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Reports and Accounts of Subsidiary Companies
2017-2018

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 Seventeenth Annual Report and Audited Financial Statements for the year ended 31st March, 2018.

1. **Financial Results:**

₹ in crores

	2017-18	2016-17
Revenue from operations	**1,115**	1,405
Other Income	**1**	1
Total Income	**1,116**	1,406
Total expenses	**1,019**	1,272
Profit before Tax	**97**	134
Tax expense	**34**	33
Profit for the year	**63**	101

The Company has recorded Revenue of ₹ 1,115 crores for the year ended 31st March, 2018 as compared to ₹ 1,405 crores in the previous year. Profit before tax was at ₹ 97 crores as compared to ₹ 134 crores in the previous year. The Company recorded production of 6,25,043 units during the year under review as compared to 7,30,289 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 2017-18 (2016-17: 175%).

4. **Number of Board Meetings:**

During 2017-18, five Board Meetings were held on 5th May, 2017; 24th July, 2017; 24th October, 2017; 22nd January, 2018 and 7th March, 2018.

5. **Directors:**

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

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 comprise 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 2017-18, four Audit Committee Meetings were held on 5th May, 2017; 24th July, 2017; 24th October, 2017 and 22nd January, 2018.

8. **Nomination and Remuneration Committee:**

Nomination and Remuneration Committee (NRC) comprises Mr. Nani Javeri (Chairman), Mr. Anil George and Mr. R. N. Mukhija. During 2017-18, two Meetings were held on 24th October, 2017 and 7th March, 2018.

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

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 2nd May, 2018.

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 2017-18, one Meeting was held on 24th October, 2017.

12. Statutory Auditors:

At the Sixteenth Annual General Meeting (AGM) of Company held on 3rd July, 2017, the shareholders had approved appointment of S R B C & Co. LLP (SRBC), as the Statutory Auditors for five consecutive financial years from the conclusion of the Sixteenth AGM till the conclusion of the Twenty-First AGM of the Company to be held in the year 2022 subject to ratification at every AGM, if required. The approval of Members is being sought for ratification of appointment of SRBC as Statutory Auditors from the conclusion of Seventeenth AGM till the conclusion of Eighteenth AGM to examine and audit the accounts of the Company for financial year 2018-19. The Auditors' Report for 2017-18 does not contain any qualification, reservation or adverse remark.

13. Cost Auditors:

The Board had appointed M/s. Sagar & Associates, Cost Accountants as the Cost Auditors for the financial year 2017-18. M/s. Sagar & Associates have been appointed as Cost Auditors of the Company for the financial year 2018-19 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 2017-18. 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. The Board has appointed them as the Secretarial Auditor of the Company for 2018-19.

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 are 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 2017-18 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. Secretarial Standards:

The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2).

21. 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.

22. General:

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

On behalf of the Board of Directors

Anil George
Chairman

Mumbai, 2nd May, 2018

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. There has been no change in the Company's CSR Policy during the year under review. 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:** ₹ 103.87 crores.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above):** ₹ 2.08 crores.

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

   (a) **Total amount to be spent for the financial year:** ₹ 2.08 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.	Developmental programs to support Cancer patients; Providing artificial prostatic limbs to the poor and needy section of the Society.	Health	Adyar (Chennai), Kerala and across India	₹ 0.75 crore	Direct expenditure	₹ 0.75 crore	• Cancer Institute (W.I.A) (₹ 0.60 crore) • Tropical Health Foundation of India (₹ 0.15 crore)
2.	Supporting In-School English Program for under privileged children; Donation of books to libraries.	Education	Mumbai and across India	₹ 0.33 crore	Direct expenditure	₹ 1.08 crores	• Angel Xpress Foundation (₹ 0.23 crore) • The MARG Foundation (₹ 0.10 crore)
3.	Mentoring women leaders who are economically and socially empowered; E-Teach English Program for vernacular medium schools	Community Development	Mumbai, Thane and Pune	₹ 0.21 crore	Direct expenditure	₹ 1.29 crores	• Katalyst Program (₹ 0.06 crore) • Learning Space Foundation (₹ 0.15 crore)
4.	Skill Training Centers for youth belonging to scheduled caste/ tribe; Train the Trainer programs; basic English programs	Vocational Skills	Across Thane and Orissa	₹ 0.79 crore	Direct expenditure	₹ 2.08 crores	• Various organisations

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

   The required amount towards CSR was duly spent.

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

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

Anil George
Chairman – CSR Committee

Pradeep Kumar Bakshi
Director

Annexure II

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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, 2018 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, 2018 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 Stamp Act, 1958
   3. Child Labour (Prohibition and Regulation) Act, 1986 and Rules
   4. Children (Pledging of Labour) Act, 1933
   5. Contract Labour (Regulation and Abolition) Act, 1970 and Rules
   6. Employees Compensation Act, 1923
   7. Employees' Provident Funds Act and Miscellaneous Provisions Act, 1952
   8. Employees' State Insurance Act, 1948, Rules and Regulations
   9. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
   10. Equal Remuneration Act, 1976
   11. E-waste (Management & Handling) Rules, 2011
   12. Finance Act, 1994 (Service Tax)
   13. Income Tax Act, 1961 and Rules
   14. The Central Goods and Services Tax Act, 2017
   15. The Integrated Goods and Services Tax Act, 2017
   16. Uttarakhand Goods and Services Tax Act, 2017
   17. Inter-State Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979
   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

24. Legal Metrology Act, 2009

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) The Securities and Exchange Board of India (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**
Practicing Company Secretaries
UIN: P1996MH055800

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

Place: Mumbai
Date: 24th April, 2018

TO

THE MEMBERS OF

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**
Practicing Company Secretaries
UIN: P1996MH055800

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

Place: Mumbai
Date: 24th April, 2018

Annexure III
Form No. MGT-9

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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 1-4-2017)				No. of Shares held at the end of the year (As on 31-3-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
Bodies Corporate	Nil	2,76,42,000	2,76,42,000	100%	Nil	2,76,42,000	2,76,42,000	100%	Nil
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)	**Nil**	**2,76,42,000**	**2,76,42,000**	**100%**	**Nil**	**2,76,42,000**	**2,76,42,000**	**100%**	**Nil**
B. Public Shareholding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**Nil**	**2,76,42,000**	**2,76,42,000**	**100%**	**Nil**	**2,76,42,000**	**2,76,42,000**	**100%**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2017)			Shareholding at the end of the year (As on 31-3-2018)			% 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 (1-4-2017)	There is no change in Promoters' Shareholding between 1-4-2017 and 31-3-2018			
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 (31-3-2018)				

(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 (1-4-2017)					
1.	Anil George	1*	—	1*	—
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			
At the end of the year (31-3-2018)					
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

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
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 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	 55.14 0.83 Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify	Nil
5.	Others, please specify - Provident Fund, Superannuation and Medical (exempt)	 1.75
	Total (A)	57.72
	Ceiling as per the Act (5% of profit u/s 198 of the Companies Act, 2013)	485.85

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
0.50	0.25	2.20	2.40	0.80	6.15

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 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	 34.69 0.31 Nil	 10.16 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	 1.37	 0.36
	Total	36.37	10.52

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: None

On behalf of the Board of Directors

Anil George
Chairman

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:

With a view to conserve the natural resources, a structural approach was applied for energy management and following energy conservation projects were taken:-

(a) Installed Variable Frequency Drive (VFD) on air compressors. Energy saving per shift @ 160 KWH resulting in saving of ₹ 3 lakhs p.a.

(b) Optimised the loading/unloading set points of air compressors. Power saving by 6% resulting in saving of ₹ 1 lakh p.a.

(c) Use of Belt type Conduction heaters in place of Conventional heaters for refrigerant tonner heating during winter for fast heating and power saving resulting in saving of ₹ 1 lakh p.a.

(d) Optimised running of 500 KVA DG set by change over switch resulting in saving of ₹ 2 lakhs p.a.

(e) Equivalent carbon foot print reduction by above initiatives is 70.3 ton p.a.

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 launch of Split and Window Air Conditioners in line with 2018 Star rating norms.

(b) Launch of 4 and 5 Star Inverter AC in Split AC Inverter category.

(c) Development of 3 and 5 Star rated Window Air Conditioner with Inverter Technology with eco-friendly Refrigerant R410a.

(d) Development of super efficient Split AC in 1 ton and 1.5 ton category.

(e) Research on low GWP refrigerant R444B is in progress for Split AC.

(f) Development and launch of 1 ton indigenous Indoor Unit (IDU) to reduce import dependency.

(g) Downsizing of 1 ton 3 Star Outdoor Unit (ODU) from 20" to 18" to reduce cost.

(h) Development of 1.5 ton 3 Star models with Brushless Direct Current IDU motor for cost reduction.

(i) Development and launch of Air-Cooler with Antimicrobial Tank and Smart humidity Control.

(j) Development and launch of Air-Cooler in Tower and Table Top - Cooler Category.

(k) Development and production of Bottom Loaded Water Dispenser.

The Company had incurred R&D expenditure of ₹ 0.90 crore during 2017-18.

C. Foreign Exchange Earnings and Outgo:

Expenditure in foreign currency: ₹ 0.12 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 2017-18.

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

(a) Name(s) of the related party and nature of relationship: Voltas Limited, Holding Company.

(b) Nature of contracts/arrangements/transactions:

Please refer Note No. 28 of financial statements for the year ended 31st March, 2018.

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

It is an ongoing contract.

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

Purchase/Sale of goods and components and other transactions.

Please refer Note No. 28 of financial statements for the year ended 31st March, 2018.

(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 March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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. 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, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 we have obtained 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 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 March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 5, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 "2" to this report;
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 23 to the Ind AS 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.

For **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

per Dolphy D'Souza
Partner
(Membership Number: 038730)

Mumbai, May 2, 2018

ANNEXURE "1" REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence, not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and hence, not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of Air Conditioners, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, cess and other statutory dues applicable to it. According to the information and explanation given to us, the provision of excise duty is not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Sales-Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there were no dues outstanding of income-tax, sales-tax, service tax, customs duty, value added tax and cess on account of any dispute. The dues outstanding in respect of excise duty are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the Amount Relates	Forum where the Dispute is Pending
Central Excise Act	Excise Duty	63.92	2009-10	CESTAT

(viii) The Company did not have any outstanding loans or borrowing due in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans, hence, reporting under clause (ix) is not applicable to the Company and hence, not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

(ICAI Firm Registration Number: 324982E/E300003)

per Dolphy D'Souza

Partner

Mumbai, May 2, 2018 (Membership Number: 038730)

ANNEXURE "2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS

Report on the Internal Financial Controls 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 March 31, 2018 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 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.

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") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, 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 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 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, 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 March 31, 2018, 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 **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

per Dolphy D'Souza
Partner
(Membership Number: 038730)

Mumbai, May 2, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

		Note	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
A.	**ASSETS**			
1.	**NON-CURRENT ASSETS**			
	(a) Property, plant and equipment	2	**1,194.74**	1,270.37
	(b) Capital work-in-progress	2	**73.43**	—
	(c) Intangible assets	2	**0.39**	2.89
	(d) Financial assets			
	- Other financial assets	3	**58.38**	58.27
	(e) Deferred tax assets (net)	5	**—**	176.64
	(f) Income tax assets (net)		**24.65**	227.97
	(g) Other non-current assets	4	**312.11**	311.49
			1,663.70	2,047.63
2.	**CURRENT ASSETS**			
	(a) Inventories	6	**7,771.24**	14,932.04
	(b) Financial assets			
	(i) Trade receivables	7	**35,801.52**	30,611.02
	(ii) Cash and cash equivalents	8	**531.20**	488.83
	(iii) Other financial assets	3	**654.76**	—
	(c) Other current assets	4	**315.66**	484.68
			45,074.38	46,516.57
		TOTAL	**46,738.08**	48,564.20
B.	**EQUITY AND LIABILITIES**			
1.	**EQUITY**			
	(a) Equity share capital	9	**2,764.20**	2,764.20
	(b) Other equity	10	**25,855.88**	25,403.93
	Total equity		**28,620.08**	28,168.13
2.	**LIABILITIES**			
	NON-CURRENT LIABILITIES			
	(a) Provisions	11	**18.91**	15.46
	(b) Deferred tax liabilities (net)	5	**188.74**	—
			207.65	15.46
3.	**CURRENT LIABILITIES**			
	(a) Financial liabilities			
	(i) Trade payables	12	**16,838.62**	19,677.89
	(ii) Other financial liabilities	13	**5.00**	5.15
	(b) Provisions	11	**4.86**	4.40
	(c) Income tax liabilities (net)		**35.00**	530.75
	(d) Other current liabilities	14	**1,026.87**	162.42
	Total current liabilities		**17,910.35**	20,380.61
	Total equity and liabilities	TOTAL	**46,738.08**	48,564.20
	The accompanying notes are forming part of the financial statements.	1-31		

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Dolphy D'Souza
Partner
Membership No: 038730
Mumbai, 2nd May, 2018

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, 2nd May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

		Note	₹ in Lakhs	2016-17 ₹ in Lakhs
1.	**REVENUE FROM OPERATIONS**	15	**1,11,541.92**	1,40,580.38
2.	**OTHER INCOME**	16	**4.99**	8.42
3.	**TOTAL INCOME**		**1,11,546.91**	1,40,588.80
4.	**EXPENSES**			
	(a) Cost of materials consumed		**95,263.03**	1,18,777.10
	(b) Changes in inventories of finished goods	17	**1,333.08**	905.87
	(c) Employee benefits expense	18	**479.06**	525.92
	(d) Depreciation and amortisation expense	2	**128.94**	131.76
	(e) Other expenses	19	**4,625.84**	6,872.40
	TOTAL EXPENSES		**1,01,829.95**	1,27,213.05
5.	**PROFIT BEFORE TAX**		**9,716.96**	13,375.75
6.	**TAX EXPENSE**			
	(a) Current tax	22	**3,450.50**	3,272.00
	(b) Adjustment of tax relating to earlier periods		**—**	31.52
	(c) Deferred tax	5	**(7.37)**	18.58
	TOTAL TAX EXPENSE		**3,443.13**	3,322.10
7.	**PROFIT FOR THE YEAR**		**6,273.83**	10,053.65
8.	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to profit and loss in subsequent periods:			
	Remeasurement gains / (losses) on defined benefits plan		**0.36**	(3.11)
	Income tax relating to this item		**(0.12)**	1.08
	Other comprehensive income for the year (net of tax)		**0.24**	(2.03)
9.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**6,274.07**	10,051.62
10.	**EARNINGS PER SHARE**	26		
	Basic and Diluted - (₹)		**22.70**	36.37
	Face Value per equity share - (₹)		**10.00**	10.00
	The accompanying notes are forming part of the financial statements.	1-31		

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Dolphy D'Souza
Partner
Membership No: 038730
Mumbai, 2nd May, 2018

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, 2nd May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A.	**Equity share capital**	**₹ in Lakhs**
	As at 1st April, 2016	2,764.20
	As at 31st March, 2017	2,764.20
	Changes in equity share capital	—
	As at 31st March, 2018	**2,764.20**

B.	**Other equity**	**Reserves and surplus**		**₹ in Lakhs**
		General Reserve	**Retained earning**	**Total other equity**
	Balance as at 1st April, 2016	1,325.00	19,017.70	20,342.70
	Profit for the year	—	10,053.65	10,053.65
	Other comprehensive income	—	(2.03)	(2.03)
	Total Comprehensive Income	—	10,051.62	10,051.62
	Transfer to General Reserve	725.00	(725.00)	—
	Payment of Dividend	—	(4,146.30)	(4,146.30)
	Dividend Distribution tax	—	(844.09)	(844.09)
	Balance as at 31st March, 2017	2,050.00	23,353.93	25,403.93
	Profit for the year	—	6,273.83	6,273.83
	Other comprehensive income	—	0.24	0.24
	Total comprehensive income	—	6,274.07	6,274.07
	Transfer to General Reserve	725.00	(725.00)	—
	Payment of Dividend	—	(4,837.35)	(4,837.35)
	Dividend Distribution tax	—	(984.77)	(984.77)
	Balance as at 31st March, 2018	**2,775.00**	**23,080.88**	**25,855.88**

The accompanying notes are forming part of financial statements.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Dolphy D'Souza
Partner
Membership No: 038730
Mumbai, 2nd May, 2018

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, 2nd May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

			2016-17
		₹ in Lakhs	₹ in Lakhs
A.	**Cash flow from Operating activities**		
	Profit before tax	**9,716.96**	13,375.75
	Adjustments for:		
	Interest income	**(1.04)**	(1.10)
	Depreciation and amortisation expenses	**128.94**	131.76
	Amortisation of lease prepayment	**2.81**	2.81
	Operating profit before working capital changes	**9,847.67**	13,509.22
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	**7,160.80**	3,911.20
	Trade receivables	**(5,190.50)**	(15,236.76)
	Other financial assets	**(654.87)**	(4.49)
	Other current assets	**169.02**	73.91
	Other non-current assets	**(3.43)**	(0.84)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**(2,839.26)**	5,541.45
	Other financial liabilities	**—**	14.55
	Other current liabilities	**864.44**	42.92
	Provisions	**4.28**	2.08
	Cash generated from operations	**9,358.15**	7,853.24
	Net income tax paid	**(3,370.30)**	(2,372.85)
	Net cash flow from Operating activities (A)	**5,987.85**	5,480.39
B.	**Cash Flow from investing activities**		
	Purchase of property, plant and equipment	**(124.40)**	(24.38)
	Interest received	**1.04**	1.10
	Net cash flow (used in) Investing activities (B)	**(123.36)**	(23.28)
C.	**Cash Flow from Financing activities**		
	Dividend paid	**(4,837.35)**	(4,146.30)
	Tax on dividend paid	**(984.77)**	(844.09)
	Net cash flow (used in) Financing activities (C)	**(5,822.12)**	(4,990.39)
	Net increase/(decrease) in Cash and cash equivalents (A+B+C)	**42.37**	466.72
	Cash and cash equivalents at the beginning of the year	**488.83**	22.11
	Cash and cash equivalents at the end of the year (Refer Note 8)	**531.20**	488.83

The accompanying notes are forming part of financial statements.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Dolphy D'Souza
Partner
Membership No: 038730
Mumbai, 2nd May, 2018

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, 2nd May, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. CORPORATE INFORMATION

Universal Comfort Products Limited ("the Company") is a Public Limited Company domiciled in India. The Company is engaged in the business of manufacturing room air conditioners and is a wholly owned subsidiary of Voltas Limited.

