liabilities	**7,384.27**	**273.68**	**5,240.24**	**2,188.01**	**15,086.20**

(iii) Market risk: Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The exposure of the Company's borrowing to interest rate and changes at the end of the reporting period are as follows:

₹ In Lakhs

		31-3-2016	1-4-2015
Variable rate borrowings	**686.68**	4,331.61	3,924.55
Fixed rate borrowings	—	—	—
Total borrowings	**686.68**	4,331.61	3,924.55

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

Interest rate sensitivity analysis:

The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Board of Directors and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31st March, 2017 would decrease/increase by ₹ 11.41 lakhs (for the year ended 31st March, 2016: decrease/increase by ₹ 21.29 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments.

33. Aggregation of expenses disclosed in Cost of jobs and services, Salaries and wages and Other expenses in respect of specific items is as follows: (Refer Note 19 and 21)

₹ In Lakhs

Nature of expenses	**For the year ended 31-3-2017**			
	Cost of jobs and services	**Salaries and wages**	**Other expenses**	**Total**
Salaries and wages	**10.02**	**446.24**	**—**	**456.26**
	(22.02)	(433.38)	—	(455.40)
Legal and professional expenses	**2.59**	**—**	**21.85**	**24.44**
	(10.33)	—	(23.86)	(34.19)
Outside service charges	**147.11**	**—**	**384.83**	**531.94**
	(225.82)	—	(506.32)	(732.14)
Travelling and conveyance	**37.37**	**—**	**66.14**	**103.51**
	(56.01)	—	(106.63)	(162.64)
Printing and stationary	**1.51**	**—**	**8.87**	**10.38**
	—	—	(9.75)	(9.75)
Miscellaneous expenses	**2.03**	**—**	**56.31**	**58.34**
	(4.86)	—	(185.89)	(190.75)

figures in brackets are for previous year.

34. Amount expected to be recovered or settled within 12 months and after 12 months:

₹ In Lakhs

Particulars			31-3-2016		1-4-2015	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months	Within 12 months	After 12 months
Trade receivables	**6,642.16**	**482.04**	7,916.90	614.11	4,400.00	832.57
Cash and cash equivalents	**309.12**	**—**	9.50	—	107.80	—
Other financial assets:						
Sundry receivables and deposits	**11.84**	**—**	5.55	—	6.29	—
Interest receivable	**0.56**	**—**	41.25	—	8.79	—

34. Amount expected to be recovered or settled within 12 months and after 12 months: (contd.)

₹ In Lakhs

Particulars			31-3-2016		1-4-2015	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months	Within 12 months	After 12 months
Other current assets:						
Advance to suppliers	**59.05**	**—**	57.76	—	214.33	—
Advances to employees	**12.93**	**—**	24.67	—	17.61	—
Amount due from customers under construction contracts	**1,905.58**	**—**	3,962.91	—	6,069.98	—
Indirect tax recoverable	**390.77**	**—**	587.35	—	475.44	—
Prepaid expenses	**28.85**	**—**	41.86	—	42.78	—
Short-term borrowing	**686.68**	**—**	4,331.61	—	4,052.12	—
Trade payables	**3,131.50**	**249.21**	5,375.22	309.96	3,459.72	273.68
Other financial liabilities:						
Interest accrued	**652.01**	**—**	1,257.70	—	1,032.70	—
Provisions:						
Compensated absences	**12.80**	**—**	13.66	—	15.83	—
Provision for contingency on indirect tax matters	**12.22**	**—**	12.22	—	—	—
Other current liabilities:						
Advances received from customers	**1,309.46**	**—**	1,528.82	—	1,993.51	—
Amount due to customers under construction contracts	**137.75**	**—**	—	—	126.21	—
Statutory dues (withholding taxes, VAT, etc.)	**15.21**	**—**	146.60	—	355.30	—

35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 3rd May, 2017.

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**Indranil Chakraborty**
Chief Financial Officer	**Bhushan Pandit**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2017

AUTO AIRCON (INDIA) LIMITED

Directors :
Anil George
V. P. Malhotra
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Twenty Second Annual Report and Accounts for the year ended 31st March, 2017.

1. **Financial Results:**

   The Company has reported loss of ₹ 0.08 lakh for the year ended 31st March, 2017, primarily on account of certain administrative and fixed overheads.

2. **Dividend:**

   In view of loss incurred during the year 2016-17, the Directors do not recommend any dividend.

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

   During 2016-17, four Board Meetings were held on 9th May, 2016; 25th July, 2016; 4th November, 2016 and 30th January, 2017.

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:**

   The Members had, at the 20th Annual General Meeting (AGM) of the Company held on 25th July, 2015, approved appointment of M/s. Damji Merchant & Co, as the Statutory Auditors of the Company for a period of two consecutive financial years (2015-16 and 2016-17) from the conclusion of the 20th AGM till the conclusion of the 22nd AGM of the Company to be held in 2017. M/s. Damji Merchant & Co. have done the statutory audit of the financial statements of the Company for 2016-17 and their Report for 2016-17 does not contain any qualification, reservation or adverse remark.

   Pursuant to the provisions of Section 139 of the Companies Act, 2013 (Act), read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint M/s. Abhay Bhagat & Co., Chartered Accountants as Statutory Auditors for a term of five years from the conclusion of 22nd AGM till the conclusion of 27th AGM of the Company to be held in the year 2022, to examine and audit the accounts of the Company for financial years 2017-18 to 2021-22, subject to ratification of their appointment at every subsequent AGM, if required. M/s. Abhay Bhagat & Co. have pursuant to Section 139 of the Act, furnished a certificate regarding their eligibility of appointment.

   Resolution seeking approval of Members for appointment of M/s. Abhay Bhagat & Co. as Statutory Auditors of the Company forms part of the Notice of AGM of the Company.

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. V. P. Malhotra retires by rotation and being eligible, offers himself for re-appointment.

10. Particulars of contracts or arrangements with related parties:

The Company has not entered into related party transactions during 2016-17. There are no 'material' contracts or arrangements or transactions and hence, disclosure in Form No. AOC-2 is not required.

11. 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 have 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, 2017 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, 16th May, 2017 *Directors*

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

as on the financial year ended on 31st March, 2017

[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
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 1-4-2016)				No. of Shares held at the end of the year (As on 31-3-2017)				% 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**	**1,13,00,000**	**100%**	**0**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2016)			Shareholding at the end of the year (As on 31-3-2017)			% 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	
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 2016-17.

(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 (1-4-2016)					
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 (31-3-2017)					
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 2016-17.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

AUDITOR'S REPORT

TO THE MEMBERS OF
AUTO AIRCON (INDIA) LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of **AUTO AIRCON (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS 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 Ind AS Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   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 Ind AS 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 Ind AS Financial Statements based on our audit.

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

   We conducted our audit of the Ind AS 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 Ind AS Financial Statements is free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS Financial Statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including Ind AS, of the state of affairs of the Company as at 31st March, 2017 and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw your attention to Note No. 1(b). The financial statements have been prepared on the assumption that the Company is not a going concern. All assets and liabilities are at net realisable 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 in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by sub-section (3) of Section 143 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, Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the applicable Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

   (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 the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

(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 does not have any pending litigations which would impact its financial position in its Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   (iv) The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

For **Damji Merchant and Co.**
Chartered Accountants
(Firm's Registration No. 102082W)

Ambrish Mehta
Partner
Mumbai, 16th May, 2017 (Membership No. 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 Ind AS Financial Statements of the Company for the year ended 31st March, 2017

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, 2017 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 Ind AS 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 No. 102082W)

Ambrish Mehta
Partner
Mumbai, 16th May, 2017 (Membership No. 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 Ind AS 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 Ind AS Financial Statements of the Company as of and for the year ended 31st March, 2017, 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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, 2017, 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 No. 102082W)

Ambrish Mehta
Partner
(Membership No. 016086)

Mumbai, 16th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

		Notes	₹ in '000s	As at 31-3-2016 ₹ in '000s	As at 1-4-2015 ₹ in '000s
I.	**ASSETS**				
	(1) Non-Current Assets				
	Property, Plant and Equipment	3	**3**	3	3
			3	3	3
	(2) Current Assets				
	Financial Assets				
	(a) Cash and cash equivalents	4	**3,452**	32	17
	(b) Other Current Assets	5	**16**	3,444	3,544
			3,468	3,476	3,561
	TOTAL ASSETS		**3,471**	3,479	3,564
II.	**EQUITY AND LIABILITIES**				
	(1) Equity				
	(a) Equity Share capital	6	**1,13,000**	1,13,000	1,13,000
	(b) Other Equity	7	**(1,21,423)**	(1,21,415)	(1,21,056)
			(8,423)	(8,415)	(8,056)
	(2) Current Liabilities				
	Financial Liabilities				
	(a) Trade payables	8			
	(i) Total Outstanding Dues of Micro and Small Enterprise		**—**	—	—
	(ii) Total Outstanding Dues of Creditors other than Micro and Small Enterprise		**8,772**	8,772	8,498
	(b) Other current liabilities	9	**3,122**	3,122	3,122
	Total current liabilities		**11,894**	11,894	11,620
	TOTAL EQUITY AND LIABILITIES		**3,471**	3,479	3,564
	Summary of Significant Accounting Policies	1			

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, 16th May, 2017

For and on behalf of the Board

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

Mumbai, 16th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

		Notes	₹ in '000s	2015-16 ₹ in '000s
I.	**INCOME**			
	Revenue			
	Revenue from Operations		—	—
	TOTAL INCOME		—	—
II.	**EXPENSES**	10		
	(a) Statutory Audit Fees		**3**	3
	(b) Legal and Professional charges		**1**	2
	(c) Other General Expenses		**4**	354
	TOTAL EXPENSES		**8**	359
III.	**LOSS BEFORE TAX**		**(8)**	(359)
IV.	**INCOME TAX EXPENSES**			
	Current Tax		—	—
	TOTAL TAX EXPENSES		—	—
V.	**LOSS FOR THE PERIOD**		**(8)**	(359)
	Other Comprehensive income for the period, net of tax		—	—
	Total Comprehensive Income for the period		**(8)**	(359)
	Earnings per share -	12		
	(a) Basic - (₹)		**(0.00)**	(0.03)
	(b) Diluted - (₹)		**(0.00)**	(0.03)
	Face Value per equity share - (₹)		**10**	10
	Summary of Significant Accounting Policies	1		

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, 16th May, 2017

For and on behalf of the Board

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

Mumbai, 16th May, 2017

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2017

		Notes	₹ in '000s
A.	**EQUITY SHARE CAPITAL**		
	As at 1st April, 2015	6	1,13,000
	Changes in Equity share capital		—
	As at 31st March, 2016	6	1,13,000
	Changes in Equity share capital		—
	As at 31st March, 2017	6	**1,13,000**
B.	**OTHER EQUITY**		
	Balance as at 1st April, 2015		(1,21,056)
	Profit/(loss) for the year		(359)
	Other Comprehensive Income for the year (net of taxes)		—
	Total Comprehensive Income for the year		(1,21,415)
	Transaction with owners in capacity as owners		—
	Balance as at 31st March, 2016		(1,21,415)
	Profit/(loss) for the year		(8)
	Other Comprehensive Income for the year (net of taxes)		—
	Total Comprehensive Income for the year		(1,21,423)
	Transaction with owners in capacity as owners		—
	Balance as at 31st March, 2017		**(1,21,423)**

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, 16th May, 2017

For and on behalf of the Board

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

Mumbai, 16th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

		Notes	**₹ in '000s**	31-3-2016 ₹ in '000s
A.	**Cash flow form Operating Activities**			
	Profit / (Loss) Before Tax		**(8)**	(359)
	Adjustment for:			
	Depreciation		—	—
	Operating Profit before working capital changes		**(8)**	(359)
	Changes in Working Capital			
	Adjustments for (increase)/decrease in operating assets			
	Other Current Assets		**3,428**	100
	Adjustments for increase/(decrease) in operating liabilities			
	Trade Payables		—	274
	Other Current Liabilites		—	—
	Cash Generated from operations		**3,420**	15
	Income Tax (Paid)/ Refund		—	—
	Net Cash Flow from Operating Activities (A)		**3,420**	15
	Net Cash Flow from Investing Activities (B)		—	—
	Net Cash used in Financing Activities (C)		—	—
B.	**Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)**		**3,420**	15
	Cash and Cash equivalents at the beginning of the year	4	**32**	16
	Cash and Cash equivalents at the end of the year	4	**3,452**	31
	Summary of Significant Accounting Policies	1		
	The accompanying Notes form an integral part of the Financial Statements.			

In terms of our report attached.

For and on behalf of the Board

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

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

Ambrish Mehta
Partner
Mumbai, 16th May, 2017

Mumbai, 16th May, 2017

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

Background and Operations

The principal activities of the Company are designing, manufacturing and marketing of Heating Ventilation and Air Conditioning Systems.

1. Significant Accounting Policies

(a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with previous GAAP, which includes accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended 31st March, 2017 are the first financial statements under Ind AS as prepared by the Company.

(b) Basis of preparation and presentation

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.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any.

Historical Cost includes the acquisition cost or the cost of construction, including duties and taxes (other than those refundable), expenses directly related to the acquisition of assets and making them operational for their intended use. Initial estimate shall also include costs of dismantling and removing the item, if any and restoring the site on which it is located.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying values as its deemed cost as of the transition date as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

(e) Depreciation

Since the fixed assets are fully depreciated and reflected at its scrap/residual value, no further provision is made for.

(f) Excise Duty

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

(g) Taxes on income

Provision for current tax is made in accordance with the Income Tax Act, 1961. In terms of Ind AS 12, the Company does not have any deferred tax liability.

2. First-time adoption exemptions availed by the Company as per Ind AS 101

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2015 by recognizing items of assets or liabilities where recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below:

Deemed cost for property, plant and equipment, investment properties and intangible assets

The Company has elected to continue with the carrying value of all its plant and equipment, investment properties and intangible assets recognized as of 1st April, 2015 (transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

Reconciliations

The transition to Ind AS from IGAAP has led to no changes in the Balance Sheet and the Statement of Profit and Loss for previously reported periods forming part of this Financial Statement.

3. Property, Plant and Equipment (Owned, unless otherwise stated) **₹ in '000s**

	Leasehold Improvements	Plant and Machinery	Office and EDP Equipments	Furniture and fixtures	Total
Gross carrying amount					
At 1st April, 2015	927	1,617	130	324	2,998
Additions	—	—	—	—	—
Adjustment	—	—	—	—	—
Transition	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2016	**927**	**1,617**	**130**	**324**	**2,998**
Depreciation					
At 1st April, 2015	926	1,616	130	323	2,995
Charge for the year	—	—	—	—	—
Adjustments	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2016	**926**	**1,616**	**130**	**323**	**2,995**

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

3. Property, Plant and Equipment (Owned, unless otherwise stated) (contd.) **₹ in '000s**

	Leasehold Improvements	Plant and Machinery	Office and EDP Equipments	Furniture and fixtures	Total
Net carrying amount at 31st March, 2016	**1**	**1**	**—**	**1**	**3**
Gross carrying amount					
At 1st April, 2016	927	1,617	130	324	2,998
Additions	—	—	—	—	—
Adjustment	—	—	—	—	—
Transition	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2017	**927**	**1,617**	**130**	**324**	**2,998**
Depreciation					
At 1st April, 2016	926	1,616	130	323	2,995
Charge for the year	—	—	—	—	—
Adjustments	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2017	**926**	**1,616**	**130**	**323**	**2,995**
Net carrying amount at 31st March, 2017	**1**	**1**	**—**	**1**	**3**

4. Cash and bank balances

		As at 31-3-2016	As at 1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Cash and cash equivalents			
Cash in hand	**1**	1	1
Balances with bank in current account	**3,451**	31	16
	3,452	32	17

5. Other Assets

			As at 31-3-2016		As at 1-4-2015	
	₹ in '000s		₹ in '000s		₹ in '000s	
	Current	**Non-current**	Current	Non-current	Current	Non-current
Advance with public bodies	**16**	**—**	16	—	16	—
Other recoverable from customer and others	—	—	3,428	—	3,528	—
	16	**—**	3,444	—	3,544	—

6. Equity Share Capital

		As at 31-3-2016	As at 1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Authorised Share Capital			
1,20,00,000 (Previous year:1.20,00,000) Equity Shares of ₹ 10 each	**1,20,000**	1,20,000	1,20,000
Issued, Subscribed and Paid up			
1,13,00,000 (31-3-2016 : 1,13,00,000, 31-3-2015: 1,13,00,000) Equity Shares of ₹ 10 each	**1,13,000**	1,13,000	1,13,000

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

Footnotes :

(i) Equity Shares: The Company has one class of equity shares having a face value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. 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.

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year:

			As at 31-3-2016	
	No. of Shares	**₹ in '000s**	No. of Shares	₹ in '000s
As at the beginning of the year	**1,13,00,000**	**1,13,000**	1,13,00,000	1,13,000
Add :	—	—	—	—
Less:	**—**	**—**	—	—
As at the end of the year	**1,13,00,000**	**1,13,000**	1,13,00,000	1,13,000

(iii) Shareholders holding more than 5% shares in the Company :

			As at 31-3-2016	
	No. of Shares	**% of Holding**	No. of Shares	% of Holding
Equity Shares of ₹ 10 each fully paid				
Voltas Limited	**1,13,00,000**	**100 %**	1,13,00,000	100%

7. Other Equity

		As at 31-3-2016	As at 1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Retained Earnings			
Opening balance	**(1,21,415)**	(1,21,056)	(1,21,041)
Net Loss for the period	**(8)**	(359)	(15)
Closing balance	**(1,21,423)**	(1,21,415)	(1,21,056)
Total Other Equity	**(1,21,423)**	(1,21,415)	(1,21,056)

8. Trade Payables

		As at 31-3-2016	As at 1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Current			
Total Outstanding Dues of Micro and Small Enterprise	**—**	—	—
Total Outstanding Dues of Creditors Other than Micro and Small Enterprise			
Trade Creditors	**8,772**	8,772	8,498
Total	**8,772**	8,772	8,498

9. Other Liabilities

		As at 31-3-2016	As at 1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Current			
Others	**3,122**	3,122	3,122
	3,122	3,122	3,122

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017 (contd.)

10. Other Operating and General Expenses

		2015-16
	₹ in '000s	₹ in '000s
Operating expenses consist of the following :		
Payment to Auditors [Refer Note below]	**3**	3
Legal and Professional charges	**1**	2
Other General Expenses	**4**	354
Total	**8**	359

Note: Payment made to Statutory Auditors:

		2015-16
	₹ in '000s	₹ in '000s
(i) Statutory Audit	**3**	3
(ii) Service Tax	—	—
Total Audit Fees	**3**	3

11. 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.

12. Disclosures under Accounting Standards

Annualized earnings per Equity Share have been calculated based on Net Profit/ (Loss) after taxation of (₹ 8,249) [previous year : ₹ 3,59,053].

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

		2015-16
Basic and Diluted earnings per share (₹)	**(0.00)**	(0.03)

13. Related party transactions

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties as at		
		31-3-2016	1-4-2015
	₹ in '000s	₹ in '000s	₹ in '000s
Voltas Limited (Holding Company)	**8,768**	8,768	8,493

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

14. Segment Reporting

As the Company has single segment, there is no requirement of disclosures as per Ind AS 108.

Signatures to Notes 1 to 14

For and on behalf of the Board

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

Mumbai, 16th May, 2017

WEATHERMAKER LIMITED

Directors :

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Fourth Annual Report and Accounts for the year ended 31st December, 2016.

2. Improved market conditions in UAE for Galvanized Iron and Stainless Steel ducts, clubbed with off-site Pre-fabrication activities, resulted in overall improvement in the financial performance of the Company during the year ended 31st December, 2016. The Company reported higher turnover of AED 18.979 million during the year under review, as compared to AED 16.979 million in the previous year. With realization of old receivables and reversal of provisions made in earlier years, there was overall improvement in the cash flow as well as profitability. The Company recorded profit of AED 3.270 million for the year ended 31st December, 2016 as against profit of AED 1.351 million in the previous year.

3. Due to better financial performance, the Directors recommended dividend of AED 2.000 million for the year ended 31st December, 2016 (previous year : Nil).

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

Directors

B. G. Prabhuajgaonkar
Jayant Balan

Dubai, 27th March, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF
WEATHERMAKER LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **WEATHERMAKER LIMITED** (the "Company"), which comprise the statement of financial position as at 31st December, 2016, 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 notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Information

Management is responsible for the other information. Other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory requirements

We further confirm that the financial statements comply with the Isle of Man Companies Act, 1931 to 2005.

PKF
United Arab Emirates

Dubai, 27th March, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

	Notes	AED	As at 31-12-2015 AED	₹ in '000s	As at 31-12-2015 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**4,52,161**	3,66,219	**8,374**	6,625
CURRENT ASSETS					
Inventories	7	**22,93,029**	9,87,069	**42,467**	17,856
Trade and other receivables	8	**1,10,91,084**	1,24,36,953	**2,05,408**	2,24,984
Other current financial assets	10	**4,19,195**	4,18,886	**7,763**	7,578
Cash and cash equivalents	11	**58,72,852**	28,00,525	**1,08,765**	50,661
		1,96,76,160	1,66,43,433	**3,64,403**	3,01,079
TOTAL ASSETS		**2,01,28,321**	1,70,09,652	**3,72,777**	3,07,704
SHAREHOLDER'S EQUITY FUNDS					
Share capital	12	**15,00,000**	15,00,000	**27,780**	27,135
Retained earnings		**1,42,71,328**	1,10,01,592	**2,64,305**	1,99,019
		1,57,71,328	1,25,01,592	**2,92,085**	2,26,154
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	13	**6,97,021**	6,66,305	**12,910**	12,053
CURRENT LIABILITIES					
Acceptances		—	94,452	—	1,708
Trade and other payables	14	**36,59,972**	37,47,303	**67,782**	67,789
		36,59,972	38,41,755	**67,782**	69,497
TOTAL LIABILITIES		**43,56,993**	45,08,060	**80,692**	81,550
TOTAL EQUITY AND LIABILITIES		**2,01,28,321**	1,70,09,652	**3,72,777**	3,07,704

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 = ₹ 18.52 being the exchange rate prevailing as on 31st December, 2016. Previous year figures have been converted @ 1 AED = ₹ 18.09 being the exchange rate prevailing as on 31st December, 2015.

Directors

B. G. Prabhuajgaonkar

Jayant Balan

Dubai, 27th March, 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	**AED**	2015 AED	**₹ in '000s**	2015 ₹ in '000s
Revenue		**1,89,79,331**	1,69,78,631	**3,47,512**	3,00,182
Cost of sales	16	**(1,37,78,510)**	(1,18,03,364)	**(2,52,285)**	(2,08,683)
Gross Profit		**52,00,821**	51,75,267	**95,227**	91,499
Other operating income	17	**10,41,482**	85,936	**19,070**	1,519
Distribution costs	18	**(6,39,561)**	(5,13,087)	**(11,710)**	(9,071)
Administrative expenses	19	**(23,32,529)**	(34,02,403)	**(42,709)**	(60,155)
Interest income	21	**3,157**	4,965	**58**	88
Finance cost		**(3,634)**	—	**(67)**	—
Profit for the year		**32,69,736**	13,50,678	**59,869**	23,880
Other comprehensive income for the year		**—**	—	**—**	—
Total Comprehensive Income for the year		**32,69,736**	13,50,678	**59,869**	23,880

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 = ₹ 18.31 being the average of the exchange rates prevailing as on 31st December, 2015 (1 AED = ₹ 18.09) and as on 31st December, 2016 (1 AED = ₹ 18.52). Previous year figures have been converted @ 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).

Directors

B. G. Prabhuajgaonkar

Dubai, 27th March, 2017 **Jayant Balan**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Share Capital		**Retained Earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2015	15,00,000	25,890	96,50,914	1,66,575	1,11,50,914	1,92,465
Total comprehensive income for the year	—	—	13,50,678	23,880	13,50,678	23,880
Balance at 31st December, 2015	15,00,000	27,135	1,10,01,592	1,99,019	1,25,01,592	2,26,154
Total comprehensive income for the year	—	—	32,69,736	59,869	32,69,736	59,869
Balance at 31st December, 2016	**15,00,000**	**27,780**	**1,42,71,328**	**2,64,305**	**1,57,71,328**	**2,92,085**

Dividend proposed after the reporting date but before the financial statements were authorised for issue of AED 20,00,000 (₹ 3,70,40,000) (previous year: Nil) represent a dividend per share of AED 4.90 (₹ 90.70) (previous year: Nil).

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Note	AED	2015 AED	₹ in '000s	2015 ₹ in '000s
Cash flows from operating activities					
Profit for the year		**32,69,736**	13,50,678	**59,869**	23,880
Adjustments for:					
Depreciation of property, plant and equipment		**1,90,080**	1,62,304	**3,480**	2,870
Interest income		**(3,157)**	(4,965)	**(58)**	(88)
Finance costs		**3,634**	—	**67**	—
Profit on sale of property, plant and equipment (net)		**(1,562)**	—	**(29)**	—
Provision for slow moving inventories		**—**	18,776	**—**	332
Provision for impairment of trade receivables		**1,81,275**	5,17,293	**3,319**	9,146
Provision for slow moving inventories written back		**(1,74,335)**	—	**(3,192)**	—
Provision for impairment of trade receivables written back		**(7,21,070)**	(15,003)	**(13,203)**	(265)
Credit balance written back		**(25,000)**	—	**(458)**	—
Provision for end-of-service benefits		**1,21,979**	1,72,581	**2,233**	3,051
		28,41,580	22,01,664	**52,028**	38,926
(Increase) / decrease in inventories		**(11,31,625)**	4,04,442	**(21,382)**	5,430
Decrease / (increase) in trade and other receivables		**16,33,545**	(46,46,596)	**24,905**	(90,940)
(Decrease) / increase in trade and other payables		**(62,331)**	11,77,956	**457**	23,442
Staff end-of-service gratuity paid		**(89,144)**	(43,044)	**(1,632)**	(761)
Net cash generated from / (used in) operations		**31,92,025**	(9,05,578)	**59,116**	(16,382)
Interest paid		**(3,634)**	—	**(67)**	—
Net cash from / (used in) operating activities		**31,88,391**	(9,05,578)	**59,049**	(16,382)
Cash flows used in investing activities					
Proceeds on disposal of property, plant and equipment		**2,500**	—	**46**	—
Payment of property, plant and equipment		**(26,960)**	(50,215)	**(494)**	(888)
Decrease in other current financial assets		**(309)**	(426)	**(186)**	(355)
Interest received		**3,157**	4,965	**58**	88
Net cash used in investing activities		**(21,612)**	(45,676)	**(400)**	(826)
Cash flows from financing activities					
Decrease in acceptances		**(94,452)**	(55,821)	**(1,709)**	(885)
Net cash used in financing activities		**(94,452)**	(55,821)	**(1,749)**	(1,010)
Net increase / (decrease) in cash and cash equivalents		**30,72,327**	(10,07,075)	**58,104**	(15,058)
Cash and cash equivalents at beginning of year		**28,00,525**	38,07,600	**50,661**	65,719
Cash and cash equivalents at end of year	11	**58,72,852**	28,00,525	**1,08,765**	50,661

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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, 2016 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) Going concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of a Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so.

(d) 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:

- Amendments to IAS 1 Disclosure Initiative

  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.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 7 Disclosure initiative (1st January, 2017)

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

- 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.

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

- 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.

(e) 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 de-recognised.

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

An assessment of depreciation method, useful lives and residual values 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

(b) Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets 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 asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(c) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) 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.

(d) Staff end-of-service benefits

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

(e) 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.

(f) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

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

(h) 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.

(i) 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.

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.

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.

(j) Fair value measurement

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

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 and 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 25,64,321 (₹ 4,74,91,225) [previous year : AED 18,68,139 (₹ 3,37,94,635)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment of loans and 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 6,97,021 (₹1,29,08,829) [previous year: AED 6,66,305 (₹1,20,53,457)] 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, 2015	9,16,833	15,824	37,58,063	64,864	4,88,213	8,427	2,80,000	4,833	54,43,109	93,948
Additions	—	—	37,250	659	12,965	229	—	—	50,215	888
At 31st December, 2015	9,16,833	16,586	37,95,313	68,657	5,01,178	9,066	2,80,000	5,066	54,93,324	99,375
Additions	—	—	—	—	26,960	494	—	—	26,960	494
Transfer from a related party	—	—	1,80,000	3,296	—	—	70,000	1,282	2,50,000	4,578
Disposals	—	—	—	—	(8,995)	(165)	—	—	(8,995)	(165)
Assets written off	—	—	—	—	(95,215)	(1,743)	—	—	(95,215)	(1,743)
At 31st December, 2016	**9,16,833**	**16,980**	**39,75,313**	**73,623**	**4,23,928**	**7,051**	**3,50,000**	**6,481**	**56,66,074**	**1,04,935**
Accumulated depreciation										
At 1st January, 2015	9,06,333	15,643	33,08,299	57,101	4,70,169	8,115	2,80,000	4,833	49,64,801	85,692
Depreciation	1,575	28	1,50,377	2,659	10,352	183	—	—	1,62,304	2,870
At 31st December, 2015	9,07,908	16,424	34,58,676	62,567	4,80,521	8,693	2,80,000	5,066	51,27,105	92,750
Depreciation	1,575	29	1,58,718	2,906	8,954	164	20,833	381	1,90,080	3,480
Adjustment on disposals	—	—	—	—	(8,995)	(165)	—	—	(8,995)	(165)
Adjustment on assets written off	—	—	—	—	(94,277)	(1,726)	—	—	(94,277)	(1,726)
At 31st December, 2016	**9,09,483**	**16,844**	**36,17,394**	**66,994**	**3,86,203**	**7,152**	**3,00,833**	**5,571**	**52,13,913**	**96,561**
Carrying amount										
At 1st January, 2015	10,500	181	4,49,764	7,763	18,044	312	—	—	4,78,308	8,256
At 31st December, 2015	8,925	162	3,36,637	6,090	20,657	373	—	—	3,66,219	6,625
At 31st December, 2016	**7,350**	**136**	**3,57,919**	**6,629**	**37,725**	**699**	**49,167**	**910**	**4,52,161**	**8,374**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

			As at 31-12-2015		As at 31-12-2015
		AED	AED	**₹ in '000s**	₹ in '000s
7.	**INVENTORIES**				
	Raw materials	**21,38,271**	3,63,257	**39,600**	6,571
	Consumables	**3,26,527**	13,99,060	**6,047**	25,309
	Work in progress	**94,630**	66,929	**1,753**	1,211
	Finished goods	**4,893**	38,893	**91**	704
	Less: Provision for slow moving inventories	**(2,71,292)**	(8,81,070)	**(5,024)**	(15,939)
		22,93,029	9,87,069	**42,467**	17,856
	A reconciliation of the movements in the provision for slow moving inventories is as follows:				
	Balance as at 1st January	**8,81,070**	8,62,294	**15,939**	14,883
	Provisions made during the year	**—**	18,776	**—**	332
	Inventories written off	**(4,35,443)**	—	**(7,973)**	—
	Provision no longer required	**(1,74,335)**	—	**(3,192)**	—
	Balance as at 31st December	**2,71,292**	8,81,070	**5,024**	15,939

			As at 31-12-2015		As at 31-12-2015
		AED	AED	**₹ in '000s**	₹ in '000s
8.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**1,12,54,431**	1,33,98,392	**2,08,432**	2,42,377
	Less: Provision for impairment of trade receivables	**(6,51,149)**	(13,11,582)	**(12,059)**	(23,727)
		1,06,03,282	1,20,86,810	**1,96,373**	2,18,650
	Advances	**90,969**	34,383	**1,685**	622
	Prepayments	**2,60,614**	1,50,192	**4,827**	2,717
	Other receivables	**34,342**	92,128	**636**	1,667
	Deposits	**1,01,877**	73,440	**1,887**	1,328
		1,10,91,084	1,24,36,953	**2,05,408**	2,24,984
	A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:				
	Balance as at 1st January	**13,11,582**	35,14,098	**23,727**	60,653
	Provisions made during the year	**1,81,275**	5,17,293	**3,319**	9,146
	Amount written off	**(1,20,638)**	(27,04,806)	**(2,209)**	(47,821)
	Provisions no longer required	**(7,21,070)**	(15,003)	**(13,203)**	(265)
	Balance as at 31st December	**6,51,149**	13,11,582	**12,059**	23,727
	An age analysis of trade receivables that are past due but not impaired as follows:				
	6 months to 1 year	**19,47,206**	11,16,734	**36,062**	20,202
	Over 1 year	**18,33,486**	33,81,370	**33,956**	61,169
	An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:				
	Gross Value	**6,51,149**	13,11,582	**12,059**	23,727
	Provision	**(6,51,149)**	(13,11,582)	**(12,059)**	(23,727)
	Carrying value	—	—	—	—
	Trade receivables not past due and not impaired	**68,22,590**	75,88,706	**1,26,354**	1,37,280

The Company holds post dated cheques amounting to AED 7,26,085 (₹ 1,34,47,094) [Previous year: AED Nil (₹ Nil)] as security against trade receivables.

9. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The Management considers such transactions to be in the normal course of business and at prices determined by the Management.

Related parties comprise the parent company, branches of the parent company and companies under common ownership/management control.

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

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**76,35,490**	98,47,881	**1,41,409**	1,78,148
Trade and other payables	**10,393**	1,32,657	**192**	2,400

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	2015 AED	**₹ in '000s**	2015 ₹ in '000s
Revenue	**96,28,973**	1,10,56,960	**1,76,306**	1,95,487
Purchases	**—**	6,66,980	**—**	11,792
Expenses charged to related parties	**7,22,940**	1,93,282	**13,237**	3,417
Expenses recharged by related parties	**13,14,771**	6,50,065	**24,073**	11,493
Transfer of property, plant and equipment from a related party	**2,50,000**	—	**4,578**	—
Transfer of inventory from a related party	**7,03,000**	—	**12,872**	—
Recharge of staff end-of-service benefits by a related party	**2,119**	—	**39**	—

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
10. OTHER CURRENT FINANCIAL ASSETS				
Fixed deposits	**4,19,195**	4,18,886	**7,763**	7,578

Out of the total deposit, AED 4,00,000 (₹ 74,08,000) [Previous year: AED 4,00,000 (₹ 72,36,000)] is held by bank as security for guarantee issued (Note 24)

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
11. CASH AND CASH EQUIVALENTS				
Cash on hand	**9,757**	5,578	**180**	101
Bank Balances :				
- Current accounts	**33,34,967**	2,69,362	**61,764**	4,872
- Fixed deposits	**25,28,128**	25,25,585	**46,821**	45,688
	58,72,852	28,00,525	**1,08,765**	50,661

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
12. SHARE CAPITAL				
Authorised				
5,00,000 shares of USD 1 each converted at USD 1 = AED 3.6725	**18,36,250**	18,36,250	**34,007**	33,218
Issued and paid up				
4,08,441 shares of USD 1 each converted at USD 1 = AED 3.6725	**15,00,000**	15,00,000	**27,780**	27,135

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
13. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
Opening balance as at 1st January	**6,66,305**	5,36,768	**12,053**	9,265
Provision for the year	**1,21,979**	1,72,581	**2,233**	3,051
Transfer to a related party	**(2,119)**	—	**(39)**	—
Paid during the year	**(89,144)**	(43,044)	**(1,632)**	(761)
Closing balance as at 31st December	**6,97,021**	6,66,305	**12,910**	12,053

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
14. TRADE AND OTHER PAYABLES				
Trade payables	**17,64,489**	23,79,523	**32,678**	43,046
Accruals	**18,46,366**	13,51,283	**34,194**	24,445
Other payables	**49,117**	13,460	**910**	243
Advance from a customer	—	3,037	—	55
	36,59,972	37,47,303	**67,782**	67,789

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

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	2015 AED	₹ in '000s	2015 ₹ in '000s
16. COST OF SALES				
Materials consumed	**80,81,747**	70,03,527	**1,47,977**	1,23,822
Sub-contract costs	**31,51,946**	21,46,728	**57,712**	37,954
Wages and benefits	**27,07,308**	20,77,829	**49,572**	36,736
Staff end-of-service benefits	**78,872**	92,789	**1,444**	1,641
Depreciation (Note 20)	**1,73,627**	1,51,952	**3,179**	2,687
Operating lease expenses	**62,107**	63,138	**1,137**	1,116
Other direct costs	**6,54,528**	3,45,331	**11,984**	6,105
Change in inventories of finished goods and work-in-progress	**(11,31,625)**	(77,930)	**(20,720)**	(1,378)
	1,37,78,510	1,18,03,364	**2,52,285**	2,08,683