1.1 Significant Accounting Policies

(a) BASIS OF PREPARATION

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 (as amended from time to time). The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy for amendments to the standard that were issued by Ministry of Corporate Affairs (MCA), effective for annual period beginning from on or after 1st April, 2017.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in Note 8.

The 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.

(b) 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.

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 are disclosed in Note 1.1.

(c) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade discounts, rebates and other similar allowances. Revenue includes excise duty however excludes GST, Sales tax, Value Added Tax and any other indirect taxes or amounts collected on behalf of the Government.

(i) Revenue from sale of goods

Revenue from sale of goods is recognized when the Company transfers all significant risks and rewards of ownership to the buyer while the Company retains neither continuing managerial involvement nor effective control over the goods sold.

(ii) Interest income

Interest income from a financial asset is recognised using the Effective Interest Rate (EIR).

(d) FAIR VALUE MEASUREMENT

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:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) EMPLOYEE BENEFITS

(a) Retirement benefits costs and termination benefits

(i) Defined Contribution Plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund and superannuation scheme as an expense, when an employee renders the related service.

(ii) Defined Benefit Plans

The Company operates a defined benefit gratuity plan. 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 annual reporting period.

Remeasurement, comprising actuarial gains and losses and the return on plan assets (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 categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; 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 actual deficit or surplus in the Company's defined benefit plans.

(b) Short term and other long term employee benefits:

Benefits accruing to employees in respect of wages, salaries and compensated absences and which are expected to be availed within 12 months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit expected to be paid in exchange of related service. Where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method 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. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes and any directly attributable cost of bringing an asset to working condition and location for its intended use.

Projects under which the property, plant and equipment is not yet ready for their intended use are carried as capital work-in-progress at cost determined as aforesaid.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

(g) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment, if any.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets representing cost of software capitalised is amortised over its useful life which is estimated to be a period of four years.

(h) FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in INR, which is also the Company's functional currency.

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.

Non-monetary items denominated in foreign currency are measured at historical cost and translated at exchange rate prevalent at the date of transaction.

(i) LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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.

(j) INVENTORIES

Inventories are valued at lower of cost or net realisable value, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(k) TAXES ON INCOME

Current Income 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 rates and tax laws used to compute the tax are those that are enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternative Tax

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

(l) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(m) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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.

- Financial assets at amortised cost

  Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade receivables, loans and other financial assets.

- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

  Financial assets are subsequently measured at FVTOCI if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flow represents SPPI.

  Financial instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- Financial assets at Fair Value Through Profit and Loss (FVTPL)

  FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

The Company de-recognises a financial asset when the rights to receive cash flows from the asset have expired or it transfers the right to receive the contractual cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(n) IMPAIRMENT

(i) Financial assets

The Company assessed the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income based on the Company's past history of recovery, credit worthiness of the counter party and existing market conditions.

For all financial assets other than trade receivables, expected credit losses are measured at an amount equal to the 12 month expected credit loss (ECL) unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. For trade receivables, the Company has applied the simplified approach for recognition of impairment allowance as provided in Ind AS 109 which requires the expected lifetime losses from initial recognition of the receivables.

(ii) Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognised in the statement of profit and loss. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

(p) EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

(q) 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 Significant Accounting Judgements, Estimates and Assumptions

In the application of the Company's accounting policies, which are described in Note 1.1, 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 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 amount of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

1.3 Recent Accounting Pronouncements

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 Revenue from Contracts with Customers notified on 28th March, 2018 is effective from 1st April, 2018 and will supersede all current revenue recognition requirements. While an initial assessment of the standard does not indicate a significant impact, except for the disclosure requirements, a reliable estimate of the impact can be concluded only upon completion of the ongoing evaluation process.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1st April, 2018. However, the Company does not expect any significant effect on its financial statements.

2. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS

₹ in Lakhs

	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									
As 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)
As at 31st March, 2017	786.42	1,397.39	79.24	68.98	26.96	2,358.99	—	43.99	2,402.98
Depreciation									
As 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
As 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									
As at 1st April, 2017	786.42	1,397.39	79.24	68.98	26.96	2,358.99	—	43.99	2,402.98
Additions	—	47.63	2.50	0.68	—	50.81	103.37	—	154.18
Disposals/Transfer out	—	—	—	—	—	—	(29.94)	—	(29.94)
As at 31st March, 2018	**786.42**	**1,445.02**	**81.74**	**69.66**	**26.96**	**2,409.80**	**73.43**	**43.99**	**2,527.22**
Depreciation									
As at 1st April, 2017	280.22	665.30	58.04	62.24	22.82	1,088.62	—	41.10	1,129.72
Charge for the year	34.15	82.85	6.39	2.14	0.91	126.44	—	2.50	128.94
As at 31st March, 2018	**314.37**	**748.15**	**64.43**	**64.38**	**23.73**	**1,215.06**	**—**	**43.60**	**1,258.66**
Net carrying amount at 31st March, 2018	**472.05**	**696.87**	**17.31**	**5.28**	**3.23**	**1,194.74**	**73.43**	**0.39**	**1,268.56**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

3. OTHER FINANCIAL ASSETS

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(A) Non-current		
Security deposits	**58.38**	58.27
(B) Current		
Government Grant Receivables	**654.26**	—
Security deposits	**0.50**	—
	654.76	—

4. OTHER ASSETS

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(A) Non-current		
Lease prepayment (Refer Note below)	**225.23**	228.04
Balance with government authoritites:		
Unsecured, considered good	**86.88**	83.45
Unsecured, considered doubtful	**47.15**	47.15
	359.26	358.64
Less: Provision for doubtful assets	**(47.15)**	(47.15)
	312.11	311.49

Note: Represents prepayment in respect of land taken under operating lease, being amortized equally over the period of lease.

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(B) Current		
Prepaid expenses	**69.92**	57.12
Indirect tax recoverable	**236.55**	425.81
Advance to suppliers	**9.19**	1.75
	315.66	484.68

5. DEFERRED TAX

The balance comprises temporary differences attributable to:

₹ in Lakhs

	As at 31-3-2017	**(Charged) / Credited to Statement of Profit and Loss**	**Adjustment against normal tax**	**(Charged) / Credited to OCI**	**As at 31-3-2018**
Provision for employee benefits	6.88	**1.55**	**—**	**(0.12)**	**8.31**
Unpaid statutory liabilities	42.47	**(0.77)**	**—**	**—**	**41.70**
MAT credit entitlement	372.63	**—**	**(372.63)**	**—**	**—**
Deferred Tax Assets	421.98	**0.78**	**(372.63)**	**(0.12)**	**50.01**
Property, plant and equipment and intangible assets	(245.34)	**6.59**	**—**	**—**	**(238.75)**
Deferred Tax Liabilities	(245.34)	**6.59**	**—**	**—**	**(238.75)**
Net Deferred Tax Assets / (Liabilities)	176.64	**7.37**	**(372.63)**	**(0.12)**	**(188.74)**

	As at 31-3-2016	(Charged) / Credited to Statement of Profit and Loss	Adjustment against normal tax	(Charged) / Credited to OCI	As at 31-3-2017
Provision for employee benefits	5.30	0.50	—	1.08	6.88
Unpaid statutory liabilities	42.00	0.47	—	—	42.47
MAT credit entitlement	765.86	—	(393.23)	—	372.63
Deferred Tax Assets	813.16	0.97	(393.23)	1.08	421.98
Property, plant and equipment and intangible assets	(225.79)	(19.55)	—	—	(245.34)
Deferred Tax Liabilities	(225.79)	(19.55)	—	—	(245.34)
Net Deferred Tax Assets / (Liabilities)	587.37	(18.58)	(393.23)	1.08	176.64

6. INVENTORIES

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Raw materials and components (at cost)	**3,817.97**	9,848.60
Stores and spares (at cost)	**278.33**	75.42
Finished goods (at lower of cost and net realizable value)	**3,674.94**	5,008.02
	7,771.24	14,932.04

Note:

The cost of inventories recognised as an expense includes ₹ 12.11 lakhs (31st March, 2017: ₹ 6.69 lakhs) in respect of write-down of inventories to net realisable value.

7. TRADE RECEIVABLES

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Trade receivables (Refer Note below)	**3.24**	14.22
Receivables from related parties	**35,798.28**	30,596.80
	35,801.52	30,611.02
Break-up of security details		
Secured, considered good	—	3.92
Unsecured, considered good	**35,801.52**	30,607.10
	35,801.52	30,611.02

Note: Trade receivables are non-interest bearing and are on terms of 90 days.

8. CASH AND CASH EQUIVALENTS

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Balances with bank		
- current account	**31.20**	488.83
Cheques on hand	**500.00**	—
	531.20	488.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

9. EQUITY SHARE CAPITAL

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(a) Authorised share capital		
5,00,00,000 (31-3-2017: 5,00,00,000) equity shares of ₹ 10 each	**5,000.00**	5,000.00
(b) Issued, subscribed and paid up		
2,76,42,000 (31-3-2017: 2,76,42,000) equity shares of ₹ 10 each	**2,764.20**	2,764.20

(c) 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 31-3-2017 ₹ 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

(d) 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 31-3-2017 % of Holding
Equity shares of ₹ 10 each fully paid				
Voltas Limited (holding company)	**2,76,42,000**	**100%**	2,76,42,000	100%

(e) Terms / rights attached to 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 which is paid as and when declared by the Board of Directors. 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.

10. OTHER EQUITY

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Balance as at the beginning of the year	**2,050.00**	1,325.00
Add : Transfer from Retained earnings	**725.00**	725.00
Balance as at the end of the year	**2,775.00**	2,050.00
Retained Earnings		
Balance as at the beginning of the year	**23,353.93**	19,017.70
Add : Profit for the year	**6,273.83**	10,053.65
Less : Transferred to General Reserve	**(725.00)**	(725.00)
Actuarial remeasurement gain / (loss) for the year through OCI	**0.24**	(2.03)
Dividend paid	**(4,837.35)**	(4,146.30)
Dividend Distribution tax	**(984.77)**	(844.09)
Balance as at the end of the year	**23,080.88**	23,353.93
Total other equity	**25,855.88**	25,403.93

Nature and purpose of reserves:

(a) General Reserve:

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit or loss.

(b) Retained Earnings:

The balance in the Retained Earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves.

Distribution made and proposed

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Final dividend for the year ended 31st March, 2017: ₹ 17.50 per share (31st March, 2016: ₹ 15 per share)	**4,837.35**	4,146.30
Dividend Distribution Tax on final dividend	**984.77**	844.09
	5,822.12	4,990.39
Proposed dividends on Equity shares:		
Final dividend for the year ended 31st March, 2018: ₹ 17.50 per share (31st March, 2017: ₹ 17.50 per share)	**4,837.35**	4,837.35
Dividend Distribution Tax on proposed dividend	**994.33**	984.77
	5,831.68	5,822.12

Note : Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at 31st March.

11. PROVISIONS

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(A) Non-current		
Provision for Gratuity (Refer Note 29)	**18.91**	15.46
(B) Current		
Provision for Compensated absences	**4.86**	4.40

12. TRADE PAYABLES

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Trade payables (Refer Note below)		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 27)	**0.46**	16.62
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**16,838.16**	19,661.27
	16,838.62	19,677.89

Note: Trade payables are non-interest bearing and are normally settled on 90 days period.

13. OTHER FINANCIAL LIABILITIES

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Current		
Creditors for capital goods	—	0.15
Security deposit from customer	**5.00**	5.00
	5.00	5.15

14. OTHER CURRENT LIABILITIES

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Statutory dues	**1,026.87**	162.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

15. REVENUE FROM OPERATIONS

	₹ in Lakhs	2016-17 ₹ in Lakhs
Sale of products and spare parts	**1,10,846.55**	1,40,506.45
Other operating revenue		
- Government Grant	**654.26**	—
- Scrap sales	**41.11**	73.93
	1,11,541.92	1,40,580.38

16. OTHER INCOME

	₹ in Lakhs	2016-17 ₹ in Lakhs
(a) Interest Income		
On deposits	**1.04**	1.10
(b) Other non-operating income	**3.95**	7.32
	4.99	8.42

17. CHANGES IN INVENTORIES OF FINISHED GOODS

	₹ in Lakhs	2016-17 ₹ in Lakhs
Inventories at the end of the year	**3,674.94**	5,008.02
Inventories at the beginning of the year	**5,008.02**	5,913.89
Net (increase) / decrease in inventories of finished goods	**1,333.08**	905.87

18. EMPLOYEE BENEFITS EXPENSE

	₹ in Lakhs	2016-17 ₹ in Lakhs
Salaries, wages and bonus	**439.84**	483.43
Contribution to provident and other funds (Refer Note 29)	**7.21**	7.68
Gratuity expenses (unfunded) (Refer Note 29)	**3.81**	3.30
Staff welfare expenses	**28.20**	31.51
	479.06	525.92

19. OTHER EXPENSES

	₹ in Lakhs	2016-17 ₹ in Lakhs
Consumption of stores and spare parts	**225.90**	289.90
Outside service charges	**515.17**	632.42
Power and fuel	**105.63**	101.80
Rent	**313.00**	330.79
Repairs and maintenance - plant and machinery	**112.61**	126.64
Repairs and maintenance - buildings	**5.03**	2.45
Insurance	**62.98**	70.84
Rates and taxes	**2.62**	0.22
Travelling and conveyance	**11.02**	16.12
Printing and stationery	**7.28**	12.80
Freight and forwarding	**306.94**	353.30
Sales commission	**2,604.37**	4,605.28
Payment to auditors (Refer Note 20)	**22.00**	43.66
Legal and professional fees	**17.38**	20.46
Corporate social responsibility (CSR) (Refer Note 21)	**207.95**	170.00
Miscellaneous expenses	**105.96**	95.72
	4,625.84	6,872.40

20. PAYMENT TO AUDITORS

		₹ in Lakhs	2016-17 ₹ in Lakhs
To Statutory auditors for			
(i)	Audit fees (including tax audit fees)	**13.00**	24.37
(ii)	Taxation matters	**—**	2.65
(iii)	Other services	**9.00**	10.61
(iv)	Reimbursement of expenses	**—**	0.30
		22.00	37.93
Service tax on above		**—**	5.73
		22.00	43.66

21. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES

		₹ in Lakhs	2016-17 ₹ in Lakhs
(a)	Gross amount required to be spent by the Company during the year	**207.73**	167.00
(b)	Amount actually spent on CSR activities in cash		
	(i) Construction / acquisition of any asset	—	—
	(ii) Others	**207.95**	170.00
		207.95	170.00

22. INCOME TAX

		₹ in Lakhs	2016-17 ₹ in Lakhs
(a)	**Tax expense recognized in Statement of Profit and Loss**		
	Current tax	**3,450.50**	3,272.00
	Adjustment on account of earlier years	—	31.52
	Deferred tax	**(7.37)**	18.58
	Income tax expense reported in the Statement of Profit and Loss	**3,443.13**	3,322.10
(b)	**Tax expense recognized in OCI**		
	Deferred tax related to items recognised in OCI during the year		
	Remeasurement (losses) / gains on defined benefits plan	**(0.12)**	1.08
(c)	**Reconciliation of tax expense and the accounting profit**		
	Profit before tax	**9,716.96**	13,375.75
	Statutory tax rate	**34.61%**	34.61%
	Income tax expense at statutory tax rate	**3,363.04**	4,629.35
	Disallowance of Corporate Social Responsibility expenditure	**71.97**	41.53
	Effect of deduction under Section 80 IC	—	(1,400.96)
	Effect of deduction under Section 80 G	—	(20.77)
	Other Items	**8.12**	41.43
	Adjustment of tax relating to earlier periods	—	31.52
	Income tax expense recognized in the Statement of Profit and Loss	**3,443.13**	3,322.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Sales tax matters	—	601.16
Service tax matters	—	11.94
Excise matters	**73.07**	73.07
	73.07	686.17

24. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for is Nil. (31st March, 2017: ₹ 0.61 lakh).