	AED	2015 AED	₹ in '000s	2015 ₹ in '000s
17. OTHER OPERATING INCOME				
Scrap sales	**59,345**	70,933	**1,086**	1,254
Profit on disposal, sale of property, plant and equipment (net)	**1,562**	—	**29**	—
Provision for impairment of trade receivables written back	**7,21,070**	15,003	**13,203**	265
Provision for slow moving inventory written back	**1,74,335**	—	**3,192**	—
Credit balances written back	**25,000**	—	**458**	—
Miscellaneous income	**60,170**	—	**1,102**	—
	10,41,482	85,936	**19,070**	1,519

	AED	2015 AED	₹ in '000s	2015 ₹ in '000s
18. DISTRIBUTION COSTS				
Staff salaries and benefits	**93,386**	89,259	**1,710**	1,578
Staff end-of-service benefits	**3,774**	6,456	**69**	114
Depreciation and amortization (Note 20)	**7,500**	—	**137**	—
Other distribution costs	**5,34,901**	4,17,372	**9,794**	7,379
	6,39,561	5,13,087	**11,710**	9,071

	AED	2015 AED	₹ in '000s	2015 ₹ in '000s
19. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits	**14,80,379**	18,95,066	**27,106**	33,505
Staff end-of-service benefits	**39,333**	73,336	**720**	1,297
Depreciation (Note 20)	**8,953**	10,352	**164**	183
Provision for slow moving inventories	—	18,776	—	332
Provision for impairment of trade receivables	**1,81,275**	5,17,293	**3,319**	9,146
Other expenses	**6,22,589**	8,87,580	**11,400**	15,692
	23,32,529	34,02,403	**42,709**	60,155

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

		As at 31-12-2015		As at 31-12-2015
	AED	AED	**₹ in '000s**	₹ in '000s
20. DEPRECIATION				
Disclosed under cost of sales (Note 16)	**1,73,627**	1,51,952	**3,179**	2,687
Disclosed under distribution costs (Note 18)	**7,500**	—	**137**	—
Disclosed under administrative cost (Note 19)	**8,953**	10,352	**164**	183
	1,90,080	1,62,304	**3,480**	2,870

		2015		2015
	AED	AED	**₹ in '000s**	₹ in '000s
21. INTEREST INCOME				
On bank deposits	**3,157**	4,965	**58**	88

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**			
		2015		2015		2015		2015
	AED	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**1,07,64,688**	1,22,68,597	**1,99,362**	2,21,939	**—**	—	**—**	—
Other current financial assets	**4,19,195**	4,18,886	**7,763**	7,578	**—**	—	**—**	—
Cash and cash equivalents	**58,72,852**	28,00,525	**1,08,765**	50,661	**—**	—	**—**	—
Acceptances	**—**	—	**—**	—	—	94,452	—	1,708
Trade and other payables	**—**	—	**—**	—	**33,69,373**	34,72,444	**62,401**	62,817
	1,70,56,735	1,54,88,008	**3,15,890**	2,80,178	**33,69,373**	35,66,896	**62,401**	64,525

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

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

Trade and other receivables are stated net of the allowance for doubtful recoveries. 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	2015 AED	**₹ in '000s**	2015 ₹ in '000s
Kingdom of Saudi Arabia	**4,21,539**	3,83,417	**7,807**	6,936
Sultanate of Oman	**29,55,568**	11,57,258	**54,737**	20,935
Qatar	**—**	3,55,791	**—**	6,436

At the reporting date, 69% of trade receivables were due from four customers (previous year : 38% due from two customers).

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

Currency risk

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

Interest rate risk

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

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

Fair Values

The fair value 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	2015 AED	**₹ in '000s**	2015 ₹ in '000s
Not later than one year	**61,900**	61,900	**1,133**	1,094
Between one and five years	**2,47,600**	2,47,600	**4,534**	4,378
Later than five years	**56,742**	1,18,642	**1,039**	2,098

24. CONTINGENT LIABILITIES

	AED	2015 AED	**₹ in '000s**	2015 ₹ in '000s
Bankers' letters of guarantee (Note 10)	**4,00,000**	4,00,000	**7,408**	7,236

25. TAXATION

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

Directors

B.G. Prabhuajgaonkar

Dubai, 27th March, 2017 **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, 2016.

2. The Company reported higher turnover of Saudi Riyals (SR) 18.207 million for the year under review as compared to SR 10.160 million in the previous year, primarily due to execution of a major project in Dammam and few fast track small value projects during the year. The Company recorded net profit of SR 0.667 million for the year under review as compared to the net loss of SR 2.445 million in the previous year.

3. With oil prices continuing to prevail at low levels, the general economic condition in the Kingdom of Saudi Arabia is passing through a difficult phase. As a result, the Government of Saudi Arabia has been curtailing the expenditure on new projects. Uncertainty of new order booking in the near future, is therefore an area of concern.

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

Mohammed Hanif Patvi
Director

Jeddah, 2nd April, 2017

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 financial position of **SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.** (Foreign Limited Liability Company) (the "Company") as of 31st December, 2016, and the related statements of income, partners' 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 Company Management and have been prepared by them in accordance with 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, 2016 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, 2016 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, 2nd April, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

			As at 31-12-2015		As at 31-12-2015
ASSETS	Note	**SR**	SR	**₹ in '000s**	₹ in '000s
CURRENT ASSETS					
Cash and bank balances	3	**6,06,730**	1,59,374	**11,000**	2,821
Accounts receivable	4	**41,48,901**	34,54,091	**75,220**	61,137
Retentions receivable	19	**18,21,464**	24,56,684	**33,023**	43,483
Advances, prepayments and deposits		**3,53,125**	6,69,768	**6,402**	11,855
Unbilled revenue		**68,95,241**	19,47,863	**1,25,011**	34,478
Total current assets		**1,38,25,461**	86,87,780	**2,50,656**	1,53,774
NON-CURRENT ASSETS					
Retentions receivable	19	**13,60,062**	11,95,706	**24,658**	21,164
Property and equipment	5	**52,941**	50,666	**960**	897
Total non-current assets		**14,13,003**	12,46,372	**25,618**	22,061
TOTAL ASSETS		**1,52,38,464**	99,34,152	**2,76,274**	1,75,835
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to bank	6	**9,61,741**	7,88,353	**17,436**	13,954
Accounts payable		**49,85,540**	45,82,202	**90,388**	81,105
Due to related parties	11	**52,02,098**	8,13,393	**94,314**	14,397
Accrued and other liabilities	7	**9,94,907**	13,59,708	**18,038**	24,067
Contract advances		**16,25,035**	17,96,341	**29,462**	31,795
Provision for income tax	10	**1,24,154**	—	**2,251**	—
Total current liabilities		**1,38,93,475**	93,39,997	**2,51,889**	1,65,318
NON-CURRENT LIABILITIES					
End-of-service indemnities	8	**26,16,507**	25,32,177	**47,437**	**44,820**
Total non-current liabilities		**26,16,507**	25,32,177	**47,437**	**44,820**
SHAREHOLDERS' EQUITY					
Share capital	1	**2,61,50,000**	2,61,50,000	**4,74,100**	4,62,855
Statutory reserve	9	**9,59,649**	9,59,649	**17,398**	16,986
Accumulated losses	1	**(2,83,82,034)**	(2,90,48,538)	**(5,14,566)**	(5,14,159)
Subordinated loan for losses	16	**867**	867	**16**	15
Total shareholders' equity		**(12,71,518)**	(19,38,022)	**(23,052)**	(34,303)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,52,38,464**	99,34,152	**2,76,274**	1,75,835

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

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 18.13 being the exchange rate prevailing as on 31st December, 2016. Previous year figures have been converted @ 1 SR = ₹ 17.70 being the exchange rate prevailing as on 31st December, 2015.

Jeddah, 2nd April, 2017 *Director* **Mohammed Hanif Patvi**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Note		2015		2015
		SR	SR	**₹ in '000s**	₹ in '000s
Contract Revenues		**1,82,06,973**	1,01,59,952	**3,26,269**	1,75,767
Contract costs	12	**(1,49,13,674)**	(96,87,890)	**(2,67,253)**	(1,67,600)
Gross profit		**32,93,299**	4,72,062	**59,016**	8,167
General and administrative expenses	13	**(24,39,979)**	(27,98,662)	**(43,724)**	(48,417)
Operating profit / (loss)		**8,53,320**	(23,26,600)	**15,292**	(40,250)
Finance charges		**(1,27,671)**	(1,51,494)	**(2,288)**	(2,621)
Other income	14	**65,009**	33,423	**1,165**	578
Net income / (loss) before income tax		**7,90,658**	(24,44,671)	**14,169**	(42,293)
Income tax	10	**(1,24,154)**	(810)	**(2,225)**	(14)
NET INCOME / (LOSS)		**6,66,504**	(24,45,481)	**11,944**	(42,307)

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

Note: The Statement of Income has been converted into Indian Rupees @ 1 SR = ₹ 17.92 being the average of the exchange rates prevailing as on 31st December, 2015 (1 SR = ₹ 17.70) and as on 31st December, 2016 (1 SR = ₹ 18.13). Previous year figures have 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).

Jeddah, 2nd April, 2017 *Director* **Mohammed Hanif Patvi**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Note	**Share Capital**		**Statutory Reserve**		**Accumulated Losses**		**Additional capital / Subordinated loan for losses**		**Total**	
		SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in'000s**	**SR**	**₹ in '000s**
1st January, 2015	1	26,00,000	43,940	9,59,649	16,218	(2,66,03,057)	(4,49,592)	2,35,50,867	3,98,010	5,07,459	8,576
Additional share capital	16	2,35,50,000	4,07,415	—	—	—	—	(2,35,50,000)	(4,07,415)	—	—
Net loss for the year		—	—	—	—	(24,45,481)	(42,307)	—	—	(24,45,481)	(42,307)
31st December, 2015		2,61,50,000	4,62,855	9,59,649	16,986	(2,90,48,538)	(5,14,159)	867	15	(19,38,022)	(34,303)
Net income for the year		—	—	—	—	6,66,504	11,944	—	—	6,66,504	11,944
31st December, 2016		**2,61,50,000**	**4,74,100**	**9,59,649**	**17398**	**(2,83,82,034)**	**(5,14,566)**	**867**	**16**	**(12,71,518)**	**(23,052)**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2016

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net income / (loss) before income tax	**7,90,658**	(24,44,671)	**14,169**	(42,293)
Adjustments for:				
Depreciation	**16,974**	24,436	**304**	423
Gain on sale of property and equipment	**(5,500)**	(6,500)	**(99)**	(112)
End-of-service indemnities	**1,50,967**	4,52,405	**2,705**	7,827
Finance charges	**1,27,671**	1,51,494	**2,288**	2,621
Changes in operating assets and liabilities:				
Accounts receivable	**(6,94,810)**	(43,723)	**(14,082)**	(2,037)
Due from a related party	**—**	36,505	**—**	617
Retention receivable	**4,70,864**	(3,29,072)	**6,966**	(9,099)
Advances, prepayments and deposits	**3,16,643**	(4,49,412)	**5,453**	(8,131)
Unbilled revenue	**(49,47,378)**	13,208	**(90,534)**	(1,335)
Due to related party	**43,88,705**	1,99,295	**79,917**	4,019
Account payable, accrued and other liabilities	**38,537**	17,08,147	**3,254**	33,621
Contract advances	**(1,71,306)**	11,61,871	**(2,333)**	21,073
Cash from operations	**4,82,025**	4,73,983	**8,739**	8,389
Finance charges paid	**(1,27,671)**	(1,51,494)	**(2,288)**	(2,621)
End-of-service indemnities paid	**(66,637)**	(1,438)	**(1,194)**	(25)
Income tax paid	**—**	(61,810)	**—**	(1,069)
Net cash from operating activities	**2,87,717**	2,59,241	**5,216**	4,589
INVESTING ACTIVITIES				
Purchase of property and equipment	**(19,249)**	(19,166)	**(345)**	(332)
Proceeds from sale of property and equipment	**5,500**	6,500	**99**	112
Net cash used in investing activities	**(13,749)**	(12,666)	**(249)**	(224)
FINANCING ACTIVITIES				
Due to bank	**1,73,388**	(1,89,923)	**3,483**	(2,579)
Net cash from / (used in) financing activities	**1,73,388**	(1,89,923)	**3,144**	(3,362)
Net change in cash and bank balances	**4,47,356**	56,652	**8,179**	1,085
Cash and bank balances, 1st January	**1,59,374**	1,02,722	**2,821**	1,736
Cash and bank balances, 31st December	**6,06,730**	1,59,374	**11,000**	2,821

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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, 1398H (19th October, 1978) under Commercial Registration No. 4030016635. The Company obtained its SAGIA license, number 112030054332-01, on 14 Jumadil Awal, 1410H (13th December, 1989).

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 in 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 26,00,000 to SR 2,61,50,000 to be owned in the same proportion as prior to the increase.

The share capital of the Company is SR 2,61,50,000 divided into 2,61,500 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	Total Value in Saudi Riyals	₹ in '000s
Voltas Limited	15,860	2,25,500	2,41,360	100	92%	2,41,36,000	4,37,586
Voltas Netherlands B.V.	10,140	10,000	20,140	100	8%	20,14,000	36,514
Total	**26,000**	**2,35,500**	**2,61,500**	**100**	**100%**	**2,61,50,000**	**4,74,100**

The principal activities of the Company are the design, installation, operation and maintenance of air conditioning and refrigeration systems, other electro-mechanical activities and building a workshop for its activities in accordance with the license by the Ministerial Decision No. 250 dated 4/12/1405H (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 14/5/1410H (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, 2016, 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 27th December, 2016, decided to continue the business and to provide financial support to the Company. The Company has published the resolution in the official gazette dated 19/5/1438H (16th February, 2017) as required by Company regulation.

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 contract are deducted from the amount of contract work in progress and excess payments on contracts in which they are incurred.

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.

(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 General Authority of Zakat and Tax ("GAZT") 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

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

(k) Impairment of financial assets

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

Certain categories of financial assets, such as accounts receivable, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or 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, cash at bank and demand deposits with original maturities of three months or less.

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**6,06,730**	1,59,374	**11,000**	2,821

4. ACCOUNTS RECEIVABLE

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts receivable	**41,99,151**	35,04,341	**76,131**	62,027
Allowance for doubtful debts	**(50,250)**	(50,250)	**(911)**	(890)
	41,48,901	34,54,091	**75,220**	61,137

5. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Cost:								
Machinery	5,37,470	9,513	2,915	52	—	—	**5,40,385**	**9,797**
Furniture and fixtures	3,72,614	6,595	—	—	—	—	**3,72,614**	**6,755**
Office equipment	9,06,324	16,042	16,334	293	—	—	**9,22,658**	**16,728**
Vehicles	1,51,169	2,676	—	—	(5,669)	(102)	**1,45,500**	**2,638**
Porta cabins	55,630	985	—	—	—	—	**55,630**	**1,009**
Total Cost	20,23,207	35,811	19,249	345	(5,669)	(102)	**20,36,787**	**36,927**

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	5,17,168	9,154	5,282	95	—	—	**5,22,450**	**9,472**
Furniture and fixtures	3,72,614	6,595	—	—	—	—	**3,72,614**	**6,755**
Office equipment	8,75,960	15,504	11,692	210	—	—	**8,87,652**	**16,093**
Vehicles	1,51,169	2,676	—	—	(5,669)	(102)	**1,45,500**	**2,638**
Porta cabins	55,630	985	—	—	—	—	**55,630**	**1,009**
Total Depreciation	19,72,541	34,914	16,974	305	(5,669)	(102)	**19,83,846**	**35,967**
Net Book Value at 1st January	50,666	897						
Net Book Value at 31st December							**52,941**	**960**

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, 2016, 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	2015 SR	**₹ in '000s**	2015 ₹ in '000s
Salaries and other benefits	**2,77,398**	7,58,804	**5,029**	13,431
Al Zaibag Company for Contracting Limited	**3,64,019**	3,64,019	**6,600**	6,443
Other liabilities	**3,53,490**	2,36,885	**6,409**	4,193
	9,94,907	13,59,708	**18,038**	24,067

8. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	SR	2015 SR	**₹ in '000s**	2015 ₹ in '000s
1st January	**25,32,177**	20,81,210	**44,820**	35,172
Provision for the year	**1,50,967**	4,52,405	**2,705**	7,827
Payments during the year	**(66,637)**	(1,438)	**(1,194)**	(25)
31st December	**26,16,507**	25,32,177	**47,437**	44,820

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

10. INCOME TAX

The movement in the income tax provision is as follows :

	SR	2015 SR	**₹ in '000s**	2015 ₹ in '000s
1st January	—	61,000	—	1,031
Provision for the year	**1,24,154**	—	**2,225**	—
Under provision for prior year	—	810	—	14
Payments during the year	—	(61,810)	—	(1,069)
31st December	**1,24,154**	—	**2,225**	—

Outstanding assessments :

The tax returns for the years 2008 to 2015 are under review by the GAZT.

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	2015 SR	**₹ in '000s**	2015 ₹ in '000s
Purchases of materials and services	**3,38,747**	38,25,700	**6,070**	66,185
Expenses reimbursed to affiliates	**3,27,396**	9,73,461	**5,867**	16,841
Expenses incurred on behalf of affiliates	**1,32,478**	1,024	**2,374**	18

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

	SR	2015 SR	**₹ in '000s**	2015 ₹ in '000s
Voltas Limited	**43,81,481**	2,48,276	**79,436**	4,394
Voltas Netherlands B.V.	**—**	54,466	**—**	964
Weathermaker Limited	**4,03,145**	**—**	**7,309**	**—**
Universal Weathermaker Factory L.L.C.	**2,28,028**	5,09,627	**4,134**	9,021
Branch of Voltas Company Limited	**1,89,444**	1,024	**3,435**	18
	52,02,098	8,13,393	**94,314**	14,397

12. CONTRACT COSTS

	SR	2015 SR	**₹ in '000s**	2015 ₹ in '000s
Material cost	**1,04,63,917**	59,24,165	**1,87,513**	1,02,488
Sub-contractor cost	**8,19,940**	7,23,055	**14,693**	12,508
Salaries and benefits	**29,14,103**	22,44,453	**52,221**	38,829
Other expenses	**7,15,714**	7,96,217	**12,826**	13,775
	1,49,13,674	96,87,890	**2,67,253**	1,67,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

13. GENERAL AND ADMINISTRATIVE EXPENSES

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**11,74,661**	18,76,406	**21,050**	32,462
Rent (Note 18)	**3,46,380**	3,86,653	**6,207**	6,689
Vehicle expenses	**80,709**	76,221	**1,446**	1,319
Communication, travel and insurance	**1,36,681**	1,30,673	**2,449**	2,261
Office expenses	**40,551**	38,981	**727**	674
Depreciation	**16,974**	24,436	**304**	423
Professional fee	**1,12,546**	92,500	**2,017**	1,600
Other expenses	**5,31,477**	1,72,792	**9,524**	2,989
	24,39,979	27,98,662	**43,724**	48,417

14. OTHER INCOME

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Gain on sale of property and equipment	**5,500**	6,500	**99**	112
Receipts against bad debts written off	**54,466**	16,500	**976**	285
Scrap sales	**5,043**	4,900	**90**	85
Liabilities written back	—	—	—	—
Others	—	5,523	—	96
	65,009	33,423	**1,165**	578

15. TRANSACTIONS WITH MAJOR CUSTOMER

Contract revenue from three major customers amounted to approximately SR 15 million (₹ 268.80 million) [2015 : SR 8.30 million (₹ 143.59 million)], which represents approximately 82.40% (2015 : 82%) 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 (₹ 58.92 million) 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 (₹ 4.53 million), SR 9.00 million (₹ 163.17 million) and SR 8.50 million (₹ 154.10 million), respectively.

Further during 2009, an amount of SR 1.74 million (₹ 31.55 million) was transferred from short term debts to subordinated loans and the shareholders waived a balance of SR 0.81 million (₹ 14.68 million) due to them. The subordinated loan is not repayable until the accumulated losses are recovered from future profits.

On 22nd October, 2015, the shareholders resolved to increase the Company's share capital from SR 26,00,000 (₹ 46.59 million) to SR 2,61,50,000 (₹ 468.61 million), to be owned in the same proportion as prior to the increase and accordingly, the Company amended its Articles of Association and transferred SR 2,35,50,000 (₹ 422.02 million) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

18. OPERATING LEASE ARRANGEMENTS

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**3,46,380**	3,86,653	**6,207**	6,689

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.

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Retentions receivable	**31,81,526**	36,52,390	**57,681**	64,647
Less : Current portion	**18,21,464**	24,56,684	**33,023**	43,483
Non-current portion	**13,60,062**	11,95,706	**24,658**	21,164

The impact of discounting the non-current retentions receivables to be presented at their fair value as of 31st December, 2016 has not been accounted for as the Company's Management believes that the amount is immaterial.

20. CONTINGENCIES AND COMMITMENTS

		2015		2015
	SR	SR	**₹ in '000s**	₹ in '000s
Letters of credit	**7,61,336**	8,51,788	**13,803**	15,077
Letters of guarantees	**10,60,000**	—	**19,218**	—
Commitment for the remaining contractual works to be completed	**47,88,999**	1,36,43,884	**86,825**	2,41,497

21. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACT

		2015		2015
	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	**2,53,02,543**	5,16,27,793	**4,58,735**	9,13,813
Less : Progress billings	**(1,84,07,302)**	(4,96,79,930)	**(3,33,724)**	(8,79,335)
	68,95,241	19,47,863	**1,25,011**	34,478
Recognized and included in the financial statements as amount due :				
From customers under construction contracts – unbilled revenue	**68,95,241**	19,47,863	**1,25,011**	34,478

22. FAIR VALUES

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

Jeddah, 2nd April, 2017 *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 the Accounts for the year ended 31st December, 2016.

2. With the general slow down and adverse liquidity scenario in Sultanate of Oman, it was a challenging year for the Company. The turnover for the year ended 31st December, 2016 was Rials Omani (RO) 7.345 million as compared to RO 8.944 million in the previous year. The Profit for the year under review was also lower at RO 0.594 million as compared to RO 0.774 million in the previous year. However, all business segments of the Company - Water Management, Irrigation & Landscaping, and Drilling are performing well and the order bookings are encouraging.

3. The Company had declared an interim dividend of RO 0.125 million in August 2016. Based on the financial performance of the Company and improved cash flow, the Directors recommended final dividend of RO 0.200 million. Thus, total dividend for the year ended 31st December, 2016, was RO 0.325 million (previous year : RO Nil).

4. 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, 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.** (the Company), which comprise the statement of financial position as at 31st December, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear our independence and where applicable, related safeguards.

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

Muscat, 27th April, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

	Notes	RO	As at 31-12-2015 RO	₹ in '000s	As at 31-12-2015 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**2,30,476**	3,05,368	**40,686**	52,670
Other financial assets	8	**5,71,686**	5,73,045	**1,00,920**	98,839
		8,02,162	8,78,413	**1,41,606**	1,51,509
CURRENT ASSETS					
Inventories	4	**87,152**	83,548	**15,385**	14,410
Contract and other receivables	5	**22,31,048**	21,33,778	**3,93,847**	3,68,034
Amounts due from customers for contract work	6	**27,65,597**	45,24,047	**4,88,211**	7,80,308
Cash and cash equivalents	7	**9,31,528**	1,18,986	**1,64,443**	20,523
		60,15,325	68,60,359	**10,61,886**	11,83,275
TOTAL ASSETS		**68,17,487**	77,38,772	**12,03,492**	13,34,784
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	9	**2,50,000**	2,50,000	**44,133**	43,120
Legal reserve		**83,334**	83,334	**14,711**	14,373
General reserve		**7,50,000**	7,50,000	**1,32,398**	1,29,360
Accumulated profits		**23,46,670**	18,77,793	**4,14,258**	3,23,882
Equity funds		**34,30,004**	29,61,127	**6,05,500**	5,10,735
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**1,69,586**	1,68,372	**29,937**	29,042
CURRENT LIABILITIES					
Trade and other payables	10	**29,80,405**	43,36,662	**5,26,131**	7,47,987
Amounts due to customers for contract work	6	**1,61,292**	1,78,025	**28,473**	30,706
Current tax payable		**76,200**	94,586	**13,451**	16,314
		32,17,897	46,09,273	**5,68,055**	7,95,007
TOTAL EQUITY AND LIABILITIES		**68,17,487**	77,38,772	**12,03,492**	13,34,784

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) = ₹ 176.53 being the exchange rate prevailing as on 31st December, 2016. Previous year figures have been converted @ 1 RO = ₹ 172.48 being the exchange rate prevailing as on 31st December, 2015.

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

Muscat, 27th April, 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	RO	2015 RO	₹ in '000s	2015 ₹ in '000s
REVENUE		**73,45,223**	89,44,049	**12,81,815**	15,07,519
Cost of works executed	11	**(64,53,948)**	(78,51,948)	**(11,26,278)**	(13,23,446)
GROSS PROFIT		**8,91,275**	10,92,101	**1,55,537**	1,84,073
Other operating income	12	**60,172**	63,525	**10,501**	10,707
Staff costs		**(1,51,487)**	(1,74,146)	**(26,436)**	(29,352)
Director's remuneration		**(9,191)**	(9,168)	**(1,604)**	(1,545)
Depreciation		**(10,284)**	(6,880)	**(1,795)**	(1,160)
Other operating expenses	13	**(1,09,309)**	(96,783)	**(19,076)**	(16,313)
PROFIT FROM OPERATING ACTIVITIES		**6,71,176**	8,68,649	**1,17,127**	1,46,410
Interest income		**2,444**	6,510	**427**	1,097
Finance costs	14	**(3,132)**	(6,093)	**(547)**	(1,027)
NET PROFIT FOR THE YEAR BEFORE TAX		**6,70,488**	8,69,066	**1,17,007**	1,46,480
Income tax expense for current year		**(76,611)**	(94,587)	**(13,369)**	(15,943)
NET PROFIT FOR THE YEAR AFTER TAX		**5,93,877**	7,74,479	**1,03,638**	1,30,537
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,93,877**	7,74,479	**1,03,638**	1,30,537

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) = ₹ 174.51 being the average of the exchange rates prevailing as on 31st December, 2015 (1 RO = ₹ 172.48) and as on 31st December, 2016 (1 RO = ₹ 176.53). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Anil George**
Issa Lalbuksh Al Raisi
B. G. Prabhuajgaonkar
Muscat, 27th April, 2017 **Jayant Balan**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

	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, 2014	2,50,000	41,153	83,334	13,718	7,50,000	1,23,457	11,03,314	1,81,616	21,86,648	3,59,944
Total comprehensive income for the year	—	—	—	—	—	—	7,74,479	1,30,537	7,74,479	1,30,537
As at 31st December, 2015	2,50,000	43,120	83,334	14,373	7,50,000	1,29,360	18,77,793	3,23,882	29,61,127	5,10,735
Total comprehensive income for the year	—	—	—	—	—	—	5,93,877	1,03,638	5,93,877	1,03,638
Dividend declared and paid	—	—	—	—	—	—	(1,25,000)	(21,814)	(1,25,000)	(21,814)
As at 31st December, 2016	**2,50,000**	**44,133**	**83,334**	**14,711**	**7,50,000**	**1,32,398**	**23,46,670**	**4,14,258**	**34,30,004**	**6,05,500**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2016

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**6,70,488**	8,69,066	**1,17,007**	1,46,480
Adjustments for:				
Depreciation	**1,13,481**	1,13,790	**19,804**	19,179
Loss / (profit) on disposal of property, plant and equipment	**1,809**	(1,842)	**316**	(310)
Interest income	**(2,444)**	(6,510)	**(427)**	(1,097)
Finance costs	**3,132**	6,093	**547**	1027
Operating profit before changes in operating assets and liabilities	**7,86,466**	9,80,597	**1,37,427**	1,65,279
Increase in contract and other receivables	**(97,270)**	(5,70,147)	**(25,813)**	(1,10,645)
Change in amounts due from / to customers for contract work	**17,41,717**	(32,99,804)	**2,89,864**	(5,77,384)
(Increase) / decrease in inventories	**(3,604)**	18,153	**(975)**	2,331
(Decrease) / increase in trade and other payables	**(13,56,257)**	30,10,220	**(2,21,857)**	5,29,642
Increase in staff end-of-service gratuity	**1,214**	28,125	**896**	5,955
Cash generated from operating activities	**10,72,266**	1,67,144	**1,89,287**	28,829
Finance costs paid	**(3,132)**	(6,093)	**(547)**	(1,027)
Taxes paid	**(94,997)**	(32,224)	**(16,012)**	(5,240)
Net cash generated from operating activities (A)	**9,74,137**	1,28,827	**1,71,964**	22,220
Cash flows from investing activities				
Interest received	**2,444**	6,510	**427**	1,097
Decrease / (increase) in time deposits	**1,359**	(65,258)	**(2,081)**	(15,252)
Purchase of property, plant and equipment	**(41,039)**	(2,69,505)	**(7,162)**	(45,425)
Proceeds from disposal of property, plant and equipment	**641**	2423	**112**	408
Net cash used in investing activities (B)	**(36,595)**	(3,25,830)	**(6,460)**	(56,199)
Cash flows from financing activity				
Dividends paid	**(1,25,000)**	—	**(21,814)**	—
Net cash used in financing activity (C)	**(1,25,000)**	—	**(22,066)**	—
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**8,12,542**	(1,97,003)	**1,43,920**	(31,492)
Cash and cash equivalents at beginning of year	**1,18,986**	3,15,989	**20,523**	52,015
Cash and cash equivalents at end of year	**9,31,528**	1,18,986	**1,64,443**	20,523

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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 GOING CONCERN CONCEPT

The financial statements are prepared on a going concern basis.

When preparing financial statements, Management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless Management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.5 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

Porta cabins	15.00%
Capital equipment and accessories	15.00 % – 33.33%
Furniture, 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 Weighted Average Cost (WAC) 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 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 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) 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 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

Taxation has been provided 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 2016 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 64,663 (₹ 1,12,84,340) [previous year: RO 77,739 (₹ 1,31,02,908)].

(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 based on the 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, 2016 (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 and 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 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.

(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.

2.6 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 used 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.

2.7 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)
- IFRS 16 : Leases (1st January, 2019)

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, 2016	95,475	16,468	11,40,332	1,96,684	1,02,944	17,756	7,44,133	1,28,348	20,82,884	3,59,256
Additions	1,870	327	11,062	1,930	5,982	1,044	22,125	3,861	41,039	7,162
Disposals	(4,945)	(863)	(80,465)	(14,042)	(26,559)	(4,635)	—	—	(1,11,969)	(19,540)
As at 31st December, 2016	**92,400**	**16,311**	**10,70,929**	**1,89,051**	**82,367**	**14,540**	**7,66,258**	**1,35,268**	**20,11,954**	**3,55,170**
Accumulated depreciation										
As at 1st January, 2016	32,205	5,555	10,91,033	1,88,181	62,369	10,757	5,91,909	1,02,093	17,77,516	3,06,586
Depreciation for the year	11,234	1,961	13,284	2,318	15,039	2,625	73,924	12,900	1,13,481	19,804
Adjustment relating to disposals	(4,942)	(862)	(79,687)	(13,906)	(24,890)	(4,344)	—	—	(1,09,519)	(19,112)
As at 31st December, 2016	**38,497**	**6,796**	**10,24,630**	**1,80,878**	**52,518**	**9,271**	**6,65,833**	**1,17,539**	**17,81,478**	**3,14,484**
Net book value										
As at 31st December, 2015	63,270	10,913	49,299	8,503	40,575	6,999	1,52,224	26,255	3,05,368	52,670
As at 31st December, 2016	**53,903**	**9,515**	**46,299**	**8,173**	**29,849**	**5,269**	**1,00,425**	**17,729**	**2,30,476**	**40,686**

Porta cabins and equipment are on land jointly owned by related parties.

4. INVENTORIES

	RO	As at 31-12-2015 RO	**₹ in '000s**	As at 31-12-2015 ₹ in '000s
Materials	**1,88,652**	1,80,548	**33,303**	31,141
Provision for slow moving inventories	**(1,01,500)**	(97,000)	**(17,981)**	(16,731)
	87,152	83,548	**15,385**	14,410

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

	RO	As at 31-12-2015 RO	**₹ in '000s**	As at 31-12-2015 ₹ in '000s
Opening balance	**97,000**	91,000	**16,731**	14,980
Provision made	**4,500**	6,000	**785**	1,011
Closing balance	**1,01,500**	97,000	**17,918**	16,731

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

5. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**14,55,779**	18,13,852	**2,56,989**	3,12,853
Retentions	**8,21,370**	4,06,616	**1,44,996**	70,133
	22,77,149	22,20,468	**4,01,985**	3,82,986
Provision for doubtful debts	**(1,45,400)**	(1,70,000)	**(25,667)**	(29,322)
	21,31,749	20,50,468	**3,76,318**	3,53,664
Advances to suppliers	**41,771**	20,727	**7,373**	3,575
Advances to staff	**39,407**	40,137	**6,957**	6,923
Prepaid expenses	**—**	2,070	**—**	357
Deposits	**13,572**	15,874	**2,396**	2,738
Interest accrued on bank fixed deposit	**3,016**	2,314	**532**	399
Other receivables*	**1,533**	2,588	**271**	446
	22,31,048	21,34,178	**3,93,847**	3,68,102
Provision for doubtful receivables	**—**	(400)	**—**	(68)
	22,31,048	21,33,778	**3,93,847**	3,68,034

* Other receivables include RO 1,533 (₹ 2,70,620) [previous year: RO 165 (₹ 28,459)] due from related parties.

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**1,70,000**	2,25,000	**29,322**	37,037
Excess provision written back to the statement of comprehensive income (Refer Note No. 12)	**(24,600)**	(55,000)	**(4,293)**	(9,270)
Closing balance	**1,45,400**	1,70,000	**25,667**	29,322

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**400**	400	**68**	66
Excess provision written back to statement of comprehensive income (Refer Note No. 12)	**(400)**	—	**(70)**	—
Closing balance	**—**	400	**—**	68

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**2,04,392**	1,27,406	**36,081**	21,975
Over 1 year	**1,01,737**	40,567	**17,960**	6,997
	3,06,129	1,67,973	**54,041**	28,972

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**1,45,400**	1,70,000	**25,667**	29,322
Provision	**(1,45,400)**	(1,70,000)	**(25,667)**	(29,322)
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**18,25,620**	18,82,495	**3,22,277**	3,24,693

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

6. CONTRACTS IN PROGRESS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**1,25,23,387**	1,33,81,919	**21,85,456**	22,55,522
Progress billings	**99,19,082**	90,35,897	**17,30,979**	15,23,000
Retentions receivable	**7,61,130**	3,36,885	**1,34,362**	58,106
Advances received	**4,50,289**	8,46,248	**79,490**	1,45,961

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balances:				
Current accounts	**9,28,375**	1,05,241	**1,63,886**	18,152
Smart card balances	**1,856**	1,289	**328**	222
Margin deposit	**—**	12,000	**—**	2,070
	9,30,231	1,18,530	**1,64,214**	20,444
Cash on hand	**1,297**	456	**229**	79
	9,31,528	1,18,986	**1,64,443**	20,523

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

(a) Lien on fixed deposits of RO 5,68,000 (₹ 10,02,69,040) with the banks.

(b) Personal guarantees of RO 25,10,000 (₹ 44,30,90,300) from Mr. Issa Lalbuksh Essa Al Raisi.

(c) Assignment letters from major customers.

8. OTHER FINANCIAL ASSETS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**5,71,686**	5,73,045	**1,00,920**	98,839

Fixed deposits of RO 5,68,000 (₹ 10,02,69,040) [previous year : RO 5,28,000 (₹ 9,10,69,440)] are pledged with banks as security against credit facilities.

9. SHARE CAPITAL

The share capital comprises 2,50,000 shares (previous year : 2,50,000 shares) of face value RO 1/-each, fully paid.