25. SEGMENT REPORTING

The Company is primarily engaged in the business of manufacturing and sale of room air conditioners in India. As per the Company's Chief Operating Decision Maker ("CODM"), the risks and returns from its sales do not vary materially. Accordingly, there are no other reportable segments as required to be reported under Ind AS 108 - 'Operating Segments'.

26. EARNINGS PER SHARE

		2016-17
Profit for the year (₹ in Lakhs)	**6,273.83**	10,053.65
Weighted average number of equity shares	**2,76,42,000**	2,76,42,000
Basic and diluted earnings per share of ₹ 10 each (in ₹)	**22.70**	36.37

27. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

		₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**0.46**	16.62
(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.	—	—

28. RELATED PARTY DISCLOSURES

(a) Details of Related Parties

Name of the related party	Relationship
(i) where control exists	
Voltas Limited	Holding Company
(ii) other related parties	
Mr. Mahendra K. Sharma	Key Management Personnel
Tata Teleservices Limited	Entity under common control
Tata Capital Financial Services Limited*	Entity under common control

(b) Related Party Transactions

(exclusive of indirect taxes) **₹ in Lakhs**

	Holding Company	Key Management Personnel	Entity under common control
Sale of goods	**89,065.64**	—	—
	(1,03,207.69)	—	—
Purchase of goods	**27,386.74**	—	—
	(50,548.58)	—	—
Dividend paid	**4,837.35**	—	—
	(4,146.30)	—	—
Sales commission	**2,491.23**	—	—
	(4,010.49)	—	—
Reimbursement of staff cost and other expenses	**234.87**	—	—
	(206.91)	—	—
Remuneration	—	**58.31**	—
	—	(52.34)	—
Rent	**3.44**	—	—
	(7.30)	—	—
Telephone expenses	—	—	**1.48**
	—	—	(0.42)

(c) Related Party Balances

	Holding Company	Key Management Personnel	Entity under common control
Trade Receivables	**35,798.28**	—	—
	(30,596.80)	—	—
Trade Payables	—	—	**0.11**
	—	—	(0.14)

* The Company has an arrangement with Tata Capital Financial Services Limited for vendor bill discounting without recourse to the Company.

(Figures in brackets represent amounts of previous year)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

29. EMPLOYEE BENEFIT EXPENSE

(i) Defined Contribution plans

In accordance with The Employees Provident Funds Act, 1952, employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

The Company contributed a total of ₹ 7.21 lakhs for the year ended 31st March, 2018 (31st March, 2017 : ₹ 7.68 lakhs) to the defined contribution plan.

(ii) Defined benefit plans

The Company has defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more services are eligible for gratuity. The level of benefit provided depends on the member's length of service and salary at retirement date. The gratuity plan is unfunded.

The following tables summaries the component of net benefit expenses recognised in the Statement of Profit and Loss, Other Comprehensive Income, the funded status and the amount recognised in the Balance Sheet for the gratuity plan:

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Amount recognized in Balance Sheet		
Defined benefit obligation	**18.91**	15.46
Plan assets	**—**	—
Net defined benefit obligation	**18.91**	15.46
Amount recognized in Statement of Profit and Loss		
Current service cost	**2.65**	2.27
Net interest expense	**1.16**	1.03
Included in Statement of Profit and Loss	**3.81**	3.30
Amount recognized in Other Comprehensive Income (OCI)		
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in financial assumptions	**(0.91)**	1.09
Actuarial (gains) / losses arising from experience adjustments	**0.55**	2.02
Included in OCI	**(0.36)**	3.11
Movements in the present value of the defined benefit obligation are as follows:-		
Opening defined benefit obligation	**15.46**	12.86
Current service cost	**2.65**	2.27
Interest cost	**1.16**	1.03
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	**(0.91)**	1.09
Actuarial (gains) / losses arising from experience adjustments	**0.55**	2.02
Benefits paid	**—**	(3.81)
Closing defined benefit obligation	**18.91**	15.46

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

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Discount rate(s)	**7.85%**	7.52%
Expected rate(s) of salary increase	**8.00%**	8.00%
Attrition rate	**2.00%**	2.00%
Retirement age	**58**	58
Mortality Rate	**IALM (2006 - 08)**	IALM (2006 - 08)

A quantitative sensitivity analysis for significant assumption is as shown below:

As at 31st March, 2018 ₹ in Lakhs

Assumptions	**Discount Rate**		**Future Salary increase**		**Attrition rate**	
Sensitivity Level	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
Impact on defined benefit obligations	**(2.43)**	**2.94**	**2.91**	**(2.44)**	**(0.07)**	**0.07**

As at 31st March, 2017 ₹ in Lakhs

Assumptions	Discount Rate		Future Salary increase		Attrition rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligations	(2.11)	2.58	2.54	(2.12)	(0.15)	0.17

The average duration of the defined benefit obligation is 17 years as on 31st March, 2018 and 31st March, 2017.

30. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard continuity and maintain a healthy capital ratio in order to support its business and provide adequate return to shareholders through continuous growth. The Company sets the amount of capital required on the basis of annual business. The funding requirements are met through a mixture of equity, internal accruals.

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Cash and cash equivalents (a)	**531.20**	488.83
Borrowings (b)	—	—
Equity	**28,620.08**	28,168.13
Net debt (c = b-a)	**—**	**—**
Total capital (equity + net debt)	**28,620.08**	28,168.13
Gearing Ratio	**—**	**—**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

31. FINANCIAL INSTRUMENTS

(A) Financial assets and liabilities

The accounting classification of each category of financial instruments, their carrying amounts and the categories of financial assets and liabilities measured at fair value, are set out below:

₹ in Lakhs

Particulars					As at 31-3-2017			
	FVTPL$	**FVTOCI$$**	**Amortised cost**	**Total**	FVTPL$	FVTOCI$$	Amortised cost	Total
Financial assets								
Trade receivables	—	—	**35,801.52**	**35,801.52**	—	—	30,611.02	30,611.02
Cash and cash equivalents	—	—	**531.20**	**531.20**	—	—	488.83	488.83
Other financial assets - current	—	—	**654.76**	**654.76**	—	—	—	—
Other financial assets - non-current	—	—	**58.38**	**58.38**	—	—	58.27	58.27
Total financial assets	—	—	**37,045.86**	**37,045.86**	—	—	31,158.12	31,158.12
Financial liabilities								
Trade payables	—	—	**16,838.62**	**16,838.62**	—	—	19,677.89	19,677.89
Other financial liabilities	—	—	**5.00**	**5.00**	—	—	5.15	5.15
Total financial liabilities	—	—	**16,843.62**	**16,843.62**	—	—	19,683.04	19,683.04

$ - Fair value through profit and loss

$$ - Fair value through other comprehensive income

All the financial assets and liabilities are carried at amortized cost, therefore no disclosure is being made for fair value of financial assets and liabilities.

(B) Financial risk management

The Company's Board approved financial risk policies comprise liquidity, interest rate and counterparty credit and foreign currency risk. The Company does not engage in any speculative treasury activity.

(a) Liquidity risk

The Company requires funds for short-term operational needs. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents provide liquidity. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted cash obligations.

As at 31st March, 2018 ₹ in Lakhs

Financial liabilities	**<1 year**	**1-2 Years**	**2-5 Years**	**> 5 Years**	**Total**
Trade payables	**16,838.62**	—	—	—	**16,838.62**
Other financial liabilities - Current	**5.00**	—	—	—	**5.00**
	16,843.62	—	—	—	**16,843.62**

As at 31st March, 2017 ₹ in Lakhs

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	19,677.89	—	—	—	19,677.89
Other financial liabilities - Current	5.15	—	—	—	5.15
	19,683.04	—	—	—	19,683.04

(b) Interest rate risk

The exposure of Company's financial assets and liabilities to interest rate risk is as follows:

As at 31st March, 2018 ₹ in Lakhs

Financial Assets	**Floating Rate Financial Assets**	**Fixed Rate Financial Assets**	**Non Interest Bearing Financial Assets**	**Total Financial Assets**
Other Financial Assets - Non-Current	—	—	**58.38**	**58.38**
Total Financial Assets - Non-Current	—	—	**58.38**	**58.38**
Trade receivables	—	—	**35,801.52**	**35,801.52**
Cash and cash equivalents	—	—	**531.20**	**531.20**
Other Financial Assets - Current	—	—	**654.76**	**654.76**
Total Financial Assets - Current	—	—	**36,987.48**	**36,987.48**

Financial Liabilities	**Floating Rate Financial Liabilities**	**Fixed Rate Financial Liabilities**	**Non Interest Bearing Financial Liabilities**	**Total Financial Liabilities**
Trade payables	—	—	**16,838.62**	**16,838.62**
Other Financial Liabilities - Current	—	—	**5.00**	**5.00**
Total Financial Liabilities - Current	—	—	**16,843.62**	**16,843.62**

As at 31st March, 2017 ₹ in Lakhs

Financial Assets	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non-Current	—	—	58.27	58.27
Total Financial Assets - Non-Current	—	—	58.27	58.27
Trade receivables	—	—	30,611.02	30,611.02
Cash and cash equivalents	—	—	488.83	488.83
Other Financial Assets - Current	—	—	—	—
Total Financial Assets - Current	—	—	31,099.85	31,099.85

Financial Liabilities	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Trade payables	—	—	19,677.89	19,677.89
Other financial liabilities - Current	—	—	5.15	5.15
Total Financial Liabilities - Current	—	—	19,683.04	19,683.04

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

(c) Counterparty credit risk

(i) Credit risk refers to the risk that 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.

(ii) The Company is exposed to credit risk from trade receivables, cash and cash equivalents and other financial instruments. The Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

(iii) None of the Company's cash or cash equivalents are past due or impaired. Regarding trade receivables and other financial assets (both current and non current), there were no indications as at 31st March, 2018 that defaults in payment obligation will occur.

(iv) Of the year end trade receivables and other financial assets balances, the following are not considered impaired as at 31st March, 2018 and 31st March, 2017:

		As at 31-3-2017
	₹ in Lakhs	₹ in Lakhs
Not past due	**36,456.28**	30,611.02

(d) Foreign currency risk

(i) The Company is exposed to the risk of changes in foreign exchange rates, primarily to the Company's operating activities (purchase of consumables in foreign currency).

(ii) The carrying amount of the Company's financial assets and liabilities as at 31st March, 2018 and as at 31st March, 2017 are denominated in INR.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Dolphy D'Souza
Partner
Membership No: 038730
Mumbai, 2nd May, 2018

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, 2nd May, 2018

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-Fifth Annual Report and Audited Financial Statements for the year ended 31st March, 2018.

1. **Financial Results:**

₹ in crores

	2017-18	2016-17
Revenue from operations	**172.85**	53.37
Other income	**0.56**	0.57
Total expenses	**171.23**	65.96
Profit/(Loss) before Tax	**2.18**	(12.02)
Tax expense	**2.03**	—
Profit/(Loss) after Tax	**0.15**	(12.02)

The Company has reported higher revenue of ₹ 173 crores for the year ended 31st March, 2018 as compared to ₹ 53 crores, last year. Profit Before Tax was ₹ 2 crores as compared to loss of ₹ 12 crores in the previous year. Most of the legacy projects are concluded. The Company has outstanding orders of ₹ 850 crores approx. and execution of some projects are in progress.

2. **Reserves:**

In view of the accumulated losses, 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 2017-18.

4. **Corporate Social Responsibility:**

As the Company had incurred losses during the last three financial years, the provisions of Section 135 of the Companies Act, 2013 (the Act) regarding Corporate Social Responsibility are not applicable.

5. **Number of Board Meetings:**

During the year under review, 5 Board Meetings were held on 3rd May, 2017; 20th July, 2017; 26th October, 2017; 18th January, 2018 and 9th March, 2018.

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

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

Mr. Sachin Tamhane was appointed as the Chief Financial Officer and KMP of the Company effective 20th July, 2017 in place of Mr. Bhushan Pandit.

Based on recommendation of Nomination and Remuneration Committee and subject to approval of Members at the Thirty-Fifth Annual General Meeting (AGM), the Board of Directors has appointed Mr. P. Kondal Rao as 'Manager and KMP' of the Company effective 1st April, 2018 in place of Mr. Indranil Chakraborty who separated from the services of the Company effective 31st March, 2018. The Resolution seeking approval of Members for appointment of Mr. P. Kondal Rao as Manager and KMP of the Company forms part of the Notice of AGM of the Company.

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 comprise 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, 2017; 20th July, 2017; 26th October, 2017 and 18th January, 2018.

9. **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee (NRC) comprise Mr. Anil George, Mr. Debendranath Sarangi and Mr. S. V. Phene. Mr. Anil George is the Chairman of NRC. During the year under review, 2 NRC Meetings were held on 20th July, 2017 and 9th March, 2018.

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 at the annual Independent Directors Meeting held on 9th March, 2018. The Independent Directors had also evaluated the performance of Non-Executive Directors, including Chairman and the Board as a whole and the feedback was shared with the Chairman of NRC. The performance of Directors, the Board as a whole and various Committees was reviewed and deliberated at the Board Meeting on 3rd May, 2018.

12. Statutory Auditors:

The Members had, at the 34th AGM of the Company held on 28th July, 2017, approved appointment of 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, subject to ratification of their appointment at every AGM, if so required under the Act. The approval of Members is being sought for ratification of appointment of SRBC as Statutory Auditors from the conclusion of 35th AGM till the conclusion of 36th AGM to be held in 2019, to examine and audit the accounts of the Company for 2018-19. The Auditors' Report for 2017-18 does not contain any qualification, reservation or adverse remark.

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 2017-18. 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 2017-18 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. Secretarial Standards:

The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

21. 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, 2018, 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 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.