10. TRADE AND OTHER PAYABLES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables	**13,43,727**	27,26,100	**2,37,208**	4,70,198
Accruals	**11,67,130**	7,63,787	**2,06,033**	1,31,738
Other payables*	**19,259**	527	**3,400**	91
Advance from customers	**4,50,289**	8,46,248	**79,490**	1,45,960
	29,80,405	43,36,662	**5,26,131**	7,47,987

* Other payables include RO 19,259 (₹ 33,99,791) [previous year: RO Nil (₹ Nil)] due to related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

11. COST OF WORKS EXECUTED

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed	**26,34,333**	40,61,477	**4,59,717**	6,84,562
Labour expenses	**19,88,640**	18,69,573	**3,47,038**	3,15,117
Sub contract expenses	**7,65,051**	8,97,544	**1,33,509**	1,51,281
Other direct expenses	**10,65,924**	10,23,354	**1,86,014**	1,72,486
	64,53,948	78,51,948	**11,26,278**	13,23,446

12. OTHER OPERATING INCOME

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Excess provision for doubtful debts written back (Refer Note 5)	**25,000**	55,000	**4,363**	9,270
Profit on disposal of property, plant and equipment	**—**	1,842	**—**	310
Credit balances written back	**34,805**	—	**6,074**	—
Miscellaneous income	**367**	6,683	**64**	1,127
	60,172	63,525	**10,501**	10,707

13. OTHER OPERATING EXPENSES

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**49,880**	47,220	**8,705**	7,959
Repairs and maintenance	**1,550**	7,167	**270**	1,208
Insurance	**3,314**	3,160	**578**	533
Electricity and water charges	**3,066**	8,846	**535**	1,490
Telephones, fax and postage	**8,510**	10,532	**1,485**	1,775
Travelling and conveyance	**8,929**	571	**1,559**	96
Vehicle expenses	**2,787**	743	**486**	125
Advertisement and business promotion expenses	**6,697**	1,510	**1,169**	255
Printing and stationery	**2,888**	2,609	**504**	440
Visa expenses	**1,214**	330	**212**	56
Loss on sale of property, plant and equipment	**1,809**	—	**316**	—
Miscellaneous expenses	**18,665**	14,095	**3,257**	2,376
	1,09,309	96,783	**19,076**	16,313

14. FINANCE COSTS

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**3,132**	6,093	**547**	1,027

15. DIVIDENDS

Dividend paid of RO 1,25,000 (₹ 2,18,13,750) [previous year: RO Nil (₹ Nil)] represents dividend per share of RO 0.500 (₹ 87.26) [previous year: RO Nil (₹ Nil)].

16. RELATED PARTIES

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

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

	Directors/ Members	**Total**	2015 Total	**Total**	2015 Total
	RO	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**49,880**	**49,880**	51,420	**8,705**	8,667
Director's remuneration	**9,191**	**9,191**	9,168	**1,604**	1,545
Dividend paid	**1,25,000**	**1,25,000**	—	**21,814**	—

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 2016 are subject to agreement with the taxation authorities.

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

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Current Tax				
Charge for the current year	**76,211**	94,587	**13,369**	15,943
Income Tax expense	**76,211**	94,587	**13,369**	15,943

(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:

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit of RO 6,70,488 (₹ 11,70,06,861) [previous year : RO 8,69,066 (₹ 14,64,81,074)] at applicable tax rates	**76,859**	1,00,689	**13,412**	16,971
Add / less tax effect of:				
Expenses disallowable	**144**	144	**25**	24
Loss / (profit) on sale of property, plant and equipment not considered as allowable expense / taxable income for tax purposes	**271**	(221)	**38**	(37)
Provisions made / (written back) (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**(2,460)**	(5,880)	**(429)**	(991)
Depreciation adjustment based on depreciation rates as per tax law	**1,851**	(145)	**323**	(24)
Tax expense per statement of comprehensive income	**76,611**	94,587	**13,369**	15,943

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (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.

(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 8,52,897 (₹ 15,05,61,907) constituting 14% of the current assets is held in current account with one reputed bank. As at the year end, RO 17,44,613 (₹ 30,79,76,533) constituting 77% [previous year: RO 14,62,535 (₹ 25,22,58,037) constituting 66%] of contract debtors and retentions are due from three debtors (previous year : three debtors). As at the year end, amounts due from customers for contract works of RO 24,48,375 (₹ 43,22,11,639) [previous year: RO 37,01,236 (₹ 63,83,89,185)] constituting 89% (previous year: 82%) are due from three (previous year: two) 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 2,32,577 (₹ 4,10,56,818) [comprising of dues from main contract of RO 2,13,194 (₹ 3,76,35,137) and dues of RO 19,383 (₹ 34,21,681) 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 1,45,400 (₹ 2,56,67,462) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact to the Company.

Interest rate risk

The Company's fixed deposits are at interest rates of 0.05% to 2.25% per annum (previous year : 0.05% 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, 2016				
Staff end-of-service gratuity	**—**	**1,69,586**	**1,69,586**	**29,937**
Trade and other payables	**29,80,405**	**—**	**29,80,405**	**5,26,131**
Amounts due to customers for contract work	**1,61,292**	**—**	**1,61,292**	**28,473**
Current tax payable	**76,200**	**—**	**76,200**	**13,452**
	32,17,897	**1,69,586**	**33,87,483**	**5,97,992**
As at 31st December, 2015				
Staff end-of-service gratuity	—	1,68,372	1,68,372	29,041
Trade and other payables	43,36,662	—	43,36,662	7,47,987
Amounts due to customers for contract work	1,78,025	—	1,78,025	30,706
Current tax payable	94,586	—	94,586	16,314
	46,09,273	1,68,372	47,77,645	8,24,048

19. CONTINGENT LIABILITIES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letters of guarantees and bonds	**23,26,592**	24,19,110	**4,10,713**	4,17,248

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. PURCHASE COMMITMENTS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilized letter of credit	**—**	9,766	**—**	1,684
Acceptances	**27,077**	1,14,135	**4,780**	19,686
	27,077	1,23,901	**4,780**	21,370

21. CAPITAL RISK MANAGEMENT

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

Directors **Anil George**

Issa Lalbuksh Al Raisi

B.G.Prabhuajgaonkar

Muscat, 27th April, 2017 **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 Sixth Annual Report and Accounts for the year ended 31st December, 2016.

2. There was overall slowdown in the economy of Sultanate of Oman during the year ended 31st December, 2016. Paucity of funds with the local Government resulted in curtailment of costs of developmental projects. While the Company recorded higher turnover of Rials Omani (RO) 11.460 million during the year under review as compared to RO 6.538 million in the previous year, it reported net loss of RO 0.276 million as compared to profit of RO 0.334 million in the previous year mainly due to cost overrun in one of the projects, where execution was delayed. The Company is also pursuing opportunities for Operations and Maintenance Contracts of Mechanical and Electrical installations in Sultanate of Oman.

3. In view of the loss incurred, the Directors do not recommend any dividend for the year ended 31st December, 2016 (previous year: RO 50,000).

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

On behalf of the Board of Directors

Anil George
Chairman

Muscat, 27th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAS OMAN L.L.C.

Opinion

We have audited the financial statements of **VOLTAS OMAN L.L.C.** (the Company), which comprise the statement of financial position as at 31st December, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern Concept

We draw attention to Note Number 2.3 in the financial statements, which indicates that the Company has incurred significant accumulated net loss of RO 2,56,375 (₹ 4,52,57,879) as at 31st December, 2016. However, member have agreed to continue with the operations of the Company and have agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to Note Number 5 in the financial statements, regarding old contract retention and deductions by main contractors.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding or internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

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

Muscat, 27th April, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

	Notes	RO	As at 31-12-2015 RO	₹ in '000s	As at 31-12-2015 ₹ in '000s
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	3	**1,50,992**	1,81,973	**26,654**	31,387
CURRENT ASSETS					
Inventories	4	**30,69,147**	31,21,426	**5,41,797**	5,38,384
Trade and other receivables	5	**52,21,303**	36,39,327	**9,21,717**	6,27,711
Amounts due from related parties		**19,707**	1,052	**3,479**	181
Amounts due from customers for contract works	6	**35,48,056**	45,53,722	**6,26,338**	7,85,426
Cash and cash equivalents	7	**88,371**	1,20,124	**15,600**	20,719
		1,19,46,584	1,14,35,651	**21,08,931**	19,72,421
TOTAL ASSETS		**1,20,97,576**	1,16,17,624	**21,35,585**	20,03,808
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	8	**5,00,000**	5,00,000	**88,265**	86,240
Legal reserve		**50,679**	50,679	**8,946**	8,741
Accumulated (loss) / profit		**(2,56,375)**	69,935	**(45,258)**	12,062
Equity Funds		**2,94,304**	6,20,614	**51,953**	1,07,043
Amount due to ultimate parent company		**—**	26,740	**—**	4,612
Members' Funds		**2,94,304**	6,47,354	**51,953**	1,11,655
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**95,267**	74,656	**16,818**	12,876
CURRENT LIABILITIES					
Bank borrowings	9	**26,09,995**	16,23,935	**4,60,742**	2,80,096
Trade and other payables	10	**89,99,225**	91,67,921	**15,88,633**	15,81,284
Amounts due to related parties		**77,156**	33,774	**13,620**	5,826
Amounts due to customers for contract works	6	**20,000**	46,079	**3,531**	7,948
Current tax payable		**1,629**	23,905	**288**	4,123
		1,17,08,005	1,08,95,614	**20,66,814**	18,79,277
TOTAL EQUITY AND LIABILITIES		**1,20,97,576**	1,16,17,624	**21,35,585**	20,03,808

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) = ₹ 176.53 being the exchange rate prevailing as on 31st December, 2016. Previous year figures have been converted @ 1 RO = ₹ 172.48 being the exchange rate prevailing as on 31st December, 2015.

Directors

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

Muscat, 27th April, 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	RO	2015 RO	₹ in '000s	2015 ₹ in '000s
REVENUE	11	**1,14,59,724**	65,37,922	**19,99,836**	11,01,967
Cost of works executed	12	**(1,15,99,338)**	(59,51,639)	**(20,24,200)**	(10,03,149)
GROSS (LOSS) / PROFIT		**(1,39,614)**	5,86,283	**(24,364)**	98,818
Other operating income	13	**—**	548	**—**	92
Staff costs		**(46,299)**	(1,65,958)	**(8,080)**	(27,972)
Depreciation		**(10,584)**	(11,107)	**(1,847)**	(1,872)
Other operating expenses	14	**(79,427)**	(52,330)	**(13,861)**	(8,820)
(LOSS) / PROFIT FROM OPERATING ACTIVITIES FOR THE YEAR		**(2,75,924)**	3,57,436	**(48,152)**	60,246
Finance cost	15	**(386)**	—	**(67)**	—
NET (LOSS) / PROFIT FOR THE YEAR BEFORE TAX		**(2,76,310)**	3,57,436	**(48,219)**	60,246
Income tax expenses for the current year	16	**—**	(23,905)	**—**	(4,029)
NET (LOSS) / PROFIT FOR THE YEAR AFTER TAX		**(2,76,310)**	3,33,531	**(48,219)**	56,217
Other comprehensive income / (loss) for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(2,76,310)**	3,33,531	**(48,219)**	56,217

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) = ₹ 174.51 being the average of the exchange rates prevailing as on 31st December, 2015 (1 RO = ₹ 172.48) and as on 31st December, 2016 (1 RO = ₹ 176.53). Previous year figures have been converted into Indian Rupees @ 1 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).

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

Muscat, 27th April, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

		Share capital		Legal reserve		Accumulated losses		Total	
	Note	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
As at 31st December, 2014		5,00,000	82,305	17,326	2,852	(2,30,243)	(37,900)	2,87,083	47,257
Total comprehensive profit for the year		—	—	—	—	3,33,531	56,217	3,33,531	56,217
Transfer to legal reserve		—	—	33,353	5,753	(33,353)	(5,753)	—	—
As at 31st December, 2015		5,00,000	86,240	50,679	8,741	69,935	12,062	6,20,614	1,07,043
Total comprehensive loss for the year		—	—	—	—	(2,76,310)	(48,219)	(2,76,310)	(48,219)
Dividends	17	—	—	—	—	(50,000)	(8,428)	(50,000)	(8,428)
As at 31st December, 2016		**5,00,000**	**88,265**	**50,679**	**8,946**	**(2,56,375)**	**(45,258)**	**2,94,304**	**51,953**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2016

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net (loss) / profit for the year before tax	**(2,76,310)**	3,57,436	**(48,219)**	60,246
Adjustments for:				
Depreciation on property, plant and equipment	**52,710**	52,477	**9,198**	8,845
Finance cost	**386**	—	**67**	—
Operating (loss) / profit before changes in operating assets and liabilities	**(2,23,214)**	4,09,913	**(38,954)**	69,091
Increase in trade and other receivables	**(15,81,976)**	(25,84,463)	**(2,94,005)**	(4,54,070)
(Decrease) / increase in trade and other payables	**(1,68,696)**	62,43,872	**7,350**	10,99,955
Increase in staff end-of-service gratuity payable	**20,611**	35,698	**3,941**	6,464
Decrease / (increase) in inventories	**52,279**	(28,68,629)	**(3,413)**	(4,96,771)
Decrease / (increase) in amounts due from / to customers for contract works (net)	**9,79,587**	(31,21,214)	**1,54,671**	(5,49,258)
Member's balance	**—**	(1,167)	**—**	(192)
Ultimate parent company's balance	**(26,740)**	(25,868)	**(4,612)**	(4,048)
Related parties' balances	**24,727**	15,738	**4,498**	2,848
Cash used in operating activities	**(9,23,422)**	(18,96,120)	**(1,63,012)**	(3,27,043)
Tax paid	**(22,276)**	—	**(3,755)**	—
Net cash used in operating activities (A)	**(9,45,698)**	(18,96,120)	**(1,66,944)**	(3,27,043)
Cash flows from investing activity				
Purchase of property, plant and equipment	**(21,729)**	(1,36,171)	**(3,792)**	(22,952)
Net cash used in investing activity (B)	**(21,729)**	(1,36,171)	**(3,836)**	(23,487)
Cash flows from financing activities				
Proceeds from bank borrowings	**9,86,060**	16,23,935	**1,80,646**	2,80,096
Dividends paid	**(50,000)**	—	**(8,428)**	—
Finance cost paid	**(386)**	—	**(67)**	—
Net cash from financing activities (C)	**9,35,674**	16,23,935	**1,65,175**	2,80,096
Net decrease in cash and cash equivalents (A+B+C)	**(31,753)**	(4,08,356)	**(5,119)**	(66,274)
Cash and cash equivalents at beginning of year	**1,20,124**	5,28,480	**20,719**	86,993
Cash and cash equivalents at end of year	**88,371**	1,20,124	**15,600**	20,719

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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 GOING CONCERN CONCEPT

- The financial statements are prepared on a going concern basis.

  When preparing financial statements, Management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless Management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

- As per the statement of financial position, the Company has incurred significant accumulated net loss of RO 2,56,375 (₹ 4,52,57,879) as at 31st December, 2016. The Company is dependent upon the continued financial support from its bankers. The financial statements have been prepared on a going concern basis as:

  (i) The Company will continue to receive financial support from its bankers;

  (ii) The Company will receive financial support from members and its related parties in order that it can meet its liabilities as they fall due; and

  (iii) The members have agreed to continue with the operations of the Company, and the Company would be able to generate sufficient net profits in future to make it an economically viable unit.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.5 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

(b) Impairment

The carrying amounts of the property, plant and equipment are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the property, plant and equipment exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

(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 81,865 (₹ 1,42,86,261) [previous year: RO 58,204 (₹ 98,10,284)].

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 not been made in the Company's financial statement on account of the tax loss incurred during the year arrived at after making suitable adjustments for likely disallowance as per the Law of Income Tax on Companies in Oman to the net loss as per the Company's financial statements. The net accumulated loss of RO 2,37,183 (₹ 4,18,69,915) for the tax year 2016 is available for set off against future taxable income in Oman. As per the Income Tax Law in Oman, tax losses incurred shall be carried forward for five years after the expiry of the tax year in which it was incurred and shall be deducted in computation of taxable income of those years. Additional income tax liability that may arise in future on completion of pending tax assessments 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.

Deferred tax amount on unused tax loss and other temporary differences are not recognized on account of uncertainty regarding availability of future taxable income against which the unused tax losses can be utilized.

(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.
- 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 revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the year end.

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

Maintenance revenue

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

(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.

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

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

Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

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.

2.7 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)
- 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, 2016	1,17,487	20,264	36,734	6,336	42,071	7,256	92,127	15,890	2,88,419	49,746
Additions	10,750	1,876	3,865	674	2,634	460	4,480	782	21,729	3,792
As at 31st December, 2016	**1,28,237**	**22,637**	**40,599**	**7,167**	**44,705**	**7,892**	**96,607**	**17,054**	**3,10,148**	**54,750**
Accumulated depreciation										
As at 1st January, 2016	14,668	2,530	12,178	2,100	27,437	4,732	52,163	8,997	1,06,446	18,359
Charge for the year	13,935	2,431	5,244	915	9,071	1,583	24,460	4,269	52,710	9,198
As at 31st December, 2016	**28,603**	**5,049**	**17,422**	**3,076**	**36,508**	**6,445**	**76,623**	**13,256**	**1,59,156**	**28,096**
Net book value										
As at 31st December, 2015	1,02,819	17,734	24,556	4,236	14,634	2,524	39,964	6,893	1,81,973	31,387
As at 31st December, 2016	**99,634**	**17,588**	**23,177**	**4,091**	**8,197**	**1,447**	**19,984**	**3,528**	**1,50,992**	**26,654**

4. INVENTORIES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Material at site	**30,84,147**	31,21,426	**5,44,444**	5,38,384
Provision for slow moving inventories	**(15,000)**	—	**(2,647)**	—
	30,69,147	31,21,426	**5,41,797**	5,38,384

The movement in provision for slow moving inventories account is as follows:

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	—	—	—	—
Provision made during the year	**15,000**	—	**2,618**	—
Closing balance	**15,000**	—	**2,647**	—

5. TRADE AND OTHER RECEIVABLES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**26,70,697**	13,03,881	**4,71,458**	2,24,893
Contract retentions*	**17,32,731**	8,71,188	**3,05,879**	1,50,263
Contract debtors billed on account of advances receivable for materials at sites	**2,60,671**	6,29,364	**46,016**	1,08,553
	46,64,099	28,04,433	**8,23,353**	4,83,709
Advance to suppliers**	**5,17,029**	7,80,988	**91,271**	1,34,705
Advance to staff	**5,970**	8,157	**1,054**	1,407
Prepayments	**12,789**	15,461	**2,258**	2,666
Other advances	—	18,559	—	3,201
Accrued income***	**20,398**	10,711	**3,601**	1,847
Deposits	**1,018**	1,018	**180**	176
	52,21,303	**36,39,327**	**9,21,717**	**6,27,711**

* Contract retentions includes certified retention of RO 22,476 (₹ 39,67,688) which is 3 years old.