22. General:

As regards item of Special Business in the Notice of 35th 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	**M. Gopi Krishna**
Mumbai, 3rd May, 2018	*Director*	*Director*

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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	Link Intime India Private Limited C-101, 247 Park, LBS 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:

Sr.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:

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 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 1-4-2017)				No. of Shares held at the end of the year (As on 31-3-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian-Bodies corporate	18,25,775	7	18,25,782	100	18,25,775	7	18,25,782	100	0
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter	**18,25,775**	**7**	**18,25,782**	**100**	**18,25,775**	**7**	**18,25,782**	**100**	**0**
B. Public Shareholding	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
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 1-4-2017)				No. of Shares held at the end of the year (As on 31-3-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	0	1,27,00,000	1,27,00,000	100	0	1,27,00,000	1,27,00,000	100	—
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A)	**0**	**1,27,00,000**	**1,27,00,000**	**100**	**0**	**1,27,00,000**	**1,27,00,000**	**100**	—
B. Public Shareholding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**0**	**1,27,00,000**	**1,27,00,000**	**100**	**0**	**1,27,00,000**	**1,27,00,000**	**100**	—

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2017)			Shareholding at the end of the year (As on 31-3-2018)			% 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	1,27,00,000	100%	Nil	1,27,00,000	100%	Nil	0
	Total	**1,27,00,000**	**100%**	**Nil**	**1,27,00,000**	**100%**	**Nil**	**0**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
At the beginning of the year (As on 1-4-2017)					
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)	1,27,00,000	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)	There is no change in Promoters Shareholding between 1-4-2017 and 31-3-2018			
At the end of the year (As on 31-3-2018)					
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 1-4-2017)					
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
6.	Sandhya S. Kudtarkar	0	0	0	0
Key Managerial Personnel					
1.	Indranil Chakraborty (Manager)	0	0	0	0
2.	Vishal Totla (Company Secretary)	0	0	0	0
3.	Bhushan Pandit (CFO) - upto 19th July, 2017	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 (31-3-2018)					
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			0	0
Key Managerial Personnel					
1.	Indranil Chakraborty (Manager)			0	0
2.	Vishal Totla (Company Secretary)			0	0
3.	Sachin Tamhane (CFO) (w.e.f 20th July, 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	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**
Change in Indebtedness during the financial year				
- Addition	14.55	—	—	14.55
- Reduction	—	2.00	—	2.00
Net Change	14.55	(2.00)		12.55
Indebtedness at the end of the financial year				
(i) Principal Amount	21.42	—	—	21.42
(ii) Interest due but not paid	—	4.52	—	4.52
(iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**21.42**	**4.52**	—	**25.94**

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
		Indranil Chakraborty
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	19.45
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify	Nil
5.	Others, please specify – Provident Fund, Superannuation Fund and Medical (exempt)	0.74
	Total	20.19
	Ceiling as per the Act	30.00

B. Remuneration to other Directors: Sitting fees is paid to Mr. Debendranath Sarangi (₹ 2.40 lakhs) and Mr. S. V. Phene (₹ 2.40 lakhs), Independent Directors and also to Ms. Sandhya. S. Kudtarkar (₹ 1.00 lakh), Non-Executive Woman 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			
		Bhushan Pandit CFO (upto 19.7.2017)	**Sachin Tamhane CFO (w.e.f 20.7.2017)**	**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	4.39	11.40	10.01	25.80
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	Nil	Nil	0.02
	(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, Superannuation and Medical (exempt)	0.28	0.53	0.51	1.32
	Total	4.69	11.93	10.52	27.14

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 2017-18.

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, 2018.

   (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, 2018.

   (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

Mumbai, 3rd May, 2018

Anil George *Director*

M. Gopi Krishna *Director*

Annexure III
SECRETARIAL AUDIT REPORT
Form No. MR-3
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[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, 2018 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, 2018 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; Overseas Direct Investment and External Commercial Borrowing; - **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 (Share Based Employee Benefits) Regulations, 2014;

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

 (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. Madhya Pradesh Labour Welfare Fund.
3. Bombay Shops & Establishment Act, 1948 (Maharashtra).
4. Bombay Stamp Act, 1958.
5. Child Labour (Prohibition and Regulation) Act, 1986 and Rules.
6. Children (Pledging of Labour) Act, 1933.
7. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
8. Employees Compensation Act, 1923.
9. Employees' Provident Funds Act and Miscellaneous Provisions Act, 1952.
10. Employees' State Insurance Act, 1948, Rules and Regulations.
11. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
12. Equal Remuneration Act, 1976.
13. E-waste (Management & Handling) Rules, 2011.
14. Finance Act, 1994 (Service Tax)
15. Goods and Service Tax Act.
16. Income-tax Act, 1961 and Rules.
17. The Maharashtra Workmen's Minimum House-Rent Allowance Act, 1983.
18. The Payment of Gratuity Act, 1972.
19. Maternity Benefit Act, 1961 and Rules.

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

21. Minimum Wages Act, 1948 and State Rules.

22. Payment of Bonus Act, 1965 and Rules.

23. Payment of Wages Act, 1936 and Rules.

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

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 and there was no change in the composition of the Board of Directors during the period under review.

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 during the audit period, no specific event has taken place which has any major bearing on the Company affairs.

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

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

Mumbai, 26th April, 2018

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, 26th April, 2018

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 March 31, 2018, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). 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 the design, implementation and maintenance of adequate internal financial control 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. 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, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 we have obtained 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 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 March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 3, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2017, as amended;
   (e) On the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, 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 2" to this report;
   (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 23 to the Ind AS 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.

For **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

Dolphy D'Souza
Partner
Membership Number: 38730

Mumbai, May 3, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in paragraph 1 under the heading "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) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including Provident Fund, Employees' State Insurance, Goods and Service Tax and other material statutory dues have been regularly deposited with the appropriate authorities except Income-tax, Value Added Tax, Service Tax where there have been slight delays in few cases.

(b) According to the information and explanations given to us, no undisputed dues in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Value Added Tax, Goods and Service Tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there were no dues outstanding of Income-tax, Wealth-tax, Service Tax, Customs Duty, Excise Duty and cess on account of any dispute. The dues outstanding in respect of Sales Tax on account of disputes are as follows:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which amount relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Sales Tax Act	Central Sales Tax, Value Added Tax, Works Contract Tax, Trade Tax and Entry Tax (including penalty and interest)	Commissioner of Appeals	2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2015-16	718.19	538.81
		Appellate Tribunal	2007-08 2011-12 2012-13 2014-15	983.45	733.95
		High Court	2012-13	715.95	715.95

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

Dolphy D'Souza
Partner
Membership Number: 38730

Mumbai, May 3, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ROHINI INDUSTRIAL ELECTRICALS LIMITED

Report on the Internal Financial Controls 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 March 31, 2018 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 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.

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") and the Standards on Auditing as specified under

Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls and, 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 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 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, 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 March 31, 2018 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 **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

Dolphy D'Souza
Partner
Membership Number: 38730

Mumbai, May 3, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

	Note	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
A. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	4	**80.22**	56.81
(b) Intangible assets	4	**6.94**	2.69
(c) Financial assets			
- Other financial assets	5	**—**	—
(d) Non-Current tax assets (Net)	6	**7.37**	76.76
(e) Other non-current assets	7	**619.26**	586.21
Total non-current assets		**713.79**	722.47
2. CURRENT ASSETS			
(a) Financial assets			
(i) Trade receivables	8	**6,417.00**	7,124.21
(ii) Cash and cash equivalents	9 A	**1.21**	309.12
(iii) Other bank balances	9 B	**9.15**	—
(iv) Other financial assets	5	**280.97**	12.40
(b) Other current assets	7	**9,614.63**	2,397.17
Total current assets		**16,322.96**	9,842.90
TOTAL ASSETS		**17,036.75**	10,565.37
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity share capital	10	**182.58**	182.58
Other equity	11	**(4,062.13)**	(4,078.05)
Total equity		**(3,879.55)**	(3,895.47)
2. LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial liabilities			
- Long-term borrowing	12	**6,794.23**	8,242.59
(b) Provisions	13	**7.55**	11.41
Total non-current liabilities		**6,801.78**	8,254.00
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Short-term borrowing	12	**4,414.25**	686.68
(ii) Trade payables	14	**9,039.15**	3,380.71
(iii) Other financial liabilities	15	**452.01**	652.01
(b) Provisions	13	**38.44**	25.02
(c) Other current liabilities	16 A	**139.10**	1,462.42
(d) Current tax liabilities	16 B	**31.57**	—
Total current liabilities		**14,114.52**	6,206.84
TOTAL EQUITY AND LIABILITIES		**17,036.75**	10,565.37
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

Dolphy D'Souza
Partner
Membership No. 38730

Mumbai, 3rd May, 2018

For and on behalf of the Board of Directors
Director **Anil George**
Director **M. Gopi Krishna**
Manager **P. Kondal Rao**
Chief Financial Officer **Sachin Tamhane**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

		Note	₹ In Lakhs	2016-17 ₹ In Lakhs
1.	**INCOME**			
	(a) Revenue from operations	17	**17,285.41**	5,337.39
	(b) Other income	18	**56.27**	57.52
	TOTAL INCOME		**17,341.68**	5,394.91
2.	**EXPENSES**			
	(a) Cost of jobs and services		**14,071.97**	4,295.62
	(b) Employee benefit expense	19	**704.43**	446.24
	(c) Finance costs	20	**913.62**	935.15
	(d) Depreciation and amortisation expense	4	**14.87**	10.14
	(e) Other expenses	21	**1,418.58**	909.51
	TOTAL EXPENSES		**17,123.47**	6,596.66
3.	**PROFIT/(LOSS) BEFORE TAX**		**218.21**	(1,201.75)
4.	**TAX EXPENSE**			
	Current tax		**203.85**	—
	TOTAL TAX EXPENSE		**203.85**	—
5.	**PROFIT/(LOSS) FOR THE YEAR**		**14.36**	(1,201.75)
6.	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to profit or loss:			
	Remeasurement of defined benefit plan (net of income tax effect)		**1.56**	0.31
7.	**TOTAL OTHER COMPREHENSIVE INCOME (NET OF INCOME TAXES)**		**1.56**	0.31
8.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**15.92**	(1,201.44)
9.	**EARNINGS PER EQUITY SHARE**	25		
	Basic and Diluted - (₹)		**0.79**	(65.82)
	Face value per equity share - (₹)		**10.00**	10.00
	Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

Dolphy D'Souza
Partner
Membership No. 38730

Mumbai, 3rd May, 2018

For and on behalf of the Board of Directors
Director **Anil George**
Director **M. Gopi Krishna**
Manager **P. Kondal Rao**
Chief Financial Officer **Sachin Tamhane**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity share capital

	₹ In Lakhs
Balance at 1st April, 2016	182.58
Changes in equity share capital	—
Balance at 31st March, 2017	182.58
Changes in equity share capital	—
Balance at 31st March, 2018	**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, 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)
Profit for the year	—	—	14.36	—	14.36
Other Comprehensive Income for the year (net of income taxes)	—	—	1.56	—	1.56
Total Comprehensive Income for the year	—	—	15.92	—	15.92
Balance at 31st March, 2018	**2,053.76**	**492.43**	**(12,077.58)**	**5,469.26**	**(4,062.13)**

The accompanying notes are an integral part of the financial statements.

As per our report of even date.
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

Dolphy D'Souza
Partner
Membership No. 38730

Mumbai, 3rd May, 2018

For and on behalf of the Board of Directors
Director **Anil George**
Director **M. Gopi Krishna**
Manager **P. Kondal Rao**
Chief Financial Officer **Sachin Tamhane**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2018

		₹ **In Lakhs**	2016-17 ₹ In Lakhs
A.	**Cash flow from Operating Activities**		
	Profit/(Loss) before tax	**218.21**	(1,201.75)
	Adjustments for:		
	Unclaimed credit balances written back	**(91.98)**	(739.21)
	Interest income	**(27.97)**	(57.52)
	Finance costs	**913.62**	935.15
	Depreciation and amortisation expenses	**14.87**	10.14
	Bad and doubtful debts/advances	**190.56**	47.65
	Provisions for employee benefits	**31.89**	(0.01)
	Loss on sale of property, plant and equipment	**—**	7.25
	Stamp duty charges on issue of shares	**—**	81.21
		1,249.20	(917.09)
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	**516.65**	1,359.15
	Financial assets	**(268.57)**	41.60
	Non financial assets	**(7,250.51)**	2,186.80
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**5,750.42**	(1,565.28)
	Other financial liabilities	**(200.00)**	(605.68)
	Non financial liabilities	**(1,344.19)**	(213.00)
	Cash generated from operations	**(1,547.00)**	286.50
	Income tax paid	**(102.89)**	—
	Net cash generated by Operating Activities (A)	**(1,649.89)**	286.50
B.	**Cash flow from Investing Activities**		
	Payments for purchase of property, plant and equipment	**(42.43)**	(8.45)
	Proceeds from disposal of property, plant and equipment	**—**	1.80
	Net cash generated by/(used in) Investing Activities (B)	**(42.43)**	(6.65)
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	**1,454.84**	—
	Proceeds from issue of redeemable preference shares	**—**	6,500.00
	Stamp duty charges paid	**—**	(81.21)
	Interest received	**27.97**	57.52
	Interest paid	**(89.25)**	(311.60)
	Net cash generated by/(used in) Financing Activities (C)	**1,393.56**	19.77
	Net increase/decrease in cash and cash equivalents (A+B+C)	**(298.76)**	299.62
	Cash and cash equivalents at the beginning of the year	**309.12**	9.50
	Cash and cash equivalents at the end of the year (Refer Note 9A/9B)	**10.36**	309.12

The accompanying notes are an integral part of the financial statements.

As per our report of even date.
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

Dolphy D'Souza
Partner
Membership No. 38730

Mumbai, 3rd May, 2018

For and on behalf of the Board of Directors

Director **Anil George**
Director **M. Gopi Krishna**
Manager **P. Kondal Rao**
Chief Financial Officer **Sachin Tamhane**
Company Secretary **Vishal Totla**

Mumbai, 3rd May, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. CORPORATE INFORMATION

Rohini Industrial Electricals Limited (the "Company") is a public limited company and is incorporated in India. The address of its registered office is Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400033.

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

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors and authorised for issue on 3rd May, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

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 (as amended from time to time).

The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy for amendments to the Standards that were issued by Ministry of Corporate Affairs (MCA), effective for annual period beginning from on or after 1st April 2017.

The 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.

Changes in accounting policies and disclosures

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The requirements of the amendment have no impact on the financial statements as there are no non-cash transactions in cash flow from financing activities required to be disclosed as per Ind AS 7 "Statement of Cash flow".

(B) 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 assets and 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.

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 are disclosed in Note 3A.

(C) FAIR VALUE MEASUREMENT

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:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(D) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade discounts, rebates and other similar allowances. Revenue includes excise duty however excludes GST, Sales Tax, Value Added Tax, Works Contract and any other indirect taxes or amounts collected on behalf of the Government.

(i) Revenue from construction contracts

When 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 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. 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.

The outcome of a construction contract is considered as estimated reliably when the stage of completion of the project reaches a reasonable level of completion, i.e. the expenditure incurred on construction costs is atleast 20% of the construction costs and it is reasonably expected that the counterparty will comply with the payment terms in the agreements.

When 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 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) Interest income

Interest income is recognised using the effective interest method.

(E) EMPLOYEE BENEFITS

(a) Retirement benefits costs and termination benefits

(i) Defined Contribution Plans

Payments to defined benefit contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company operates following defined contribution plans:

Provident and Pension Fund: 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 to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return is recognised as an expense in the year incurred.

(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 annual reporting period.

Remeasurement, comprising actuarial gains and losses and the return on plan assets (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 categorised as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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

The Company presents the first two components of defined benefit costs in profit or 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 actual deficit or surplus in the Company's defined benefit plans.

(b) Short term and other long term employee benefits

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

(F) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. The cost of property, plant and equipment comprise its purchase price, including import duties and non-refundable taxes and any directly attributable cost of bringing an asset to working condition and location for its intended use.

Projects under which the property, plant and equipment is not yet ready for their intended use are carried as capital work in progress at cost determined as aforesaid.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(G) INTANGIBLE ASSETS

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any.

Amortisation is recognised on a straight-line basis over their 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 estimate being accounted for on a prospective basis.

Estimated useful life of software considered is 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

(H) FOREIGN CURRENCY

The Company's financial statements are presented in INR, which is also the Company's functional currency.

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.

Non-monetary items denominated in a foreign currency are measured at historical cost and translated at exchange rate prevalent at the date of transaction.

(I) LEASES

Company as a lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(J) TAXES ON INCOME

Current Income 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 rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. 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.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax

According to Section 115JAA of the Income-tax Act, 1961, Minimum Alternative Tax (MAT) paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set- off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

(K) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(L) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables, loans and other financial assets.

Derecognition

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or it transfers the right to receive the contractual cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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 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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

  Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability at fair value through profit and loss.

- **Financial liabilities at amortised cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

- **Derecognition**

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Offsetting of financial instruments**

  Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(M) IMPAIRMENT

(a) Financial assets

The Company applies the expected credit loss model for recognising impairment loss on trade receivables 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 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 receivable, 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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.

(b) Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

(N) CASH AND CASH EQUIVALENTS

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

(O) EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

(P) SEGMENT REPORTING

Segments are identified based on the manner in which the Chief Operating Decision-Maker (CODM) decides about the resource allocation and reviews performance. The Board of Director has been identified as the CODM.

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.

(Q) OPERATING CYCLE

Operating cycle for the business activities of the Company covers the duration of the specific project/contract that usually exceeds one year. Accordingly, assets and liabilities related to these project/contracts, which will not be realised/paid within one year, have been classified as current.

3A. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 2, 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 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 amount of assets and liabilities within the next financial year.

Construction contracts

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 are 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 it 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 and it is probable that the economic benefits associated with flow to the Company. This requires exercise of judgement by management based on prior experience, application of contract terms, manner and terms of settlement and relationship with the customers, etc.

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 and 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.

Litigations

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each Balance Sheet date and revisions made for the changes in facts and circumstances.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

All assumptions are reviewed at each Balance Sheet date.

Useful lives of property, plant and equipment and intangible assets

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

3B. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 Revenue from Contracts with Customers notified on 28th March 2018 is effective from 1st April, 2018 and will supersede all current revenue recognition requirements. While an initial assessment of the standard does not indicate a significant impact, except for the disclosure requirements, a reliable estimate of the impact can be concluded only upon completion of the ongoing evaluation process.

Amendments to Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The requirements of the amendment have no impact on the financial statements as there is no subsidiary, joint venture or an associate that has been classified as held for sale.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April, 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively and are effective from 1st April, 2018. These amendments are not applicable to the Company.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1st April, 2018. However, the Company does not expect any effect on its financial statements.

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							
As 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
As at 31st March, 2017	62.56	4.63	47.63	33.03	147.85	53.71	201.56
Accumulated Depreciation							
As 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
As at 31st March, 2017	19.07	3.69	37.25	31.03	91.04	51.02	142.06
Net carrying amount as at 31st March, 2017	43.49	0.94	10.38	2.00	56.81	2.69	59.50
Gross carrying amount							
As at 1st April, 2017	62.56	4.63	47.63	33.03	147.85	53.71	201.56
Additions	—	2.87	34.98	—	37.85	4.68	42.53
Disposals/transfer	—	—	—	—	—	—	—
As at 31st March, 2018	**62.56**	**7.50**	**82.61**	**33.03**	**185.70**	**58.39**	**244.09**
Accumulated Depreciation							
As at 1st April, 2017	19.07	3.69	37.25	31.03	91.04	51.02	142.06
Charge for the year	5.41	1.48	7.35	0.20	14.44	0.43	14.87
Disposals/transfer	—	—	—	—	—	—	—
As at 31st March, 2018	**24.48**	**5.17**	**44.60**	**31.23**	**105.48**	**51.45**	**156.93**
Net carrying amount as at 31st March, 2018	**38.08**	**2.33**	**38.01**	**1.80**	**80.22**	**6.94**	**87.16**

5. Other financial assets (At amortised cost)

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(A) Non-current		
Other receivables and deposits		
Unsecured, considered good	**—**	—
Unsecured, considered doubtful	**58.45**	57.67
	(58.45)	57.67
Less: Allowance for doubtful other receivables and deposits	**58.45**	57.67
	—	—
(B) Current		
Other receivables and deposits (Unsecured, Considered good)	**13.97**	11.84
Other claim receivable	**264.40**	—
Interest receivable	**2.60**	0.56
	280.97	12.40

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

6. Non-current tax assets (Net)

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Advance income tax (Net)	**7.37**	76.76
	7.37	76.76

7. Other assets

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
(A) Non-current		
Advance to suppliers	**7.81**	0.98
Advances to employees	**34.11**	34.19
Less : Allowance for doubtful advance to employees and suppliers	**(41.92)**	(35.17)
	—	—
Deposits for tax and other statutory dues	**619.26**	586.21
	619.26	586.21
(B) Current		
Advance to suppliers	**111.22**	59.05
Advances to employees	**11.14**	12.92
Amount due from customers under construction contracts	**8,337.63**	1,905.58
Indirect tax recoverable	**1,134.16**	390.77
Prepaid expenses	**20.48**	28.85
	9,614.63	2,397.17

8. Trade receivables

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Trade receivables	**7,453.85**	9,896.25
Classification of security details:		
Unsecured, considered good (Receivables from holding company)	**2,725.70**	2,173.74
Unsecured, considered good (Other receivables)	**3,691.30**	4,950.47
Unsecured, considered doubtful	**1,036.85**	2,772.04
Gross current trade receivables	**7,453.85**	9,896.25
Less: Allowance for doubtful debts	**(1,036.85)**	(2,772.04)
Net current trade receivables	**6,417.00**	7,124.21

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.

Movement in expected credit loss allowance on trade receivable

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Balance at the beginning of the year	**2,772.04**	2,741.39
Less : Utilisation against write off	**(1,918.09)**	—
Add : Allowance during the year	**182.90**	30.65
Loss allowance as on 31st March, 2018	**1,036.85**	2,772.04

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

9. (A) Cash and cash equivalents

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Balances with bank in current account	**1.21**	309.12

9. (B) Bank balances other than under cash and cash equivalent

	₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs
Balance held as margin money with bank	**9.15**	—

10. Equity share capital

	₹ In Lakhs	As at 31-3-2017 ₹ in Lakhs
Authorised Share Capital		
50,00,000 (31st March, 2017: 50,00,000) Equity Shares of ₹ 10 each	**500.00**	500.00
Issued, subscribed and paid up shares		
18,25,782 (31st March, 2017: 18,25,782) Equity Shares of ₹ 10 each	**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

	No. of Shares	₹ in Lakhs
As at the beginning of the year	**18,25,782**	**182.58**
As at the end of the year	**18,25,782**	**182.58**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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

	No. of Shares	% of Holding
Equity Shares of ₹ 10 each fully paid		
Voltas Limited (holding company)	**18,25,782**	**100%**

(iv) As per records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2018 (31st March, 2017: Nil).

11. Other equity

			As at 31-3-2017
		₹ In Lakhs	₹ In Lakhs
(a)	General reserve	**2,053.76**	2,053.76
(b)	Securities premium	**492.43**	492.43
(c)	Additional capital contribution	**5,469.26**	5,469.26
(d)	Retained earnings	**(12,077.58)**	(12,093.50)
		(4,062.13)	(4,078.05)

			As at 31-3-2017
		₹ 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**		
	Balance at the beginning of the year	**5,469.26**	2,304.79
	Addition during the year	**—**	3,164.47
	Balance at the end of the year	**5,469.26**	5,469.26
(d)	**Retained earnings**		
	Balance at the beginning of the year	**(12,093.50)**	(10,892.06)
	Net Profit/(loss) for the year	**14.36**	(1,201.75)
	Remeasurement of post employment benefit obligation	**1.56**	0.31
	Balance at the end of the year	**(12,077.58)**	(12,093.50)

Footnotes: Nature and purpose of reserves

(i) General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit or loss.

(ii) Securities premium

Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.

(iii) Additional capital contribution

The Company had issued redeemable preference shares aggregating ₹ 12,700 lakhs (₹ 2,500 lakhs in 2011-12 , ₹ 3,700 lakhs in 2012-13 and ₹ 6,500 lakhs in 2016-17), for a period of 7 years and were cumulative with dividend of 0.01%. The 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".

(iv) Retained earnings

The balance in the Retained earnings primarily represents the deficit/profit of over the years.

12. Borrowing (At Amortised cost)

	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
(A) Long-term		
Redeemable preference shares [to holding company - Refer footnote (i)]	**6,794.23**	8,242.59
(B) Short-term		
Redeemable preference shares [to holding company - Refer footnote (i)]	**2,272.73**	—
Loans repayable on demand from bank - overdrafts [Refer footnote (ii)]	**2,141.52**	686.68
	4,414.25	686.68

Footnotes:

(i) Redeemable preference shares

Redeemable preference shares were issued in 2016-17: ₹ 6,500 lakhs, in 2011-12: ₹ 2,500 lakhs and in 2012-13: ₹ 3,700 lakhs for period of 7 years 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".

(ii) Loans repayable on demand

The Company has obtained an overdraft facility of ₹ 21,500 lakhs (including fund based ₹ 5,000 lakhs and non fund based limits ₹ 16,500 lakhs) from ICICI Bank Ltd having an effective interest rate of 8.25% to 9.25% and is repayable on demand. As at 31st March, 2018, the facility is utilised to the extent of ₹ 13,601.52 lakhs (fund based ₹ 2,141.52 lakhs and non fund based ₹ 11,460 lakhs). The facility is secured by way of charge on the movable fixed assets and current assets of the Company. Further, a corporate guarantee is also issued by the holding company in favour of the bank.

13. Provisions

	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
(A) Non-Current		
Gratuity (Refer Note 28)	**—**	11.41
Post-retirement compensated absences	**7.55**	—
	7.55	11.41
(B) Current		
Gratuity (Refer Note 28)	**11.11**	—
Compensated absences	**2.15**	12.80
Provision for contingency on indirect tax matters	**25.18**	12.22
	38.44	25.02

14. Trade payables

	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
Trade payables		
(i) total outstanding of micro enterprises and small enterprises (Refer Note 26)	**10.77**	10.48
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**8,644.21**	3,121.02
(iii) Retention money payable	**384.17**	249.21
	9,039.15	3,380.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

15. Other financial liabilities (At amortised cost)

		As at 31-3-2016
	₹ In Lakhs	₹ In Lakhs
Current		
Interest accrued (payable to holding company)	**452.01**	652.01

16. (A) Other current liabilities

		As at 31-3-2017
	₹ In Lakhs	₹ In Lakhs
Advance received from customers	**45.87**	1,309.46
Amount due to customers under construction contracts	**64.10**	137.75
Statutory dues (withholding taxes, GST etc.)	**29.13**	15.21
	139.10	1,462.42

16. (B) Current tax liabilities

		As at 31-3-2017
	₹ In Lakhs	₹ In Lakhs
Current tax liabilities (net)	**31.57**	—

17. Revenue from operations

		2016-17
	₹ In Lakhs	₹ In Lakhs
Construction contract revenue	**17,186.77**	4,598.18
Other operating revenue:		
Unclaimed credit balances written back	**91.98**	739.21
Sale of scrap	**6.66**	—
	17,285.41	5,337.39

18. Other income

		2016-17
	₹ In Lakhs	₹ In Lakhs
(a) Interest Income on:		
Income tax refund	**13.12**	33.56
On deposits with banks	**0.34**	—
Interest income under MSMED Act, 2006	**14.51**	23.96
(b) Others:		
Other Income	**28.30**	—
	56.27	57.52

19. Employee benefit expense

	₹ In Lakhs	2016-17 ₹ In Lakhs
Salaries and wages including bonus	**652.22**	397.27
Company's contribution to provident and other funds (Refer Note 28)	**18.39**	15.81
Staff welfare expenses	**33.82**	33.16
	704.43	446.24

20. Finance costs

	₹ In Lakhs	2016-17 ₹ In Lakhs
Interest expense on preference shares	**824.37**	623.52
Interest expense - others	**89.25**	311.63
	913.62	935.15

21. Other expenses

	₹ In Lakhs	2016-17 ₹ In Lakhs
Outside service charges	**643.85**	384.83
Travelling and conveyance	**131.52**	66.14
Insurance charges	**111.90**	40.10
Rates and taxes	**94.51**	103.00
Rent	**78.35**	56.01
Printing and stationery	**13.70**	8.87
Legal and professional charges	**36.93**	21.85
Stamp duty charges on issue of shares	**—**	81.21
Payment to auditors (Refer Note 22)	**20.80**	24.53
Power and fuel	**9.49**	11.76
Advances written off	**7.66**	17.00
Bad and doubtful debts/advances	**182.90**	30.65
Loss on sale of fixed assets (net)	**—**	7.25
Miscellaneous expenses	**86.97**	56.31
	1,418.58	909.51

22. Payment to auditors

	₹ In Lakhs	2016-17 ₹ In Lakhs
To statutory auditors for:		
(i) Audit Fees (including tax audit fees)	**19.83**	24.38
(ii) Reimbursement of expenses	**0.97**	0.15
	20.80	24.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

23. Contingent liabilities

		₹ **In Lakhs**	As at 31-3-2017 ₹ 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)	**127.40**	104.77
	Taxes, Cess and Duties (other than Income Tax)	**2,417.60**	3,055.62
		2,545.00	3,160.39

(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'. The largest customer of the Company is holding company. Apart from it, the Company does not have significant exposure to any single counter party.

25. Earnings Per Equity Share

	₹ **In Lakhs**	As at 31-3-2017 ₹ In Lakhs
Profit/(Loss) After Tax (₹ in Lakhs)	**14.36**	(1,201.75)
Weighted average number of Equity Shares	**18,25,782**	18,25,782
Basic and Diluted Earnings per share of ₹ 10 each (in ₹)	**0.79**	(65.82)

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

		₹ **In Lakhs**	As at 31-3-2017 ₹ In Lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**0.65**	2.75
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	**0.15**	0.75
(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.	**0.52**	0.01
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year.	**9.45**	6.97
(vi)	Total outstanding dues of Micro, Small and Medium Enterprises		
	- Principal	**0.65**	2.75
	- Interest	**10.12**	7.73
		10.77	10.48

27. Related Party Transactions

(A) List of related party and relationships

(i)	Parties where control exists	Voltas Limited, Holding company
(ii)	Other related parties where transactions have taken place during the year	Tata Consultancy Services Limited, entity in which ultimate parent has significant influence
(iii)	Key Managerial Person	Indranil Chakraborty (upto 31st March, 2018) P. Kondal Rao (w.e.f. 1st April, 2018)

(B) Related party transactions

	₹ In Lakhs	2016-17 ₹ In Lakhs
Transaction with Voltas Limited (Holding company)		
Construction Contract Revenue	**16,480.69**	5,721.92
Interest accrual on MSMED balances	**14.51**	23.92
Interest on inter corporate deposits (Net)	—	104.79
Reimbursement of staff cost (net)* and other expenses #	**526.73**	234.86
Repayment of inter corporate deposit	—	2,500.00
Issue of preference shares	—	6,500.00
Interest accrual on preference shares	**824.37**	623.52
Transaction with subsidiary of Tata Sons Limited - Tata Consultancy Services Limited		
Purchase of fixed asset	—	6.44
Other expense	—	2.35
* Includes reimbursement of cost related to Key Managerial Personnel		
# Includes rent, facility management, professional charges and project related expenses		
M. Valsaraj (upto 31st July, 2016)	—	7.16
Indranil Chakraborty (w.e.f. 1st August, 2016 till 31st March, 2018)	**20.57**	11.54

	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
Balances with Voltas Limited (Holding company)		
Trade receivables	**2,725.70**	2,173.74
Amount due from customer under ongoing projects	**6,799.16**	—
Advance from customers	**25.87**	1,098.25
Trade payables	**634.95**	851.14
Interest accrued and due on Inter corporate deposit	**452.01**	652.01
Preference shares (Refer Note 12)	**9,066.96**	8,242.59
Payable to subsidiaries of Tata Sons Limited		
Tata Consultancy Services Limited	**9.17**	9.17

Footnote :

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

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 ₹ 13.55 lakhs (for the year ended 31st March, 2017: ₹ 11.83 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 31-3-2017 ₹ In Lakhs
Discount rate(s)	**7.65%**	6.95%
Expected rate(s) of salary increase	**8.00%**	8.00%
Average longevity at retirement age for current beneficiaries of the plan (in years)	*	*
Average longevity at retirement age for current employees (future beneficiaries of the plan) (in years)	*	*

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

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

	₹ In Lakhs	2016-17 ₹ In Lakhs
Current service cost	**4.05**	3.52
Past service cost and (gain)/ loss from settlements	**—**	—
Net interest expense	**0.79**	0.46
Components of defined benefit costs recognised in profit or loss	**4.84**	3.98
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	**(0.77)**	1.55
Actuarial (gains)/losses arising from changes in demographic assumptions	**(0.77)**	—
Actuarial (gains)/losses arising from experience adjustments	**(0.92)**	(0.27)
Actual return on plan assets less interest on plan assets	**0.90**	0.04
Components of defined benefit costs recognised in other comprehensive income	**(1.56)**	(0.31)
	3.28	3.67

28. Employee benefit expense (contd.)

The current service cost and the net interest expense for the year are included in the 'Employee benefit 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 are as follows:

	₹ In Lakhs	As at 31-3-2017 ₹ In Lakhs
Present value of funded defined benefit obligation	**25.04**	25.49
Fair value of plan assets	**13.93**	14.08
Net liability arising from defined benefit obligation	**11.11**	11.41

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

	₹ In Lakhs	2016-17 ₹ In Lakhs
Opening defined benefit obligation	**25.49**	22.17
Current service cost	**4.05**	3.52
Interest cost	**1.77**	1.60
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(0.77)**	1.56
Actuarial (gains)/losses arising from changes in demographic assumptions	**(0.77)**	—
Actuarial (gains)/losses arising from experience adjustments	**(0.92)**	(0.27)
Benefits paid	**(3.81)**	(3.09)
Closing defined benefit obligation	**25.04**	25.49

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

	₹ In Lakhs	2016-17 ₹ In Lakhs
Opening fair value of plan assets	**14.08**	11.29
Interest income	**0.98**	1.14
Remeasurement gain/(loss):		
Actual return on plan assets less interest on plan assets	**(0.90)**	(0.04)
Contributions from the employer	**3.58**	4.78
Benefits paid	**(3.81)**	(3.09)
Closing fair value of plan assets	**13.93**	14.08

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 benefit 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

28. Employee benefit expense (contd.)

Sensitivity analysis

	₹ **In Lakhs**	2016-17 ₹ In Lakhs
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +1% Change in Rate of Discounting	**(1.00)**	(1.72)
Delta Effect of -1% Change in Rate of Discounting	**1.12**	1.98
Delta Effect of +1% Change in Rate of Salary Increase	**1.10**	1.94
Delta Effect of -1% Change in Rate of Salary Increase	**(1.01)**	(1.72)
Delta Effect of +1% Change in Rate of Employee Turnover	**(0.08)**	(0.15)
Delta Effect of -1% Change in Rate of Employee Turnover	**0.08**	0.17

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.