** Advances to suppliers includes RO 66,593 (₹ 1,17,55,662) receivable from related parties.

*** The Company has accrued income of RO 20,398 (₹ 36,00,859) [previous year: RO 10,711 (₹ 18,47,433)] out of which RO 20,398 (₹ 36,00,859) has been billed to the customers subsequently. Accordingly, no provision against accrued income is required as at 31st December, 2016.

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
3 months to 1 year	**26,17,734**	3,19,528	**4,62,109**	55,112
Over 1 year	**8,95,827**	3,27,240	**1,58,140**	56,442
	35,13,561	6,46,768	**6,20,249**	1,11,554

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

5. TRADE AND OTHER RECEIVABLES (contd.)

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**11,50,538**	21,57,665	**2,03,104**	3,27,154

Deductions by Main Contractors:

Main contractors have deducted various amounts from their payments on account of following:

Sr. No.	**Contract**	**Other recoveries**	**Amount withheld**	**Contra**	**NCR**	**Total**	**Total**
		RO	**RO**	**RO**	**RO**	**RO**	**₹ in '000s**
1.	Kempinski Hotel	**—**	**—**	**95,372**	**5,000**	**1,00,372**	**17,719**
2.	Jotun Paint	**52,786**	**2,06,532**	**—**	**—**	**2,59,318**	**45,777**

As per discussion with the main contractors, these amounts aggregating to RO 3,59,690 (₹ 6,34,96,076) pertain to retentions, contra charges, etc., which will be released by main contractors once jobs get fully completed and therefore will have no impact on Company's profitability.

6. CONTRACT IN PROGRESS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**2,29,02,748**	1,38,87,897	**39,96,759**	23,40,805
Progress billings	**1,93,74,692**	93,80,254	**33,81,078**	15,81,042
Advance on contracts	**10,38,078**	16,60,690	**1,83,252**	2,86,436
Retentions receivables	**17,10,255**	8,48,712	**3,01,911**	1,46,386

Amount due from customers for contract works of RO 35,48,056 (₹ 62,63,38,326) [previous year: RO 45,53,722 (₹ 78,54,25,971)], amount due to customer for contract work of RO 20,000 (₹ 35,30,600) [previous year: RO 46,079 (₹ 79,47,706)] and total contract values considered as per cost to completion exercise includes below unapproved positive variations aggregating to RO 13,02,042 (₹ 22,98,49,474) [including greater than 1 year of RO 6,28,013 (₹ 11,08,63,135)] and negative variations of RO 2,13,538 (₹ 3,76,95,863) [including greater than 1 year of RO 83,060 (₹ 1,46,62,582)] 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.

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**85,440**	1,17,473	**15,083**	20,262
Bank smart card account	**131**	1,540	**23**	266
Cash on hand	**2,800**	1,111	**494**	191
	88,371	1,20,124	**15,600**	20,719

8. SHARE CAPITAL

			As at 31-12-2015		As at 31-12-2015
	Share %	**RO**	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35%**	**1,75,000**	1,75,000	**30,893**	30,184
Voltas Netherlands B.V.	**65%**	**3,25,000**	3,25,000	**57,372**	56,056
	100%	**5,00,000**	5,00,000	**88,265**	86,240

The share capital comprises of 5,00,000 shares of face value RO1 (₹ 176.53) each, fully paid up.

9. BANK BORROWINGS

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Bank overdrafts	**6,30,895**	5,44,708	**1,11,372**	93,951
Bill discounting	**17,02,456**	6,11,375	**3,00,535**	1,05,450
Loan against trust receipts	**2,76,644**	4,67,852	**48,836**	80,695
	26,09,995	16,23,935	**4,60,742**	2,80,096

(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.

(c) The bank borrowings are subject to certain restrictive covenants that relate to Voltas Group's Management control with a shareholding of 51% or more and any change will require prior consent from a bank.

10. TRADE AND OTHER PAYABLES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables *	**40,10,707**	34,69,965	**7,08,010**	5,98,500
Advance received from customers	**35,12,897**	42,93,736	**6,20,131**	7,40,584
Accruals**	**14,00,741**	13,39,550	**2,47,273**	2,31,046
Provision for expenses during defect liability period	**74,880**	64,670	**13,219**	11,154
	89,99,225	91,67,921	**15,88,633**	15,81,284

* Trade payables include RO 3,21,253 (₹ 5,67,10,792) [previous year: RO 1,32,334 (₹ 2,28,24,968)] due to related parties on account of trade dealings.

** Accruals include RO 1,05,233 (₹ 1,85,76,781) [previous year: RO Nil (₹ Nil)] due to related parties and RO 6,378 (₹ 11,25,908) [previous year: RO Nil (₹ Nil)] due to parent company.

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**64,670**	52,228	**11,154**	8,597
Provision during the year	**68,100**	34,060	**11,884**	5,741
Incurred and written off against provision during the year	**(57,890)**	(21,618)	**(10,102)**	(3,644)
Closing balance	**74,880**	64,670	**13,219**	11,154

11. REVENUE

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**1,13,83,932**	64,02,828	**19,86,610**	10,79,197
Maintenance revenue	**75,792**	1,35,094	**13,226**	22,770
	1,14,59,724	65,37,922	**19,99,836**	11,01,967

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

12. COST OF WORKS EXECUTED

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**58,95,146**	17,42,765	**10,28,762**	2,93,743
Wages and related expenses	**40,95,419**	22,98,122	**7,14,692**	3,87,348
Depreciation on property, plant and equipment	**42,126**	41,370	**7,351**	6,973
Sub contract costs	**8,87,764**	12,02,627	**1,54,294**	2,02,703
Other direct costs	**6,45,952**	6,11,053	**1,12,725**	1,02,993
	1,15,66,407	58,95,937	**20,18,454**	9,93,760
Maintenance project cost	**32,931**	55,702	**5,746**	9,389
	1,15,99,338	59,51,639	**20,24,200**	10,03,149

13. OTHER OPERATING INCOME

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Exchange gain (Net)	**—**	548	**—**	92

14. OTHER OPERATING EXPENSES

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**10,800**	10,800	**1,885**	1,820
Repairs and maintenance	**2,287**	2,896	**399**	488
Insurance	**1,170**	899	**204**	152
Electricity and water	**2,483**	1,485	**433**	250
Telephones, fax and postage	**7,926**	5,818	**1,383**	981
Travelling and conveyance	**9,674**	8,785	**1,688**	1,481
Tender charges	**767**	310	**134**	52
Vehicle expenses	**4,269**	2,860	**745**	482
Advertisement and business promotion expenses	**4,595**	5,151	**802**	868
Legal and professional charges	**18,027**	2,154	**3,146**	363
Entertainment expenses	**—**	14	**—**	2
Miscellaneous expenses	**17,429**	11,158	**3,042**	1,881
	79,427	52,330	**13,861**	8,820

15. FINANCE COST

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**386**	—	**67**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

16. TAXATION

(a) The accounting net profit for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the taxable net profit for the year. Taxation has been provided at the applicable rate of 12% (previous year: 12%) after the basic exemption in accordance with the Income Tax Law in Oman. Taxation for the tax years 2011 and 2014 are subject to agreement with the Taxation Authority.

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

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**—**	23,905	**—**	4,029
Charge for the earlier years	**—**	—	**—**	—
Income tax expense	**—**	23,905	**—**	4,029

(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:

		2015		2015
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting net (loss) / profit of RO (2,76,310) (₹ 4,82,18,858) [previous year: net profit of RO 3,57,436 (₹ 6,02,45,838)] at applicable tax rates	**(33,157)**	39,292	**(5,786)**	6,623
Add / less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**1,538**	720	**268**	121
Provision made (net of written off) not deductible	**3,025**	3,122	**528**	526
Tax fees not considered as deductible expense for income tax purpose	**132**	108	**23**	18
Previous years' tax losses brought forward	**—**	(19,352)	**—**	(3,262)
Expense not considered as deductible expense for income tax purpose	**—**	15	**—**	3
Tax loss carried forward to adjust against future taxable net profit	**28,462**	—	**4,967**	—
	—	23,905	**—**	4,029

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

17. DIVIDENDS

Dividends declared and paid during the year of RO 50,000 (₹ 84,27,500) [previous year: RO Nil (₹ Nil)] represents a dividend per share of RO 0.100 (₹ 16.86) [previous year: RO Nil (₹ Nil)].

18. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The Management considers such transactions to be in the normal course of business. Related parties comprise 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 :

Contract	**Ultimate parent company**	**Member company**	**Other Related Parties**	**Total**	2015 Total	**Total**	2015 Total
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Purchase of property, plant and equipment from	**—**	**—**	**816**	**816**	9,010	**142**	1,519
Purchases from	**—**	**—**	**3,78,848**	**3,78,848**	1,13,950	**66,113**	19,206
Expenses from	**34,518**	**—**	**88,482**	**1,23,000**	1,42,068	**21,465**	23,946
Expenses to	**—**	**—**	**9,118**	**9,118**	—	**1,591**	—
Subcontract costs	**—**	**—**	**1,05,233**	**1,05,233**	—	**18,364**	—
Materials transferred from	**—**	**—**	**2,370**	**2,370**	970	**414**	163

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

19. FINANCIAL INSTRUMENTS

Management of risk

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

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

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

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

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 2016, 90.90% (previous year: 96.58%) of contract receivables was due from three (previous year: three) contract debtors. As at year end 2016, 86.77%

(previous year: 93.22%) of amounts due from customers for contract works was due from two (previous year: three) customers. Amounts due from customers for contract works of RO 35,48,056 (₹ 62,63,38,326) [previous year: RO 45,53,722 (₹ 78,54,25,971)] and amounts due to a customer for contract work of RO 20,000 (₹ 35,30,600) [previous year: RO 46,079 (₹ 79,47,706)] and total contract values considered as per cost to completion exercise includes unapproved positive variations aggregating to RO 13,02,042 (₹ 22,98,49,474) and negative variations of RO 2,13,538 (₹ 3,76,95,863) which are in the process of being certified and approved by main contractors as mentioned in Note 6 to these financial statements. Refer to Note 5 to these financial statements with regard to deductions by main contractors from their payments made. 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 other 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	**3 to 12 months**	**1 year to 5 years**	**More than 5 years**	**Total**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2016						
Staff end-of-service gratuity	**—**	**—**	**—**	**95,267**	**95,267**	**16,818**
Bank borrowings	**26,09,995**	**—**	**—**	**—**	**26,09,995**	**4,60,742**
Trade and other payables	**89,99,225**	**—**	**—**	**—**	**89,99,225**	**15,88,633**
Amounts due to customers for contract works	**20,000**	**—**	**—**	**—**	**20,000**	**3,531**
Current tax payable	**1,629**	**—**	**—**	**—**	**1,629**	**288**
Amount due to related parties	**77,156**	**—**	**—**	**—**	**77,156**	**13,620**
	1,17,08,005	**—**	**—**	**95,267**	**1,18,03,272**	**20,83,632**
As at 31st December, 2015						
Staff end-of-service gratuity	—	—	—	74,656	74,656	12,876
Bank borrowings	16,23,935	—	—	—	16,23,935	2,80,096
Trade and other payables	91,67,921	—	—	—	91,67,921	15,81,284
Amounts due to customers for contract works	46,079	–	–	–	46,079	7,948
Current tax payable	23,905	—	—	—	23,905	4,123
Amount due to related parties	33,774	—	—	—	33,774	5,826
	1,08,95,614	—	—	74,656	1,09,70,290	18,92,153

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

20. OPERATING LEASE COMMITMENTS

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

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Not later than one year	**34,200**	34,200	**5,968**	5,764
Between one and five years	**61,800**	91,800	**10,785**	15,473
Later than five years	**8,400**	12,600	**1,466**	2,124
	1,04,400	1,38,600	**18,219**	23,361

21. CONTINGENT LIABILITIES

		As at 31-12-2015		As at 31-12-2015
	RO	RO	**₹ in '000s**	₹ in '000s
Acceptances	**1,51,410**	21,070	**26,728**	3,634
Banker's letter of guarantee	**33,44,279**	40,71,899	**5,90,366**	7,02,321
Banker's letters of credit	**6,18,067**	7,47,730	**1,09,107**	1,28,968
	41,13,756	48,40,699	**7,26,201**	8,34,923

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.

(c) The bank borrowings are subject to certain restrictive covenants that relate to Voltas Group's Management control with a shareholding of 51% or more and any change will require prior consent from a bank.

22. CAPITAL RISK MANAGEMENT

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

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

Muscat, 27th April, 2017

VOLTAS QATAR W.L.L.

Directors :
Anil George
Jayant Balan
B. G. Prabhuajgaonkar
K. Visweswaran

DIRECTORS' REPORT

TO THE MEMBERS

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

2. During the year ended 31st December, 2016, the Company recorded higher turnover of QR 262.034 million as compared to turnover of QR 233.278 million in the previous year. Net Profit (after tax) for the year under review was also higher at QR 4.359 million as compared to QR 3.838 million in the previous year.

3. In May 2016, the local joint venture partner, Sovereign International Company WLL (Sovereign) transferred their entire 51% shareholding in the Company to a local Qatari National. As a sequel, two nominees of Sovereign on the Board of the Company also resigned. The Board of the Company comprises four Directors, all nominated by Voltas Netherlands B.V., the foreign Shareholder. Revised Memorandum of Association of the Company incorporating the aforesaid changes in shareholding/Directors has been registered with the local authorities in September 2016.

4. After taking into consideration the projects under execution by the Company and with a view to conserve resources, the Directors do not recommend any dividend for the year ended 31st December, 2016 (Previous Year : Nil).

5. M/s. Deloitte & Touche, Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

B G Prabhuajgaonkar

Doha, Qatar, 25th April, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAS QATAR W.L.L.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Voltas Qatar W.L.L.** ("the Company"), which comprise the statement of financial position as at 31st December, 2016, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note 4 of the financial statements. Management has recorded revenue from variations amounting to QR 17,28,34,004 (₹ 3,188.787 million) in compliance with the Company's policy with regard to scope of changes out of which QR 9,17,69,386 (₹ 1,693.145 million) were approved by the main contractor and client. Management is currently in negotiation with the contractor and client for approving the remaining variations. Based on Management judgement and estimates, Management believes that remaining unapproved variations of QR 8,10,64,618 (₹ 1,495.642 million) will be approved progressively. All these variations are included in the total contract value for revenue computation. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the applicable provisions of Qatar Commercial Companies' Law, 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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are in the opinion that proper books of account were maintained by the Company and physical inventory verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche

Qatar Branch

Midhat Salha

Partner

License No. 257

Doha – Qatar, 25th April, 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

	Notes	QR	As at 31-12-2015 QR	₹ in '000s	As at 31-12-2015 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	5	**4,42,27,550**	1,14,01,936	**8,25,728**	2,07,971
Accounts receivable	6	**95,66,615**	3,80,09,408	**1,78,609**	6,93,292
Retentions receivable		**2,08,78,065**	1,20,01,828	**3,89,793**	2,18,913
Due from related parties	12 (a)	**760**	—	**14**	—
Gross amount due from customers for contract works	7	**6,33,76,664**	11,03,59,003	**11,83,243**	20,12,948
Prepayments and other assets		**3,86,608**	4,51,310	**7,218**	8,232
Inventories		**1,67,00,722**	4,62,75,781	**3,11,802**	8,44,070
Advances and other receivables		**47,10,975**	15,50,209	**87,954**	28,276
Total current assets		**15,98,47,959**	22,00,49,475	**29,84,361**	40,13,702
NON-CURRENT ASSETS					
Retentions receivable		**2,23,45,312**	1,20,01,828	**4,17,187**	2,18,913
Plant and equipment	8	**4,68,430**	11,13,302	**8,746**	20,307
Intangible assets	9	**1,03,195**	3,08,679	**1,927**	5,630
Total non-current assets		**2,29,16,937**	1,34,23,809	**4,27,860**	2,44,850
Total assets		**18,27,64,896**	23,34,73,284	**34,12,221**	42,58,552
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank overdrafts	5	**—**	1,75,356	**—**	3,198
Bank loans	10	**2,30,90,256**	4,32,79,173	**4,31,095**	7,89,412
Trade and other payables	11	**7,43,38,765**	9,51,67,872	**13,87,905**	17,35,862
Advances from customers		**6,04,52,998**	7,57,67,313	**11,28,657**	13,81,996
Due to related parties	12 (b)	**66,62,780**	67,17,374	**1,24,394**	1,22,525
Provision for anticipated losses		**10,23,735**	—	**19,113**	—
Income tax payable	17 (a)	**5,40,746**	4,59,576	**10,096**	8,383
Total current liabilities		**16,61,09,280**	22,15,66,664	**31,01,260**	40,41,376
NON-CURRENT LIABILITIES					
Employees' end-of-service benefits	13	**13,07,263**	9,17,658	**24,407**	16,738
Total liabilities		**16,74,16,543**	22,24,84,322	**31,25,667**	40,58,114
EQUITY					
Share capital	1	**10,00,000**	10,00,000	**18,670**	18,240
Legal reserve	14	**5,00,000**	5,00,000	**9,335**	9,120
Retained earnings		**1,38,48,353**	94,88,962	**2,58,549**	1,73,078
Total equity		**1,53,48,353**	1,09,88,962	**2,86,554**	2,00,438
Total liabilities and equity		**18,27,64,896**	23,34,73,284	**34,12,221**	42,58,552

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

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Qatari Riyal (QR) = ₹ 18.67, being the exchange rate prevailing as on 31st December, 2016. Previous year figures have been converted @ 1 QR = ₹ 18.24, being the exchange rate prevailing as on 31st December, 2015.