The average duration of the benefit obligation for active members as at 31st March, 2018 is 6 years (as at 31st March, 2017: 7.23 years). There were no deferred or retired members.

29. Going concern basis

The Company was incurring losses till previous year and its net worth is eroded. However, the financial statements of the Company have been prepared on a going concern basis :

- Based on the Holding company's confirmation of continuing support to the Company by way of infusion of funds from time to time and

- Expected cash flows and profitability from outstanding orders of more than ₹ 850 crores with the Company as on the reporting date.

30. Disclosure pursuant to Indian Accounting Standard - 11 'Construction Contracts'

	₹ **In Lakhs**	As at 31-3-2017 ₹ In Lakhs
Construction costs incurred plus recognised profits less recognised losses to date for all contracts	**46,354.29**	36,298.37
Contract revenue recognised for the year (Refer Note 17)	**17,186.77**	4,598.18
Advances received for contracts in progress (Refer Note 16 A)	**45.87**	1,309.46
Retention money for contracts in progress	**1,442.59**	—
Recognised and included in the financial statements as amounts due		
- from customers under construction contracts (Refer Note 7 B)	**8,337.63**	1,905.58
- to customers under construction contracts (Refer Note 16 A)	**64.10**	137.75
	8,273.53	1,767.83

31. Deferred tax assets

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

	₹ **In Lakhs**	As at 31-3-2017 ₹ 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	**9,578.28**	7,507.68
Deductible temporary differences		
- Allowance for Doubtful debts, advances and contingencies	**1,137.22**	2,869.38
- Fixed Assets: Impact of Difference between Tax Depreciation and Depreciation charges for Financial reporting	**50.80**	65.22
- Provision for employee benefit	**20.81**	24.21
Total temporary difference	**10,787.11**	10,466.49
Deferred tax asset (Refer footnote)	**3,566.22**	3,622.24

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 referred in Note 29) while maximising the return to stakeholders through optimisation of debt and equity. The primary objective of the Company's capital management is to maximise the shareholder value to maintain equity, protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. For the purpose of the Company's capital management, the Company includes within net debt, interest bearing overdraft facilities from banks and redeemable preference shares from holding company less cash and cash equivalents. Equity includes issued equity share capital and all other equity reserves attributable to the equity shareholders of the Company.

Gearing Ratio

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

	Note		As at 31-3-2017
		₹ In Lakhs	₹ In Lakhs
Debt (Long-term and short-terms borrowings)	12	**11,208.48**	8,929.27
Less: Cash and cash equivalents	9A/9B	**10.36**	309.12
Net debt		**11,198.12**	8,620.15
Equity Share Capital	10	**182.58**	182.58
Other Equity	11	**(4,062.13)**	(4,078.05)
Total equity		**(3,879.55)**	(3,895.47)
Gearing ratio		**(288.64%)**	(221.29%)

The Management reviews the capital structure of the Company on a periodic basis. In order to achieve the overall objective, the Company amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call the overdraft balance. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2018 and 31st March, 2017.

(B) Fair Value measurements

Financial instruments by category

₹ In Lakhs

	Note					As at 31-3-2017	
		FVTPL	**FVOCI**	**Amortised cost**	FVTPL	FVOCI	Amortised cost
Financial assets							
Trade receivables	8	—	—	**6,417.00**	—	—	7,124.21
Cash and cash equivalents	9A/9B	—	—	**10.36**	—	—	309.12
Other financial assets							
- Security deposits	5	—	—	**13.97**	—	—	11.84
- Interest receivable	5	—	—	**2.60**	—	—	0.56
Total financial assets		—	—	**6,443.93**	—	—	7,445.73
Financial liabilities							
Borrowings	12	—	—	**11,208.48**	—	—	8,929.27
Trade payables	14	—	—	**9,039.15**	—	—	3,380.71
Other financial liabilities	15	—	—	**452.01**	—	—	652.01
Total financial liabilities		—	—	**20,699.64**	—	—	12,961.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

Set out below, is a comparison of the carrying amounts and fair value of Company's financial instruments.

The carrying amounts of all the financial assets and financial liabilities measured at amortised cost in financial statements are a reasonable approximation of their fair value, since the Company does not anticipate that the carrying amount would be significantly different from the value that would eventually be received or settled.

(C) Finance risk management : Objectives & Policies

The Company's principal financial liabilities comprise of long term and short term borrowings, trade payables and other financial liabilities. The liabilities relate to financing Company's working capital cycle. The Company's financial assets comprise of trade receivables, cash and bank balances and other financial assets that arise directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's risk management assessment is carried out by the Board of Directors. The Finance in-charge identifies, evaluates and hedges financial risks as per the requirements of the business. The Board provides written principles for overall risk management, as well as policies covering specific areas such as interest rate risk and credit risk.

The below 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	Risk 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

(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.

The largest customer of the Company is its 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

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's 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 (31st March, 2018)	**Note No.**	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives						
Borrowings	12	4,414.25	2,272.73	638.39	3,883.11	11,208.48
Trade payables	14	8,654.98	384.17	—	—	9,039.15
Other financial liabilities	15	452.01	—	—	—	452.01
Total non-derivative liabilities		**13,521.24**	**2,656.90**	**638.39**	**3,883.11**	**20,699.64**

Contractual maturities of financial liabilities (31st March, 2017)	**Note No.**	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives						
Borrowings	12	686.68	2,066.12	2,646.37	3,530.10	8,929.27
Trade payables	14	3,131.50	249.21	—	—	3,380.71
Other financial liabilities	15	—	—	652.01	—	652.01
Total non-derivative liabilities		**3,818.18**	**2,315.33**	**3,298.38**	**3,530.10**	**12,961.99**

(iii) Market risk: Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt interest obligations with floating and fixed interest rates. The Company engages in financing activities at market linked rates and therefore, any changes in the domestic or global interest rates environment may impact future rates of borrowing. To manage this risk, the Company maintains an appropriate mix between fixed and floating rate borrowings. The Management maintains a robust portfolio mix of multiple borrowing products. Dynamic switching between various financing products coupled with a short maturity profile of the borrowing helps mitigate the interest rate risk adequately for short-term debt obligations. Further, for long term debt obligations, the Company regularly reviews the market interest rates for such obligations and negotiates with banks and financial institutions periodically and switches between similar financial products which are favourable to the Company thus mitigating the interest rate risk on long term obligations.

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

₹ In Lakhs

	31st March, 2018	31st March, 2017
Variable rate borrowings	**4,414.25**	686.68
Fixed rate borrowings	**6,794.23**	8,242.59
Total borrowings	**11,208.48**	8,929.27

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

Interest rate sensitivity analysis

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the borrowings.

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

The impact on the Company's profit before tax is due to changes in the finance cost of the Company due to changes in interest rates. The impact on the Company's equity is the post-tax impact of changes in the finance cost of the Company due to changes in interest rates.

Interest Rate Sensitivity	**Increase/Decrease in basis point**	**Effect on profit before tax ₹ in Lakhs**	**Effect on equity* ₹ in Lakhs**
For the year ended 31st March, 2018			
INR - Borrowings (excluding preference shares)	+50	(5.73)	(5.73)
	-50	5.73	5.73
For the year ended 31st March, 2017			
INR - Borrowings	+50	(11.41)	(11.41)
	-50	11.41	11.41

* The effect on equity is considered same as profit before tax as the Company is having accumulated losses and unabsorbed losses.

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

₹ In Lakhs

Nature of expenses	**For the year ended 31-3-2018**			
	Cost of jobs and services	**Salaries and wages**	**Other expenses**	**Total**
Salaries and wages	**14.12**	**704.43**	**—**	**718.55**
	(10.02)	(446.24)	(—)	(456.26)
Legal and professional expenses	**—**	**—**	**36.93**	**36.93**
	(2.59)	(—)	(21.85)	(24.44)
Outside service charges	**53.16**	**—**	**643.85**	**697.01**
	(147.11)	(—)	(384.83)	(531.94)
Travelling and conveyance	**1.04**	**—**	**131.52**	**132.56**
	(37.37)	(—)	(66.14)	(103.51)
Printing and stationary	**0.31**	**—**	**13.70**	**14.01**
	(1.51)	(—)	(8.87)	(10.38)
Rent Expenses	**1.11**	**—**	**78.35**	**79.46**
	(—)	(—)	(56.01)	(56.01)
Insurance charges	**0.02**	**—**	**111.90**	**111.92**
	(—)	(—)	(40.10)	(40.10)
Miscellaneous expenses	**0.46**	**—**	**86.97**	**87.43**
	(2.03)	(—)	(56.31)	(58.34)

Figures in brackets are of previous year.

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

₹ In Lakhs

Particulars	Note			31-3- 2017	
		Within 12 months	**After 12 months**	Within 12 months	After 12 months
Trade receivables	8	**6,417.00**	**—**	6,642.17	482.04
Cash and bank balances		**10.36**	**—**	309.12	—
Balances with bank in current account	9A	**1.21**	**—**	309.12	—
Balance held as margin money with bank	9B	**9.15**	**—**	—	—
Other financial assets					
Sundry receivables and deposits	5	**13.97**	**—**	11.84	—
Interest receivable	5	**2.60**	**—**	0.56	—
Other current assets					
Advance to suppliers	7	**111.22**	**—**	59.05	—
Advances to employees	7	**11.14**	**—**	12.93	—
Amount due from customers under construction contracts	7	**8,337.63**	**—**	1,905.58	—
Indirect tax recoverable	7	**1,134.16**	**—**	390.77	—
Prepaid expenses	7	**20.48**	**—**	28.85	—
Other non current assets					
Deposits for tax and other statutory dues	7	**619.26**	**—**	586.21	—
Borrowing					
Short-term borrowing	12	**4,414.25**	**—**	686.68	—
Long-term borrowing	12	**2,272.73**	**4,521.50**	—	8,242.59
Trade payables	14	**8,654.98**	**384.17**	3,131.50	249.21
Other financial liabilities					
Interest accrued (payable to holding company)	15	**—**	**452.01**	652.01	—
Provisions	13	**38.44**	**—**	25.02	—
Other current liabilities					
Advance received from customers	16A	**45.87**	**—**	1,309.46	—
Amount due to customers under construction contracts	16A	**64.10**	**—**	137.75	—
Statutory dues (withholding taxes, GST etc.)	16A	**29.13**	**—**	15.21	—
Current tax liabilities (net)	16B	**31.57**	**—**	—	—

35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 3rd May, 2018.

For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

Dolphy D'Souza
Partner
Membership No. 38730

Mumbai, 3rd May, 2018

For and on behalf of the Board of Directors

Director	**Anil George**
Director	**M. Gopi Krishna**
Manager	**P. Kondal Rao**
Chief Financial Officer	**Sachin Tamhane**
Company Secretary	**Vishal Totla**

Mumbai, 3rd May, 2018

AUTO AIRCON (INDIA) LIMITED

Directors :
Anil George
V. P. Malhotra
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Twenty Third Annual Report and Accounts for the year ended 31st March, 2018.

1. **Financial Results:**

   The Company has reported Other Income of ₹ 23.93 lakhs for the year ended 31st March, 2018, primarily on account of receipt of interest on refund of excise duty. The Company has reported profit of ₹ 23.87 lakhs for the year ended 31st March, 2018 as compared to loss of ₹ 0.08 lakh in the previous year.

2. **Dividend:**

   The Directors do not recommend any dividend.

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

   During 2017-18, four Board Meetings were held on 16th May, 2017; 21st July, 2017; 30th October, 2017 and 30th January, 2018.

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 (the Act) are not applicable to the Company.

5. **Statutory Auditors:**

   The Members had, at the Twenty Second Annual General Meeting (AGM) of the Company held on 29th July, 2017, approved appointment of 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, subject to ratification of their appointment at every AGM, if so required under the Act. The approval of Members is being sought for ratification of appointment of M/s. Abhay Bhagat & Co., as Statutory Auditors from the conclusion of 23rd AGM till the conclusion of 24th AGM, to examine and audit the accounts of the Company for financial year 2018-19. The Auditors' Report for 2017-18 does not contain any qualification, reservation or adverse remark.

6. **Audit Committee:**

   Pursuant to Notifications dated 5th July, 2017 and 13th July, 2017 issued by Ministry of Corporate Affairs (MCA), the Company being wholly owned subsidiary of Voltas Limited is exempted from the requirement of appointment of Independent Directors and constitution of Audit Committee. The Company has therefore discontinued Audit Committee with effect from 22nd July, 2017.

7. **Extract of the Annual Return:**

   Pursuant to Section 92(3) of the Act, 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 Act 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 Act and the Company's Articles of Association, Mr. Vinod Chandrashekar retires by rotation and being eligible, offers himself for re-appointment.

10. **Particulars of contracts or arrangements with related parties:**

    The related party transactions during 2017-18 were in the ordinary course of business. There are no 'material' contracts or arrangements or transactions and hence, disclosure in Form No. AOC-2 is not required.

11. **Secretarial Standards:**

    The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2).

12. **Directors' Responsibility Statement:**

    Pursuant to Section 134(5) of the Act, 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, 2018 and of the profit 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 Act, 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, 2nd May, 2018 *Directors*

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

as on the financial year ended on 31st March, 2018

[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 1-4-2017)				No. of Shares held at the end of the year (As on 31-3-2018)				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
Bodies Corporate	Nil	1,13,00,000	1,13,00,000	100%	Nil	1,13,00,000	1,13,00,000	100%	Nil
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**Nil**	**1,13,00,000**	**1,13,00,000**	**100%**	**Nil**	**1,13,00,000**	**1,13,00,000**	**100%**	**Nil**
B. Public Shareholding	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grand Total (A+B+C)	**Nil**	**1,13,00,000**	**1,13,00,000**	**100%**	**Nil**	**1,13,00,000**	**1,13,00,000**	**100%**	**Nil**

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1-4-2017)			Shareholding at the end of the year (As on 31-3-2018)			% 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	Nil
2.	Voltas Limited Jointly with Anil George	1	—	Nil	1	—	Nil	Nil
3.	Voltas Limited Jointly with V. P. Malhotra	1	—	Nil	1	—	Nil	Nil
4.	Voltas Limited Jointly with Vinod Chandrashekar	1	—	Nil	1	—	Nil	Nil
5.	Voltas Limited Jointly with Utsav Shah	1	—	Nil	1	—	Nil	Nil
6.	Voltas Limited Jointly with Rajesh Bhatia	1	—	Nil	1	—	Nil	Nil
7.	Voltas Limited Jointly with Sanjay Johri	1	—	Nil	1	—	Nil	Nil
8.	Voltas Limited Jointly with Jayant Balan	1	—	Nil	1	—	Nil	Nil
	Total	**1,13,00,000**	**100%**	**Nil**	**1,13,00,000**	**100%**	**Nil**	**Nil**

(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 2017-18.

(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 (1-4-2017)					
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 (31-3-2018)					
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 2017-18.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

On behalf of the Board of Directors

Anil George
V. P. Malhotra

Mumbai, 2nd May, 2018 *Directors*

INDEPENDENT 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, 2018, 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, 2018, and its profit (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, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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.

For **Abhay Bhagat & Co.**
Chartered Accountants
(Firm's Registration No. 120036W)

Abhay Bhagat
Proprietor
(Membership No. 042552)

Mumbai, 10th May, 2018

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, 2018

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, 2018 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 **Abhay Bhagat & Co.**
Chartered Accountants
(Firm's Registration No. 120036W)

Abhay Bhagat
Proprietor
(Membership No. 042552)

Mumbai, 10th May, 2018

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, 2018, 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 ICAI. 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, 2018, 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 **Abhay Bhagat & Co.**
Chartered Accountants
(Firm's Registration No. 120036W)

Abhay Bhagat
Proprietor
Mumbai, 10th May, 2018 (Membership No. 042552)

BALANCE SHEET AS AT 31ST MARCH, 2018

	Notes	₹ in '000s	As at 31-3-2017 ₹ in '000s
I. ASSETS			
(1) Non-Current Assets			
Property, Plant and Equipment	2	**3**	3
		3	3
(2) Current Assets			
Financial Assets			
(a) Cash and cash equivalents	3	**27**	3,452
(b) Other Current Assets	4	**16**	16
		43	3,468
TOTAL ASSETS		**46**	3,471
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	5	**1,13,000**	1,13,000
(b) Other Equity	6	**(1,19,036)**	(1,21,423)
		(6,036)	(8,423)
(2) Current Liabilities			
Financial Liabilities			
(a) Trade payables	7		
(i) Total Outstanding Dues of Micro and Small Enterprise		**—**	—
(ii) Total Outstanding Dues of Creditors other than Micro and Small Enterprise		**6,082**	8,772
(b) Other current liabilities	8	**—**	3,122
Total current liabilities		**6,082**	11,894
TOTAL EQUITY AND LIABILITIES		**46**	3,471
Summary of Significant Accounting Policies	1		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

	Notes	₹ in '000s	2016-17 ₹ in '000s
I. INCOME			
Revenue			
Revenue from Operations		**—**	—
Other Income		**2,393**	—
TOTAL INCOME		**2,393**	—
II. EXPENSES	9		
(a) Statutory Audit Fees		**4**	3
(b) Legal and Professional charges		**1**	1
(c) Other General Expenses		**1**	4
TOTAL EXPENSES		**6**	8
III. PROFIT/(LOSS) BEFORE TAX		**2,387**	(8)
IV. INCOME TAX EXPENSES			
Current Tax		**—**	—
TOTAL TAX EXPENSES		**—**	—
V. PROFIT/(LOSS) FOR THE PERIOD		**2,387**	(8)
Other Comprehensive income for the period, net of tax		**—**	—
Total Comprehensive Income for the period		**2,387**	(8)
Earnings per share -	11		
(a) Basic - (₹)		**2.11**	(0.00)
(b) Diluted - (₹)		**2.11**	(0.00)
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 **Abhay Bhagat & Co.**
Chartered Accountants

Abhay Bhagat
Proprietor
Mumbai, 10th May, 2018

For and on behalf of the Board of Directors

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

Mumbai, 2nd May, 2018

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2018

A. EQUITY SHARE CAPITAL

	Notes	₹ in '000s
As at 31st March, 2017	5	1,13,000
Changes in Equity share capital		—
As at 31st March, 2018	5	**1,13,000**

B. OTHER EQUITY

Balance as at 31st March, 2017	(1,21,423)
Profit for the year	2,387
Balance as at 31st March, 2018	**(1,19,036)**

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

In terms of our report attached.

For **Abhay Bhagat & Co.**
Chartered Accountants

Abhay Bhagat
Proprietor
Mumbai, 10th May, 2018

For and on behalf of the Board of Directors

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

Mumbai, 2nd May, 2018

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2018

		Notes	₹ in '000s	2016-17 ₹ in '000s
A.	**Cash flow form Operating Activities**			
	Profit/(Loss) Before Tax		**2,387**	(8)
	Adjustment for Depreciation		**—**	—
	Operating Profit before working capital changes		**2,387**	(8)
	Changes in Working Capital			
	Adjustments for (increase)/decrease in operating assets			
	Other Current Assets		**—**	3,428
	Adjustments for increase/(decrease) in operating liabilities			
	Trade Payables		**(2,690)**	—
	Other Current Liabilites		**(3,122)**	—
	Cash generated from operations		**(3,425)**	3,420
	Income Tax (Paid)/ Refund		**—**	—
	Net Cash Flow from Operating Activities (A)		**(3,425)**	3,420
	Net Cash Flow from Investing Activites (B)		**—**	—
	Net Cash used in Financing Activites (C)		**—**	—
B.	**Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)**		**(3,425)**	3,420
	Cash and Cash equivalents at the beginning of the year	4	**3,452**	32
	Cash and Cash equivalents at the end of the year	4	**27**	3,452
Summary of Significant Accounting Policies		1		

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

In terms of our report attached.

For **Abhay Bhagat & Co.**
Chartered Accountants

Abhay Bhagat
Proprietor
Mumbai, 10th May, 2018

For and on behalf of the Board of Directors

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

Mumbai, 2nd May, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 were 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 provisions is made.

(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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

2. 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, 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
Gross carrying amount					
At 1st April, 2017	927	1,617	130	324	2,998
Additions	—	—	—	—	—
Adjustment	—	—	—	—	—
Transition	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2018	**927**	**1,617**	**130**	**324**	**2,998**
Depreciation					
At 1st April, 2017	926	1,616	130	323	2,995
Charge for the year	—	—	—	—	—
Adjustments	—	—	—	—	—
Disposals	—	—	—	—	—
At 31st March, 2018	**926**	**1,616**	**130**	**323**	**2,995**
Net carrying amount at 31st March, 2018	**1**	**1**	**—**	**1**	**3**

3. Cash and Cash Equivalents

		As at 31-3-2017
	₹ in '000s	₹ in '000s
Cash in hand	**1**	1
Balances with bank in current account	**26**	3,451
	27	3,452

4. Other Current Assets

		As at 31-3-2017
	₹ in '000s	₹ in '000s
Advance with public bodies	**16**	16
Other recoverable from customer and others	**—**	—
	16	16

5. Equity Share Capital

		As at 31-3-2017
	₹ 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
Issued, Subscribed and Paid up		
1,13,00,000 (Previous year: 1,13,00,000) Equity Shares of ₹ 10 each	**1,13,000**	1,13,000

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 31-3-2017	
	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	113,000

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

			As at 31-3-2017	
	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%

6. Other Equity

		As at 31-3-2017
	₹ in '000s	₹ in '000s
Retained Earnings		
Opening balance	**(1,21,423)**	(1,21,415)
Net Profit/(Loss) for the period	**2,387**	(8)
Closing balance	**(1,19,036)**	(1,21,423)
Total Other Equity	**(1,19,036)**	(1,21,423)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (contd.)

7. Trade Payables

		As at 31-3-2017
	₹ 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	**6,082**	8,772
Total	**6,082**	8,772

8. Other Current Liabilities

		As at 31-3-2017
	₹ in '000s	₹ in '000s
Others	**—**	3,122

9. Other Operating and General Expenses

		2016-17
	₹ in '000s	₹ in '000s
Operating expenses consist of the following :		
Payment to Auditors [Refer Note below]	**4**	3
Legal and Professional charges	**1**	1
Other General Expenses	**1**	4
Total	**6**	8

Note: Payment made to Statutory Auditors:

		2016-17
	₹ in '000s	₹ in '000s
(i) Statutory Audit	**3**	3
(ii) Service Tax	**—**	—
(iii) Goods and Services Tax	**1**	—
Total Audit Fees	**4**	3

10. Additional Information to the Financial Statements

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

11. Disclosures under Accounting Standards

Annualised earnings per Equity Share have been calculated based on Net Profit/(loss) after taxation of ₹ 23,93,524 [Previous year : (₹ 8,249)]

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

		2016-17
Basic and Diluted earnings per share (₹)	**2.11**	(0.00)

12. Related party transactions

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

	Amounts owed to related parties	
		As at 31-3-2017
	₹ in '000s	₹ in '000s
Voltas Limited (Holding Company)	**6,078.00**	8,768.00

The amount repaid during the reporting period:

		2016-17
	₹ in '000s	₹ in '000s
Voltas Limited (Holding Company)	**2,690.00**	Nil

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

13. Segment Reporting

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

Signatures to Notes 1 to 13

For and on behalf of the Board of Directors

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

Mumbai, 2nd May, 2018

WEATHERMAKER LIMITED

Directors :

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

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Fifth Annual Report and Accounts for the year ended 31st December, 2017.

2. Drop in order bookings coupled with delay in clearances for production from some clients affected the overall performance of the Company during the year under review. The Company reported lower turnover of United Arab Emirates Dirham (AED) 17.747 million during the year ended 31st December, 2017, as compared to AED 18.979 million in the previous year. Net profit was also lower at AED 1.625 million as compared to AED 3.270 million in the previous year.

3. The Directors recommended dividend of AED 3.000 million, partly from Retained Earnings for the year ended 31st December, 2017 (previous year : AED 2.000 million).

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

Directors

B. G. Prabhuajgaonkar
Jayant Balan

Dubai, 28th March, 2018

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, 2017, 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, 2017, 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 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 for 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, 28th March 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

	Notes	**AED**	As at 31-12-2016 AED	**₹ in '000s**	As at 31-12-2016 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**2,28,443**	4,52,161	**3,989**	8,374
Intangible assets	7	**1,29,061**	—	**2,253**	—
		3,57,504	4,52,161	**6,242**	8,374
CURRENT ASSETS					
Inventories	8	**26,79,954**	22,93,029	**46,792**	42,467
Trade and other receivables	9	**1,17,90,379**	1,10,91,084	**2,05,860**	2,05,408
Other current financial assets	11	**12,25,012**	4,19,195	**21,389**	7,763
Cash and cash equivalents	12	**34,88,167**	58,72,852	**60,903**	1,08,765
		1,91,83,512	1,96,76,160	**3,34,944**	3,64,403
TOTAL ASSETS		**1,95,41,016**	2,01,28,321	**3,41,186**	3,72,777
EQUITY AND LIABILITIES					
SHAREHOLDER'S EQUITY FUNDS					
Share capital	13	**15,00,000**	15,00,000	**26,190**	27,780
Retained earnings		**1,38,96,617**	1,42,71,328	**2,42,635**	2,64,305
		1,53,96,617	1,57,71,328	**2,68,825**	2,92,085
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	14	**7,29,116**	6,97,021	**12,730**	12,910
CURRENT LIABILITIES					
Trade and other payables	15	**34,15,283**	36,59,972	**59,631**	67,782
		34,15,283	36,59,972	**59,631**	67,782
TOTAL LIABILITIES		**41,44,399**	43,56,993	**72,361**	80,692
TOTAL EQUITY AND LIABILITIES		**1,95,41,016**	2,01,28,321	**3,41,186**	3,72,777

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

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 AED = ₹ 17.46 being the exchange rate prevailing as on 31st December, 2017. Previous year figures have been converted @ 1 AED = ₹18.52 being the exchange rate prevailing as on 31st December, 2016.

Directors

B. G. Prabhuajgaonkar

Jayant Balan

Dubai, 28th March, 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31ST DECEMBER, 2017

	Notes	AED	2016 AED	₹ in '000s	2016 ₹ in '000s
Revenue		**1,77,47,432**	1,89,79,331	**3,19,276**	3,47,512
Cost of sales	18	**(1,39,61,033)**	(1,37,78,510)	**(2,51,159)**	(2,52,285)
Gross Profit		**37,86,399**	52,00,821	**68,117**	95,227
Other income	19	**4,83,278**	10,41,482	**8,694**	19,070
Distribution costs	20	**(6,35,688)**	(6,39,561)	**(11,436)**	(11,710)
Administrative expenses	21	**(20,21,131)**	(23,32,529)	**(36,360)**	(42,709)
Interest income	23	**12,431**	3,157	**224**	58
Finance cost		**—**	(3634)	**—**	(67)
Profit for the year		**16,25,289**	32,69,736	**29,239**	59,869
Other comprehensive income for the year		**—**	—	**—**	—
Total Comprehensive Income for the year		**16,25,289**	32,69,736	**29,239**	59,869

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

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 AED = ₹ 17.99 being the average of the exchange rates prevailing as on 31st December, 2016 (1 AED = ₹ 18.52) and as on 31st December, 2017 (1 AED = ₹ 17.46). Previous year figures have been converted @ 1 AED = ₹ 18.31 being the average of the exchange rates prevailing on 31st December, 2015 (1 AED = ₹ 18.09) and as on 31st December, 2016 (1 AED = ₹ 18.52).

Directors

B. G. Prabhuajgaonkar

Jayant Balan

Dubai, 28th March, 2018

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

	Share Capital		**Retained Earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2016	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
Total comprehensive income for the year	—	—	16,25,289	29,239	16,25,289	29,239
Final dividend for the year 2016	—	—	(20,00,000)	(37,040)	(20,00,000)	(37,040)
Balance at 31st December, 2017	**15,00,000**	**26,190**	**1,38,96,617**	**2,42,635**	**1,53,96,617**	**2,68,825**

Dividend proposed after the reporting date but before the financial statements were authorised for issue of AED 30,00,000 (₹ 52.380 million) [Previous year : AED 20,00,000 (₹ 37.040 million)] represent a dividend per share of AED 7.35 (₹ 128.24) [Previous year : AED 4.90 (₹ 90.69)].

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

			2016		2016
	Note	**AED**	AED	**₹ in '000s**	₹ in '000s
Cash flows from operating activities					
Profit for the year		**16,25,289**	32,69,736	**29,239**	59,869
Adjustments for:					
Depreciation of property, plant and equipment		**1,55,186**	1,90,080	**2,792**	3,480
Amortisation of intangible assets		**15,263**	—	**275**	—
Interest income		**(12,431)**	(3,157)	**(224)**	(58)
Finance costs		**—**	3,634	**—**	67
Profit on sale of property, plant and equipment (net)		**(1,29,933)**	(1,562)	**(2,337)**	(29)
Provision for impairment of trade receivables		**—**	1,81,275	**—**	3,319
Provision for impairment of other receivables		**32,000**	—	**576**	—
Provision for slow moving inventories written back		**(15,168)**	(1,74,335)	**(273)**	(3,192)
Provision for impairment of trade receivables written back		**—**	(7,21,070)	**—**	(13,203)
Credit balance written back		**(2,47,582)**	(25,000)	**(4,454)**	(458)
Provision for staff end-of-service benefits		**1,17,344**	1,21,979	**2,111**	2,233
		15,39,968	28,41,580	**27,705**	52,028
Increase in inventories		**(3,71,757)**	(11,31,625)	**(4,060)**	(21,382)
(Increase) / decrease in trade and other receivables		**(7,30,337)**	16,33,545	**(995)**	24,905
Increase / (decrease) in trade and other payables		**2,893**	(62,331)	**(3,829)**	457
Staff end-of-service benefits paid		**(86,207)**	(89,144)	**(1,551)**	(1,632)
Net cash generated from operations		**3,54,560**	31,92,025	**6,191**	59,116
Interest paid		**—**	(3,634)	**—**	(67)
Net cash from operating activities		**3,54,560**	31,88,391	**6,191**	59,049
Cash flows used in investing activities					
Proceeds on disposal of property, plant and equipment		**2,20,845**	2,500	**3,973**	46
Payments for property, plant and equipment		**(22,380)**	(26,960)	**(403)**	(494)
Payments for intangible assets		**(1,44,324)**	—	**(2,596)**	—
Decrease in other current financial assets		**(8,05,817)**	(309)	**(13,625)**	(186)
Interest received		**12,431**	3,157	**224**	58
Net cash used in investing activities		**(7,39,245)**	(21,612)	**(12,907)**	(400)
Cash flows from financing activities					
Decrease in acceptances		**—**	(94,452)	**—**	(1,709)
Dividend paid		**(20,00,000)**	—	**(37,040)**	—
Net cash used in financing activities		**(20,00,000)**	(94,452)	**(34,920)**	(1,749)
Net (decrease) / increase in cash and cash equivalents		**(23,84,685)**	30,72,327	**(47,862)**	58,104
Cash and cash equivalents at beginning of the year		**58,72,852**	28,00,525	**1,08,765**	50,661
Cash and cash equivalents at end of the year	12	**34,88,167**	58,72,852	**60,903**	1,08,765

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

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

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) WEATHERMAKER LIMITED ("the Company") is a Limited Liability Company incorporated in the Isle of Man, on 12th October, 1992. The registered office is Burleigh Manor, Peel Road, Douglas, Isle of Man IM1 5EP. 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, incorporated in India, which is considered to be the ultimate parent company.