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

Doha, 25th April, 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	QR	2015 QR	₹ in '000s	2015 ₹ in '000s
REVENUE		**26,20,34,190**	23,32,78,053	**48,34,531**	41,57,015
Cost of services and other direct costs	15	**(25,44,60,002)**	(22,57,10,770)	**(46,94,787)**	(40,22,166)
GROSS PROFIT		**75,74,188**	75,67,283	**1,39,744**	1,34,849
Other income		**7,09,839**	2,60,925	**13,097**	4,650
General and administrative expenses	16	**(11,45,523)**	(17,29,248)	**(21,135)**	(30,815)
Finance costs		**(22,47,701)**	(17,81,681)	**(41,470)**	(31,750)
PROFIT BEFORE INCOME TAX		**48,90,803**	43,17,279	**90,236**	76,934
Income tax	17 (b)	**(5,31,412)**	(4,79,590)	**(9,805)**	(8,546)
PROFIT FOR THE YEAR		**43,59,391**	38,37,689	**80,431**	68,388
Other comprehensive income		—	—	**—**	—
Total comprehensive income for the year		**43,59,391**	38,37,689	**80,431**	68,388

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

Note: The Statement of Profit or Loss has been converted into Indian Rupees @ 1 QR = ₹ 18.45, being the average of the exchange rates prevailing as on 31st December, 2015 (1 QR = ₹ 18.24) and as on 31st December, 2016 (1 QR = ₹ 18.67). Previous year figures have been converted into Indian Rupees @ 1 QR = ₹ 17.82, being the average of the exchange rates prevailing as on 31st December, 2014 (1 QR = ₹ 17.41) and as on 31st December, 2015 (1 QR = ₹ 18.24).

Directors **Jayant Balan**

Doha, 25th April, 2017 **B. G. Prabhuajgaonkar**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Share capital		Legal reserve		Retained earnings		Total	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Balance at 1st January, 2015	10,00,000	17,410	5,00,000	8,705	56,51,273	98,389	71,51,273	1,24,504
Total comprehensive income for the year	—	—	—	—	38,37,689	68,388	38,37,689	68,388
Balance at 31st December, 2015	10,00,000	18,240	5,00,000	9,120	94,88,962	173,078	1,09,88,962	2,00,438
Total comprehensive income for the year	—	—	—	—	43,59,391	80,431	43,59,391	80,431
Balance at 31st December, 2016	**10,00,000**	**18,670**	**5,00,000**	**9,335**	**1,38,48,353**	**2,58,549**	**1,53,48,353**	**2,86,554**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2016

		2015		2015
	QR	QR	**₹ in '000s**	₹ in '000s
OPERATING ACITIVITIES				
Profit before income tax	**48,90,803**	43,17,279	**90,236**	76,934
Adjustments for:				
Depreciation of plant and equipment	**9,14,318**	6,01,559	**16,869**	10,720
Amortisation of intangible assets	**2,82,003**	2,58,321	**5,203**	4,603
Profit on sale of property and equipment	**(7,732)**	—	**(143)**	—
Loss on sale of property and equipment	**31,563**	1,66,858	**582**	2,973
Provision for employees' end-of-service benefits	**4,24,610**	5,16,161	**7,834**	9,198
Provision for anticipated losses	**10,23,735**	—	**18,888**	—
Finance cost	**22,47,701**	17,81,681	**41,470**	31,750
	98,07,001	76,41,859	**1,80,939**	1,36,178
Movement in working capital:				
Accounts receivable	**2,84,42,793**	(61,19,095)	**5,14,683**	(1,38,081)
Gross amount due from customers for contract works	**4,69,82,339**	(8,39,47,188)	**8,29,706**	(15,53,119)
Retentions receivable	**(1,92,19,721)**	(1,31,00,508)	**(3,69,154)**	(2,48,003)
Due from related parties	**(760)**	—	**(14)**	—
Prepayments and other assets	**64,702**	(1,71,770)	**1,014**	(3,365)
Advances and other receivables	**(31,60,766)**	56,93,295	**(59,678)**	97,834
Inventories	**2,95,75,059**	(2,34,93,206)	**5,32,268**	(4,47,426)
Trade and other payables	**(2,08,29,107)**	8,21,68,696	**(3,47,957)**	15,09,546
Advances from customers	**(1,53,14,315)**	3,09,88,400	**(2,53,338)**	6,02,395
Due to related parties	**(54,594)**	(91,71,497)	**1,869**	(1,54,100)
Cash generated from/(used in) operations	**5,62,92,631**	(95,11,014)	**10,50,983**	(1,73,481)
Employees' end-of-service benefits paid	**(35,005)**	(1,98,196)	**(646)**	(3,532)
Income tax paid	**(4,50,242)**	(86,195)	**(8,307)**	(1,536)
Finance cost paid	**(22,47,701)**	(17,73,260)	**(41,470)**	(31,599)
Net cash generated from/(used in) operating activities	**5,35,59,683**	(1,15,68,665)	**9,99,959**	(2,11,012)
INVESTING ACTIVITIES				
Additions to plant and equipment	**(3,07,798)**	(15,37,356)	**(5,679)**	(27,396)
Additions to intangible assets	**(76,519)**	(5,67,000)	**(1,412)**	(10,104)
Proceeds from disposal of plant and equipment	**14,521**	12,500	**268**	223
Net cash used in investing activities	**(3,69,796)**	(20,91,856)	**(6,904)**	(38,155)
FINANCING ACITIVITIES				
Net movement in bank loans	**(2,01,88,917)**	2,41,46,064	**(3,58,317)**	4,56,305
Net cash (used in)/generated from financing activities	**(2,01,88,917)**	2,41,46,064	**(3,76,927)**	4,40,424
Net increase in cash and cash equivalents	**3,30,00,970**	1,04,85,543	**6,20,956**	1,91,871
Cash and cash equivalents at the beginning of the year	**1,12,26,580**	7,41,037	**2,04,773**	12,901
Cash and cash equivalents at the end of the year (Note 5)	**4,42,27,550**	1,12,26,580	**8,25,728**	2,04,773

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

1. GENERAL INFORMATION

Voltas Qatar W.L.L. ("the Company") is registered in the State of Qatar as a limited liability company under Commercial Registration No. 55065. Effective 3rd May, 2016, the ownership and profit sharing structure of the Company was changed from Sovereign International Limited W.L.L. to Mr. Ahmed Mana Jashan. The Company's new equity and profit share are presented as follows:

2016

Name	**Profit distribution %**	**Ownership %**	**QR**	**₹ '000s**
Mr. Ahmed Mana Jashan	3%	51%	5,10,000	9,522
Voltas Netherlands B.V.	97%	49%	4,90,000	9,148
	100%	**100%**	**10,00,000**	**18,670**

2015

Name	Profit distribution %	Ownership %	QR	₹ '000s
Sovereign International Limited W.L.L.	25%	51%	5,10,000	9,302
Voltas Netherlands B.V.	75%	49%	4,90,000	8,938
	100%	100%	10,00,000	18,240

The Company is engaged in the business of mechanical, electrical and plumbing works, procurement of building construction, importing and exporting all kinds of building materials and equipment for use in mechanical and electrical works, design and development of all kinds of electrical and mechanical projects including the assembly and installation phases.

The address of the Company's registered office is P.O. Box 24706, Doha, Qatar.

In August 2014, the Company and Hamad & Mohamad Al Futtaim ("HMAF") have agreed to form an unincorporated joint arrangement (the "Joint Arrangement") to jointly execute the construction and design and development of the MEP services for the Doha Festival City Retail Mall in Doha, Qatar. During the year, the Joint Arrangement also agreed to execute the construction and design and development of the MEP services for the Vendome Mall in Doha, Qatar. The joint arrangement is regarded as joint operation for the purpose of preparing these financial statements.

These financial statements represent the assets, liabilities and results of operations of the Company including its proportionate share in the Joint Arrangement.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 NEW AND REVISED IFRSs THAT ARE MANDATORILY EFFECTIVE

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1st January, 2016, have been adopted in these financial statements.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to bring in bearer plants into the scope of IAS 16
- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

  The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1st January, 2018, the amendment to IFRS 12 for annual periods beginning on or after 1st January, 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses	1st January, 2017
Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1st January, 2017
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: ● there is consideration that is denominated or priced in a foreign currency; ● the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and ● the prepayment asset or deferred income liability is non-monetary.	1st January, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1st January, 2018
Amendments to IFRS 4 *Insurance Contracts* Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1st January, 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1st January, 2018
Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments*: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1st January, 2018
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

<table>
<tr><td>The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner too under IAS 39, however there are differences in the requirements applying to the measurement of an entity’s own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an ‘expected credit loss’ model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.</td><td></td></tr>
<tr><td>IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:
● Step 1: Identify the contract(s) with a customer.
● Step 2: Identify the performance obligations in the contract.
● Step 3: Determine the transaction price.
● Step 4: Allocate the transaction price to the performance obligations in the contract.
● Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</td><td>1st January, 2018</td></tr>
<tr><td>Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.</td><td>1st January, 2018</td></tr>
<tr><td>IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.</td><td>1st January, 2019</td></tr>
<tr><td>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.</td><td>Effective date deferred indefinitely</td></tr>
</table>

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1st January, 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1st January, 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

However, Management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and the applicable provisions of Qatar Commercial Companies' Law.

The Emir HH Sheikh Tamim bin Hamad Al Thani issued Emiri decision No. 11 of 2015, replacing Law No. 5 of 2002. On 7th July, 2015 the new Commercial Companies Law was included in the official Gazette for effective use and application. The new law came into effect 30 days from the date of its official publication in the Gazette. All entities were granted extensions to comply with the provisions of the law until 7th August, 2017. The Company's Management is in the process of assessing the impact of the new law in their Articles of Association and the financial statements.

Basis of preparation

These financial statements are prepared under the historical cost convention.

These financial statements are presented in Qatari Riyal (QR.), which is the Company's functional and presentation currency.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the asset. 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 the cost of the item can be measured reliably. The carrying amount of the replaced part is immediately derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates accounted for on prospective basis.

Following are the rates of depreciation used based on the estimated useful lives of the related assets:

Porta cabins	15%
Machinery	15%
IT equipment	33.33%
Vehicles	20%

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. A gain or loss arising from derecognition of an intangible asset, is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and definite life intangible assets 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 asset is estimated in order to determine the extent of the impairment loss (if any). 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined following the weighted average method and includes all costs and expenses incurred in acquiring and bringing the inventories to their existing conditions and location. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and term deposits with original maturities of less than three months, net of bank overdraft, if any.

Accounts receivable

Accounts receivable are stated at original invoice amount net of provision for amounts estimated to be doubtful of recovery, if any. Provision for doubtful accounts is based on a detailed review by Management of the individual balances at the year-end.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting 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. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off and changes in the carrying amount of the allowance account are recognized in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and the payable is recognised in the statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows.

Employees' end-of-service benefits

A provision is made for employees' end-of-service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

Interest income

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

Taxation

Income tax expense represents the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax provisions as prescribed by the current applicable Qatar Income Tax Law.

Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise except as otherwise stated in the Standards.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions 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:

Cost to complete

The Company's management estimates the costs to complete for each project for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, Management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial and operational controls and identifying major risks facing the Company and developing and implementing initiatives to manage those risks. The Company's Management is confident that the costs to complete the project are fairly estimated.

Percentage of completion

Management's estimate of the percentage of completion on each project for the purpose of revenue recognition is through conducting some weight analysis to assess the actual quantity of the work for each activity performed during the reporting period and estimate any future costs for comparison against the initial project budget. This process requires monitoring of financial and operational controls. Management is of the opinion that the percentage of completion of the projects is fairly estimated.

As required by IAS 11 in applying the percentage of completion on its long-term projects, the Company is required to recognize any anticipated losses on its contracts. In light of the above, Management is of opinion that based on the current facts, any future losses on contract has been adequately provided for.

Contract variations

Contract variations are recognized as revenue to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgement by Management based on prior experience, application of contract terms and relationship with the contract owners.

As of the reporting date, Management has recorded revenue from variations amounting to QR 17,28,34,004 (₹ 3,188.787 million) in compliance with the Company's policy with regard to scope changes, out of which QR 9,17,69,386 (₹ 1,693.145 million) were approved by the main contractor and client. Management is currently in negotiation with the contractor and client for approving the remaining variations and is confident that these variations will be approved progressively. All these variations are included in the total contract value for revenue computation.

Useful lives of plant and equipment and intangible assets

The costs of plant and equipment and intangible assets are depreciated over the estimated useful life of the project, which is based on expected usage of the assets, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

Impairment of tangible and intangible assets

The Company's Management evaluates whether there are indications that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3. Management confirms that no such indications existed as at the reporting date.

Impairment of financial assets

The Company's Management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss and other comprehensive income. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. Management is confident that the full receivables of QR 9.6 million (₹ 179.232 million) due from the clients are all fully recoverable.

Joint arrangement classification

IFRS 11 requires Management to classify joint arrangements entered as either Joint Venture or Joint Operation based on the legal and factual circumstances surrounding the particular arrangement. In doing so, Management assessed and analyzed the terms of the joint arrangements and classified each as follows:

Joint arrangement	**Classification**	**Accounting treatment**
Voltas Qatar W.L.L. and Hamad & Mohamad Al Futtaim	Joint operation	Share of assets, liabilities, revenues and expenses

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

		As at 31-12-2015		As at 31-12-2015
	QR	QR	**₹ in '000s**	₹ in '000s
Cash on hand	**28,201**	90,818	**526**	1,656
Current account	**4,41,99,349**	1,13,11,118	**8,25,202**	2,06,315
Cash and bank balances	**4,42,27,550**	1,14,01,936	**8,25,728**	2,07,971
Less : Bank overdrafts	**—**	(1,75,356)	**—**	(3,198)
	4,42,27,550	1,12,26,580	**8,25,728**	2,04,773

6. ACCOUNTS RECEIVABLE

		As at 31-12-2015		As at 31-12-2015
	QR	QR	**₹ in '000s**	₹ in '000s
Accounts Receivable	**95,66,615**	3,80,09,408	**1,78,609**	6,93,292

The average credit period is 60 days. No interest is charged on the overdue receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

Aging of accounts receivable as at the reporting date, are as follows:

		As at 31-12-2015		As at 31-12-2015
	QR	QR	**₹ in '000s**	₹ in '000s
(i) Aging of neither past due nor impaired Less than 60 days	**95,13,217**	3,47,59,408	**1,77,612**	6,34,012
(ii) Aging of neither past due but not impaired 61-360 days	**53,398**	32,50,000	**997**	59,280
	95,66,615	3,80,09,408	**1,78,609**	6,93,292

7. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORKS

		As at 31-12-2015		As at 31-12-2015
	QR	QR	**₹ in '000s**	₹ in '000s
Cost plus attributable profits less losses, if any	**64,11,30,177**	38,63,14,478	**1,19,69,901**	70,46,376
Less: Progress billings	**(57,77,53,513)**	(27,59,55,475)	**(1,07,86,658)**	(50,33,428)
	6,33,76,664	11,03,59,003	**11,83,243**	20,12,948

8. PLANT AND EQUIPMENT

	Porta Cabins		Machinery		Computers and office equipment		Vehicles		Total	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Cost										
At 1st January, 2015	2,89,274	5,036	1,56,440	2,724	2,66,755	4,644	25,602	446	7,38,071	12,850
Additions during the year	6,16,000	10,977	6,68,330	11,910	1,04,055	1,854	1,48,971	2,655	15,37,356	27,396
Disposals during the year	(2,89,274)	(5,155)	—	—	—	—	(25,602)	(456)	(3,14,876)	(5,611)
Transfer from a related party	—	—	—	—	(5,680)	(101)	—	—	(5,680)	(101)
At 31st December, 2015	6,16,000	11,236	8,24,770	15,044	3,65,130	6,660	1,48,971	2,717	19,54,871	35,657
Additions during the year	4,650	86	1,64,991	3,044	42,157	778	96,000	1,771	3,07,798	5,679
Disposals during the year	—	—	(85,000)	(1,568)	—	—	(3,700)	(68)	(88,700)	(1,636)
Transfer to a related party	—	—	—	—	(8,862)	(164)	—	—	(8,862)	(164)
At 31st December, 2016	**6,20,650**	**11,588**	**9,04,761**	**16,892**	**3,98,425**	**7,439**	**2,41,271**	**4,505**	**21,65,107**	**40,424**
Accumulated depreciation										
At 1st January, 2015	1,19,325	2,077	52,804	919	1,97,146	3,432	8,961	156	3,78,236	6,584
Charge for the year	2,12,435	3,786	2,72,141	4,850	1,04,723	1,866	12,260	218	6,01,559	10,720
Disposals during the year	(1,26,557)	(2,255)	—	—	—	—	(8,961)	(160)	(1,35,518)	(2,415)
Transfer to a related party	—	—	—	—	(2,708)	(48)	—	—	(2,708)	(48)
As at 31st December, 2015	2,05,203	3,743	3,24,945	5,927	2,99,161	5,457	12,260	223	8,41,569	15,350
Charge for the year	3,84,414	7,092	4,41,739	8,150	58,136	1,073	30,029	554	9,14,318	16,869
Disposals during the year	—	—	(49,937)	(921)	—	—	(432)	(8)	(50,369)	(929)
Transfer to a related party	—	—	—	—	(8,841)	(163)	—	—	(8,841)	(163)
At 31st December, 2016	**5,89,617**	**11,009**	**7,16,747**	**13,382**	**3,48,456**	**6,506**	**41,857**	**781**	**16,96,677**	**31,678**
Carrying value										
At 31st December, 2016	**31,033**	**579**	**1,88,014**	**3,510**	**49,969**	**933**	**1,99,414**	**3,724**	**4,68,430**	**8,746**
At 31st December, 2015	4,10,797	7,493	4,99,825	9,117	65,969	1,203	1,36,711	2,494	11,13,302	20,307

9. INTANGIBLE ASSETS

	Software			
	QR	2015 QR	**₹ in '000s**	2015 ₹ in '000s
Cost				
At 1st January	**5,67,000**	—	**10,342**	—
Additions during the year	**76,519**	5,67,000	**1,412**	10,104
At 31st December	**6,43,519**	5,67,000	**12,014**	10,342
Accumulated amortisation				
At 1st January	**2,58,321**	—	**4,712**	—
Charge for the year	**2,82,003**	2,58,321	**5,203**	4,603
At 31st December	**5,40,324**	2,58,321	**10,088**	4,712
Carrying value				
At 31st December	**1,03,195**	3,08,679	**1,927**	5,630

Amortisation of intangible assets is calculated using the straight-line method over the term of the project.

10. BANK LOANS

This represents certain short-term Murabaha facilities from a local bank at a profit rate of 5.75% to 6% (QCB rate -/+ 0.5%) per annum, rolled over every 3 months and new bank facilities obtained in 2016 from a local bank that carry interest rate of 3% per annum. No collateral or liens are existing against these facilities.

11. TRADE AND OTHER PAYABLES

	QR	As at 31-12-2015 QR	**₹ in '000s**	As at 31-12-2015 ₹ in '000s
Trade payables	**3,06,56,057**	4,61,05,345	**5,72,349**	8,40,962
Accruals and other liabilities	**3,50,72,156**	4,47,21,497	**6,54,797**	8,15,720
Retentions payable	**78,01,711**	37,62,800	**1,45,658**	68,633
Leave salary	**8,08,841**	5,78,230	**15,101**	10,547
	7,43,38,765	9,51,67,872	**13,87,905**	17,35,862

12. RELATED PARTY DISCLOSURES

Related parties represent associated companies, Partners, Directors and Key Management Personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by Management.

At the reporting date, amounts due to related parties were as follows:

(a) Due from related parties

	QR	As at 31-12-2015 QR	**₹ in '000s**	As at 31-12-2015 ₹ in '000s
Voltas Oman	**760**	—	**14**	—

(b) Due to related parties

	QR	2015 QR	**₹ in '000s**	2015 ₹ in '000s
Hamad and Mohamad Al Futtaim	**6,80,968**	6,456	**12,714**	118
Voltas Limited – Qatar Branch	**59,81,812**	43,20,333	**1,11,680**	78,803
Voltas Limited – Head Office	—	19,55,125	—	35,661
Weathermaker Limited	—	4,35,460	—	7,943
	66,62,780	67,17,374	**1,24,394**	1,22,525

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

(c) Related party transactions

		2015		2015
	QR	QR	**₹ in '000s**	₹ in '000s
Purchases of raw materials	**24,99,218**	17,09,984	**46,111**	30,472
Manpower costs	**3,01,86,398**	3,01,52,889	**5,56,939**	5,37,324
General expenses	**1,41,13,171**	1,19,16,539	**2,60,388**	2,12,353

13. EMPLOYEES' END-OF-SERVICE BENEFITS

		As at 31-12-2015	**2016**	As at 31-12-2015
	QR	QR	**₹ in '000s**	₹ in '000s
Balance at 1st January	**9,17,658**	5,99,693	**16,738**	10,441
Provided during the year	**4,24,610**	5,16,161	**7,834**	9,198
End-of-service benefits paid	**(35,005)**	(1,98,196)	**(646)**	(3,532)
Balance at 31st December	**13,07,263**	9,17,658	**24,407**	16,738

14. LEGAL RESERVES

As required by the Qatari Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution, except for circumstances specified in the abovementioned law.

15. COST OF SERVICES AND OTHER DIRECT COSTS

		2015		2015
	QR	QR	**₹ in '000s**	₹ in '000s
Cost of materials	**14,45,91,128**	13,11,73,953	**26,67,706**	23,37,520
Manpower costs	**8,30,30,938**	7,06,18,877	**15,31,921**	12,58,428
Sub contract costs	**2,02,68,217**	1,65,26,928	**3,73,948**	2,94,510
Design charges	**18,95,333**	32,67,284	**34,969**	58,223
Provision for anticipated losses	**10,23,735**	—	**18,888**	—
Site office maintenance	**9,32,717**	8,15,393	**17,209**	14,530
Depreciation of plant and equipment (Note 8)	**9,14,318**	6,01,559	**16,869**	10,720
Shared cost	**77,676**	5,17,664	**1,433**	9,225
Utilities	**3,48,341**	4,92,390	**6,427**	8,774
Tools and tackles	**—**	4,80,280	**—**	8,559
Printing and stationery	**3,33,714**	3,58,633	**6,157**	6,391
Amortisation of intangible assets (Note 9)	**2,82,003**	2,58,321	**5,203**	4,603
Travels	**—**	52,074	**—**	928
Transportation	**2,24,693**	31,129	**4,146**	555
Communication	**44,967**	29,811	**830**	531
Other direct costs	**4,92,222**	4,86,474	**9,081**	8,669
	25,44,60,002	22,57,10,770	**46,94,787**	40,22,166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	QR	2015 QR	₹ in '000s	2015 ₹ in '000s
Services charges	**6,83,902**	12,19,940	**12,619**	21,740
Professional fees	**2,71,135**	1,84,133	**5,002**	3,281
Loss on sale of plant and equipment	**31,563**	1,66,858	**582**	2,973
Office rent	**33,000**	1,32,000	**609**	2,352
Registration and licenses	**14,000**	17,095	**258**	305
Vehicle maintenance	**98,717**	3,599	**1,821**	64
Miscellaneous expenses	**13,206**	5,623	**244**	100
	11,45,523	17,29,248	**21,135**	30,815

17. INCOME TAX

		QR	2015 QR	₹ in '000s	2015 ₹ in '000s
(a)	Profit for the year before income tax	**48,90,808**	43,17,279	**90,236**	76,934
	Adjustments for:				
	Depreciation charged in excess of income tax rates	**6,86,328**	4,23,609	**12,663**	7,549
	Loss on disposal of plant and equipment	**23,831**	1,66,858	**440**	2,973
	Non-deductible expense	**17,07,637**	12,19,940	**31,506**	21,739
	Taxable income	**73,08,604**	61,27,686	**1,34,844**	1,09,195
	Income tax expense at 10%	**7,30,860**	6,12,769	**13,484**	10,920
	Share in taxes of foreign partner at 97% (2015: 75%) to be paid to Income Tax Department (Note 1)	**5,40,746**	4,59,576	**10,096**	8,383

Income tax payable at the end of financial year as shown in the statement of financial position can be reconciled to the income tax expense in the statement of profit or loss and other comprehensive income as follows:

		QR	2015 QR	₹ in '000s	2015 ₹ in '000s
(b)	Current year tax expense	**5,40,746**	4,59,576	**9,977**	8,190
	Prior year's tax (excess) reversed/expense paid in current period	**(9,334)**	20,014	**(172)**	356
		5,31,412	4,79,590	**9,805**	8,546

18. CONTINGENCIES

	QR	2015 QR	₹ in '000s	2015 ₹ in '000s
Performance bonds	**8,41,49,590**	5,36,60,443	**15,71,073**	9,78,766
Advance payment guarantees	**3,89,25,010**	2,87,70,070	**7,26,730**	5,24,766
Letters of credit	**1,34,20,954**	3,98,19,321	**2,50,569**	7,26,304

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016 (contd.)

19. INTEREST IN JOINT ARRANGEMENT

The Company entered into a 50:50 unincorporated Joint Arrangement with Hamad & Mohamad Al Futtaim for the execution of the construction and design and development of the MEP services for the Doha Festival City Retail Mall and Vendome Mall in Doha, Qatar. During the period, the assets and liabilities and results of operations of the Joint Arrangement and the Company's share included in the accompanying financial statements are as follows:

	As recorded in the Joint Arrangement account	Share of the Company (50%)	
	QR	QR	₹ in '000s
Current assets			
Cash and bank balances	8,43,10,440	4,21,55,220	7,87,038
Accounts receivable	90,26,433	45,13,217	84,262
Retentions receivables	1,37,22,900	68,61,450	1,28,103
Gross amount due from customer for contract work	4,88,42,239	2,31,47,421	4,32,162
Prepayments and other assets	91,034	45,517	850
Inventories	1,50,10,178	75,05,089	1,40,120
Advances paid	78,56,120	39,28,060	73,337
Total current assets	**17,88,59,344**	**8,81,55,974**	**16,45,872**
Non-current assets			
Retentions receivable	1,66,57,393	83,28,697	1,55,497
Plant and equipment	2,93,323	1,46,662	2,738
Intangible assets	2,06,388	1,03,194	1,927
Total non-current assets	**1,71,57,104**	**85,78,553**	**1,60,162**
Total assets	**19,60,16,448**	**9,67,34,527**	**18,06,034**
Current liabilities			
Trade and other payables	5,47,50,374	2,73,75,187	5,11,095
Due to related parties	8,69,19,450	4,34,59,725	8,11,393
Advance from a customer	2,09,24,851	1,04,62,426	1,95,333
Total liabilities	**16,25,94,675**	**8,12,97,338**	**15,17,821**
Retained earnings	3,34,21,773	1,54,37,189	2,88,213
Total liabilities and retained earnings	**19,60,16,448**	**9,67,34,527**	**18,06,034**
Statement of profit or loss			
Contract revenue	36,84,70,788	18,29,61,695	33,75,643
Contract cost	(33,50,49,015)	(16,75,24,508)	(30,90,827)

20. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and cash equivalents, retentions, accounts and other receivables. Financial liabilities comprise retentions, loans and borrowings, trade and other payables and due to related parties.

Fair value of financial instruments

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, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is not materially different from their carrying values.

21. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to routine financial risk including the effects of defaults by customers, movement in interest rates and liquidity. The Company's Management seeks to minimise potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management such as credit risk, interest rate risk, liquidity risk and capital risk management.

Financial risk factors

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults. Cash is placed in bank with high credit rating.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or value of its holdings of financial instruments. The Company's exposure to interest rate risk relates to its bank loan and bank balances. Management believes that risk related to variation in interest rate on the bank loan and bank balances is very minimal.

Liquidity risk

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they fall due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company.

Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, Management is of the opinion that the Company's exposure to currency risk is minimal as most of the transactions are carried out in Qatari Riyal.

Capital risk

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital and retained earnings.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Management of the Company and authorized for issue on 25th April, 2017.

Directors **Jayant Balan**

Doha, 25th April, 2017 **B. G. Prabhuajgaonkar**

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 Eighteenth Annual Report and the Accounts for the year ended 31st March, 2017.

2. The Company has reported profit of Euro 0.062 million for the year ended 31st March, 2017 as compared to Euro 2.344 million in the previous year due to lower dividend income earned from Participations. The Directors do not recommend any dividend for the year ended 31st March, 2017 (Previous Year : Euro 1.000 million).

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

On behalf of the Board of Directors

B. G. Prabhuajgaonkar

Muscat, 26th April, 2017 *Director*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER AND MANAGEMENT BOARD OF VOLTAS NETHERLANDS B.V.

A. Report on the audit of the special purpose financial information

Our Opinion

We have audited the special purpose financial information for the year ended 31st March, 2017 of Voltas Netherlands B.V., based in Delft, the Netherlands, which have been prepared for incorporation in the consolidated financial statements of Voltas Limited.

In our opinion, the accompanying special purpose financial information for the year ended 31st March, 2017 is prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the special purpose financial information.

The special purpose financial information comprise:

1. Balance Sheet for the year ended 31st March, 2017;
2. Profit and Loss Account for the year then ended; and
3. Notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the special purpose financial information' section of our report.

We are independent of Voltas Netherlands B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags-en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis of the basis of accounting and restriction on distribution and use

We draw attention to the notes to the special purpose financial information, which describe the basis of accounting. The special purpose financial information is intended for Voltas Limited and 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, 2017, and of its result and its cash flows for the year then ended in accordance with Dutch GAAP. The special purpose financial information may, therefore, not be suitable for another purpose. Therefore, our auditor's report is intended solely for Voltas Netherlands B.V. and Voltas Limited and should not be distributed to or used by other parties than Voltas Netherlands B.V. and Voltas Limited.

Our opinion is not modified in respect of this matter.

B. Description of responsibilities regarding the special purpose financial information

Responsibilities of Management for the special purpose financial information

Management is responsible for the preparation and fair presentation of the special purpose financial information in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the special purpose financial information. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the special purpose financial information that is free from material misstatement, whether due to fraud or error.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the special purpose financial information.

Our responsibilities for the audit of the special purpose financial information

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the special purpose financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- Evaluate whether the special purpose financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

PKF Wallast

Schiphol-Rijk, 27th April, 2017

Drs. E. Bakker RA

BALANCE SHEET AS AT 31ST MARCH, 2017

		As at 31-3-2016		As at 31-3-2016
	Euro	Euro	**₹ in '000s**	₹ in '000s
SOURCES OF FUNDS				
Share Capital	**6,18,729**	6,18,729	**42,853**	46,386
Reserves and Surplus	**67,41,474**	76,79,311	**4,66,914**	5,75,718
Total Shareholders' Funds	**73,60,203**	82,98,040	**5,09,767**	6,22,104
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**3,38,684**	3,38,684	**23,457**	25,391
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**11,59,588**	11,59,588	**80,313**	86,934
Voltas Oman L.L.C.	**6,36,945**	6,36,945	**44,115**	47,752
Voltas Qatar W.L.L.	**1,01,056**	1,01,056	**6,999**	7,576
Universal Voltas L.L.C.	**37,63,260**	37,63,260	**2,60,643**	2,82,132
	59,99,533	59,99,533	**4,15,527**	4,49,785
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(3,38,684)**	(3,38,684)	**(23,457)**	(25,391)
	56,60,849	56,60,849	**3,92,070**	4,24,394
CURRENT ASSETS, LOANS AND ADVANCES (NOMINAL VALUE)				
Receivables from group companies	—	9,01,727	—	67,603
Other receivables	**5,264**	4,644	**365**	348
Bank balances	**17,09,590**	17,48,834	**1,18,406**	1,31,110
Less: Current Liabilities	**(15,500)**	(18,014)	**(1,074)**	(1,351)
Net Current Assets	**16,99,354**	26,37,191	**1,17,697**	1,97,710
	73,60,203	82,98,040	**5,09,767**	6,22,104

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 69.26 being the exchange rate prevailing as on 31st March, 2017. Previous year figures have been converted @ 1 Euro = ₹ 74.97 being the exchange rate prevailing as on 31st March, 2016.

Directors **B. G. Prabhuajgaonkar**

Muscat, 26th April, 2017 **Jayant Balan**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2017

		2015-16		2015-16
	Euro	Euro	**₹ in '000s**	₹ in '000s
OTHER INCOME				
Dividend from participations	**1,16,176**	25,93,580	**8,379**	1,84,974
EXPENSES				
Operating and Administrative Expenses	**(1,02,790)**	(2,80,447)	**(7,413)**	(20,001)
Financial results	**48,777**	31,063	**3,518**	2,215
	(54,013)	(2,49,384)	**(3,895)**	(17,786)
Profit	**62,163**	23,44,196	**4,484**	1,67,188

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 72.12 being the average of the exchange rates prevailing as on 31st March, 2016 (1 Euro = ₹ 74.97) and as on 31st March, 2017 (1 Euro = ₹ 69.26). Previous year figures have 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).

Directors **B. G. Prabhuajgaonkar**

Muscat, 26th April, 2017 **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, 2016 up to and including 31st March, 2017.

Participations

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

		Acquisition costs	
	%	**Euro**	**₹ in '000s**
Saudi Ensas Company for Engineering Services W.L.L.	**8**	**3,38,684**	**23,457**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**11,59,588**	**80,313**
Voltas Oman L.L.C.	**65**	**6,36,945**	**44,115**
Voltas Qatar W.L.L.	**49**	**1,01,056**	**6,999**
Universal Voltas L.L.C.	**49**	**37,63,260**	**2,60,643**
Total acquisition costs		**59,99,533**	**4,15,527**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(3,38,684)**	**(23,457)**
		56,60,849	**3,92,070**

The participations are carried at acquisition costs less any depreciation.

Share Capital

The registered share capital amounts to Euro 1,021,005 (₹ 7,07,14,806).

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, 2016	**6,18,729**	**46,386**
Movement	**—**	**—**
Balance as per 31st March, 2017	**6,18,729**	**42,353**

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2016	**76,79,311**	**5,75,718**
Profit for the year ended 31st March, 2017	**62,163**	**4,484**
Dividend bookyear 2015 / 2016	**(10,00,000)**	**(74,970)**
Balance as per 31st March, 2017	**67,41,474**	**4,66,914**

Receivables from group companies

	Euro	**₹ in '000s**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43,068**	**2,983**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43,068)**	**(2,983)**
Balance as per 31st March, 2017	—	—

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

Other receivables

	Euro	₹ in '000s
Prepayments	5,264	365
Balance as per 31st March, 2017	5,264	365

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	5,319	368
ABN Amro Bank USD	10,81,860	74,930
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	6,22,407	43,108
Balance as per 31st March, 2017	17,09,590	1,18,406

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	15,500	1,074
Balance as per 31st March, 2017	15,500	1,074

Liabilities not shown in Balance Sheet

Contingent Assets and Liabilities

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

(i) Barwa Bank, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 161.925 million (Euro 41.571 million) (₹ 2879.207 million)

(ii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 200.000 million (Euro 51.346 million) (₹ 3556.224 million)

(iii) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 2.367 million) (₹ 163.938 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 11.047 million) (₹ 765.115 million)

(v) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 160.000 million (Euro 41.077 million) (₹ 2844.993 million)

The aforesaid Corporate Guarantees were issued by Voltas Netherlands B.V., as Shareholder in the respective entities.

Voltas Limited, as the sole Shareholder of Voltas Netherlands B.V., has guaranteed to provide financial support in case of a call made by the beneficiaries of the Corporate Guarantees issued by Voltas Netherlands B.V.

Dividend from participations

	Euro	₹ in '000s
Lalbuksh Voltas Engineering Services & Trading L.L.C. (OMR 50,000)	1,16,176	8,379
	1,16,176	8,379

The Company did not have any employees during 2016-2017 (2015-2016: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Management costs	25,106	1,811
Audit and advisory expenses	73,457	5,319
Legal fees	3,927	283
	1,02,790	7,413

Interest

	Euro	₹ in '000s
Interest received	(147)	(11)
Bank cost	2,194	158
Exchange rate differences	(50,824)	(3,665)
	(48,777)	(3,518)

Directors **B. G. Prabhuajgaonkar**

Muscat, 26th April, 2017 **Jayant Balan**

Notes

Notes

Notes

Notes

Notes

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