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, 2017 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 operations, 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 7 Disclosure Initiative

  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.

New and revised IFRSs in issue but not yet effective

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

- IFRS 9: Financial instruments (1st January, 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.

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

- 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 finance 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 recognise 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 de-recognised, 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 income / expenses' in profit or loss.

(b) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over five years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

(c) Impairment of tangible and intangible assets

At each reporting date, the management reviews the carrying amounts of its tangible 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. 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.

(d) Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable value. Cost comprises of direct materials, labour and other attributable overheads.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) Provisions

A provision is recognised 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 recognised 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.

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

(j) 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.

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.

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.

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.

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.

(k) Fair value measurement

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

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

4. SIGNIFICANT JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

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

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets 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 29,36,078 (₹ 51.264 million) [Previous year : AED 25,64,321 (₹ 47.491 million)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the Company from third parties (see Note 9) 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, intangible assets 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 7,29,116 (₹ 12.730 million) [Previous year : AED 6,97,021 (₹ 12.909 million)] assuming that all employees were to leave as of the reporting date. The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

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

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, 2016	9,16,833	16,586	37,74,613	68,283	4,96,678	8,985	2,80,000	5,065	54,68,124	98,919
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	39,54,613	73,239	4,19,428	7,768	3,50,000	6,482	56,40,874	1,04,469
Additions	—	—	—	—	22,380	403	—	—	22,380	403
Disposals	—	—	(67,126)	(1,208)	(98,922)	(1,780)	(30,000)	(540)	(1,96,048)	(3,528)
Assets written off	—	—	(4,65,767)	(8,379)	—	—	—	—	(4,65,767)	(8,379)
Transfer to a related party	—	—	(30,507)	(549)	—	—	—	—	(30,507)	(549)
At 31st December, 2017	**9,16,833**	**16,008**	**33,91,213**	**59,211**	**3,42,886**	**5,987**	**3,20,000**	**5,587**	**49,70,932**	**86,793**
Accumulated depreciation										
At 1st January, 2016	9,07,908	16,424	34,37,976	62,193	4,76,021	8,611	2,80,000	5,065	51,01,905	92,293
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	35,96,694	66,611	3,81,703	7,069	3,00,833	5,571	51,88,713	96,095
Depreciation	1,890	34	1,11,255	2,001	19,166	345	22,875	412	1,55,186	2,792
Adjustment on disposals	—	—	(15,108)	(272)	(98,511)	(1,772)	(17,363)	(312)	(1,30,982)	(2,356)
Adjustment on assets written off	—		(4,65,767)	(8,379)	—	—	—	—	(4,65,767)	(8,379)
Adjustment on transfer to a related party	—	—	(4,661)	(84)	—	—	—	—	(4,661)	(84)
At 31st December, 2017	**9,11,373**	**15,913**	**32,22,413**	**56,263**	**3,02,358**	**5,279**	**3,06,345**	**5,349**	**47,42,489**	**82,804**
Carrying amount										
At 1st January, 2016	8,925	162	3,36,637	6,090	20,657	374	—	—	3,66,219	6,626
At 31st December, 2016	7,350	136	3,57,919	6,628	37,725	699	49,167	911	4,52,161	8,374
At 31st December, 2017	**5,460**	**95**	**1,68,800**	**2,948**	**40,528**	**708**	**13,655**	**238**	**2,28,443**	**3,989**

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

7. INTANGIBLE ASSETS

	Computer software	
	AED	**₹ in '000s**
Cost		
At 1st January, 2016	25,200	456
At 31st December, 2016	25,200	467
Additions	1,44,324	2,596
As at 31st December, 2017	**1,69,524**	**2,960**
Accumulated amortization		
At 1st January, 2016	25,200	456
At 31st December, 2016	25,200	467
Amortisation	15,263	275
As at 31st December, 2017	**40,463**	**706**
Carrying amount		
At 1st January, 2016	—	—
At 31st December, 2016	—	—
As at 31st December, 2017	**1,29,061**	**2,253**

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
8. INVENTORIES				
Raw materials	**23,99,566**	21,38,271	**41,896**	39,600
Consumables	**4,01,887**	3,26,527	**7,017**	6,047
Work in progress	**26,254**	94,630	**458**	1,753
Finished goods	**1,08,371**	4,893	**1,892**	91
Less: Provision for slow moving inventories	**(2,56,124)**	(2,71,292)	**(4,471)**	(5,024)
	26,79,954	22,93,029	**46,792**	42,467

A reconciliation of the movements in the provision for slow moving inventories is as follows:

Balance as at 1st January	**2,71,292**	8,81,070	**5,024**	15,939
Inventories written off	—	(4,35,443)	—	(7,973)
Provision no longer required	**(15,168)**	(1,74,335)	**(273)**	(3,192)
Balance as at 31st December	**2,56,124**	2,71,292	**4,471**	5,024

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

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1,16,44,805**	1,12,54,431	**2,03,318**	2,08,432
Less: Provision for impairment of trade receivables	**(1,79,234)**	(6,51,149)	**(3,129)**	(12,059)
	1,14,65,571	1,06,03,282	**2,00,189**	1,96,373
Advances	**24,711**	90,969	**432**	1,685
Prepayments	**1,94,310**	2,60,614	**3,393**	4,827
Deposits	**1,04,655**	1,01,877	**1,827**	1,887
Other receivables	**33,132**	34,342	**578**	636
Less : provision for impairment of other receivables	**(32,000)**	—	**(559)**	—
	1,17,90,379	1,10,91,084	**2,05,860**	2,05,408

A reconciliation of the movements in the provision for impairment of trade and other receivables accounts is as follows:

Balance as at 1st January	**6,51,149**	13,11,582	**12,059**	23,727
Provisions made during the year	**32,000**	1,81,275	**576**	3,319
Amount written off	**(4,71,915)**	(1,20,638)	**(8,490)**	(2,209)
Provisions no longer required	**—**	(7,21,070)	**—**	(13,203)
Balance as at 31st December	**2,11,234**	6,51,149	**3,688**	12,059

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

6 months to 1 year	**20,49,687**	19,47,206	**35,788**	36,062
Over 1 year	**30,61,190**	18,33,486	**53,448**	33,956

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

Gross Value	**2,11,234**	6,51,149	**3,688**	12,059
Provision	**(2,11,234)**	(6,51,149)	**(3,688)**	(12,059)
Carrying value	**—**	—	**—**	—
Trade receivables not past due and not impaired	**63,54,694**	68,22,590	**1,10,953**	1,26,354

The Company holds post dated cheques amounting to AED 2,94,050 (₹ 5.134 million) [Previous year: AED 7,26,085 (₹ 13.447 million)] as security against trade receivables.

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

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

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**76,77,672**	76,35,490	**1,34,052**	1,41,409
Trade and other payables	**13,180**	10,393	**230**	192

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 24.

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

	AED	2016 AED	**₹ in '000s**	2016 ₹ in '000s
Revenue	**65,28,901**	96,28,973	**1,17,455**	1,76,306
Purchase of consumables	**29,494**	—	**531**	—
Expenses charged to related parties	**5,71,869**	7,22,940	**10,288**	13,237
Expenses recharged by related parties	**9,73,607**	13,14,771	**17,515**	24,073
Transfer of property, plant and equipment from a related party	**—**	2,50,000	**—**	4,578
Transfer of property, plant and equipment to a related party	**70,845**	—	**1,275**	—
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
Recharge of staff end-of-service benefits to a related party	**958**	—	**17**	—
Dividend paid	**20,00,000**	—	**37,040**	—

11. OTHER CURRENT FINANCIAL ASSETS

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
Fixed deposits [Refer Note (a) below]	**3,95,129**	3,94,195	**6,899**	7,300
Margin deposits [Refer Note (b) and (c) below]	**8,29,883**	25,000	**14,490**	463
	12,25,012	4,19,195	**21,389**	7,763

(a) Out of the total deposit, AED 3,75,000 (₹ 6.547 million) [Previous year: AED 3,75,000 (₹ 6.945 million)] is held by bank as security for guarantees issued (Note 26).

(b) Out of the total deposit, AED 25,000 (₹ 0.436 million) [Previous year: AED 25,000 (₹ 0.463 million)] is held by bank as security for guarantees issued (Note 26).

(c) Out of the total deposit, AED 8,04,883 (₹ 14.053 million) [Previous year: AED Nil (₹ Nil)] is held by bank as security for unutilized letters of credit (Note 26).

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

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
12. CASH AND CASH EQUIVALENTS				
Cash on hand	**1,014**	9,757	**18**	181
Bank Balances :				
- Current accounts	**34,87,153**	33,34,967	**60,885**	61,763
- Fixed deposits	**—**	25,28,128	**—**	46,821
	34,88,167	58,72,852	**60,903**	1,08,765

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
13. SHARE CAPITAL				
Authorised				
5,00,000 shares of USD 1 each converted at USD 1 = AED 3.6725	**18,36,250**	18,36,250	**32,061**	34,007
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	**26,190**	27,780

Note: The shares are held by Voltas Limited, incorporated in India.

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
14. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
Opening balance as at 1st January	**6,97,021**	6,66,305	**12,910**	12,053
Provision for the year	**1,17,344**	1,21,979	**2,111**	2,233
Transfer from / (to) a related party	**958**	(2,119)	**17**	(39)
Paid during the year	**(86,207)**	(89,144)	**(1,551)**	(1,632)
Closing balance as at 31st December	**7,29,116**	6,97,021	**12,730**	12,910

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
15. TRADE AND OTHER PAYABLES				
Trade payables	**25,43,497**	17,64,489	**44,409**	32,678
Accruals	**6,70,742**	18,46,366	**11,711**	34,194
Advance from customers	**1,51,927**	—	**2,653**	—
Other payable	**49,117**	49,117	**858**	910
	34,15,283	36,59,972	**59,631**	67,782

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

16. DIVIDENDS

Dividend approved by the shareholder and paid during the year of AED 20,00,000 (₹ 37.040 million) [Previous year: AED Nil (₹ Nil)] represents a dividend per share of AED 4.90 (₹ 90.69) [Previous year: AED Nil (₹ Nil)].

17. 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 and maintain capital at desired levels.

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
18. COST OF SALES				
Materials consumed	**81,95,282**	69,50,122	**1,47,433**	1,27,257
Sub-contract costs	**16,05,248**	31,51,946	**28,878**	57,712
Wages and benefits	**31,54,597**	27,07,308	**56,751**	49,572
Staff end-of-service benefits	**65,342**	78,872	**1,176**	1,444
Depreciation (Note 22)	**1,26,021**	1,73,627	**2,267**	3,179
Operating lease expenses	**63,190**	62,107	**1,137**	1,137
Other direct costs	**7,51,353**	6,54,528	**13,517**	11,984
	1,39,61,033	1,37,78,510	**2,51,159**	2,52,285

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
19. OTHER INCOME				
Scrap sales	**54,385**	59,345	**979**	1,086
Profit on disposal, sale of property, plant and equipment (net)	**1,29,933**	1,562	**2,337**	29
Provision for impairment of trade receivables written back	**—**	7,21,070	**—**	13,203
Provision for slow moving inventories written back	**15,168**	1,74,335	**273**	3,192
Credit balances written back	**2,47,582**	25,000	**4,454**	458
Miscellaneous income	**36,210**	60,170	**651**	1,102
	4,83,278	10,41,482	**8,694**	19,070

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

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
20. DISTRIBUTION COSTS				
Staff salaries and benefits	**83,660**	93,386	**1,505**	1,710
Staff end-of-service benefits	**541**	3,774	**10**	69
Depreciation (Note 22)	**10,000**	7,500	**180**	137
Other distribution costs	**5,41,487**	5,34,901	**9,741**	9,794
	6,35,688	6,39,561	**11,436**	11,710

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
21. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits	**13,18,723**	14,80,379	**23,723**	27,106
Staff end-of-service benefits	**51,461**	39,333	**926**	720
Depreciation (Note 22)	**19,165**	8,953	**345**	164
Amortisation	**15,263**	—	**275**	—
Provision for impairment of trade receivables	**—**	1,81,275	**—**	3,319
Provision for impairment of other receivables	**32,000**	—	**576**	—
Other expenses	**5,84,519**	6,22,589	**10,515**	11,400
	20,21,131	23,32,529	**36,360**	42,709

		As at 31-12-2016		As at 31-12-2016
	AED	AED	**₹ in '000s**	₹ in '000s
22. DEPRECIATION				
Allocated to cost of sales (Note 18)	**1,26,021**	1,73,627	**2,267**	3,179
Allocated to distribution costs (Note 20)	**10,000**	7,500	**180**	137
Allocated to administrative expenses (Note 21)	**19,165**	8,953	**345**	164
	1,55,186	1,90,080	**2,792**	3,480

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
23. INTEREST INCOME				
On bank deposits	**12,431**	3,157	**224**	58

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

24. 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			
		2016		2016		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**1,15,88,704**	1,07,64,688	**2,02,339**	1,99,362	**—**	—	**—**	—
Other current financial assets	**12,25,012**	4,19,195	**21,389**	7,763	**—**	—	**—**	—
Cash and cash equivalents	**34,88,167**	58,72,852	**60,903**	1,08,765	**—**	—	**—**	—
Trade and other payables	**—**	—	**—**	—	**28,90,552**	33,69,373	**50,469**	62,401
	1,63,01,883	1,70,56,735	**2,84,631**	3,15,890	**28,90,552**	33,69,373	**50,469**	62,401

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 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.

Exposures to the aforementioned risks are detailed below.

Credit risk

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

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

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:

		2016		2016
	AED	AED	**₹ in '000s**	₹ in '000s
Kingdom of Saudi Arabia	**3,94,867**	4,21,539	**6,894**	7,807
Sultanate of Oman	**29,15,130**	29,55,568	**50,898**	54,737

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

At the reporting date, 70% of trade receivables were due from three customers (previous year : 69% due from four customers) [including two related parties].

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.

25. 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	2016 AED	**₹ in '000s**	2016 ₹ in '000s
Not later than one year	**61,900**	61,900	**1,114**	1,133
Between one and five years	**2,42,442**	2,47,600	**4,362**	4,534
Later than five years	**—**	56,742	**—**	1,039

26. CONTINGENT LIABILITIES

	AED	2016 AED	**₹ in '000s**	2016 ₹ in '000s
Bankers' letters of guarantee (Note 11)	**4,00,000**	4,00,000	**6,984**	7,408
Unutilised balances of commercial letters of credit (Note 11)	**6,12,987**	—	**10,703**	—

27. TAXATION

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

28. COMPARATIVE INFORMATION

Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable to those of current year.

Directors

B. G. Prabhuajgaonkar

Jayant Balan

Dubai, 28th March, 2018

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

Director :
Mohammad Rashid

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, 2017.

2. The Company reported lower turnover of Saudi Riyals (SR) 12.439 million for the year under review as compared to SR 18.207 million in the previous year, primarily due to shortfall in order booking during the year. The Company incurred net loss of SR 0.696 million during the year as compared to net profit of SR 0.667 million in the previous year.

3. Government of Kingdom of Saudi Arabia had been facing challenging economic situation arising from fall in oil prices and as a result, had either been curtailing the budget for ongoing projects or deferring some of the critical infrastructure projects. Despite the challenging environment, the Company secured some orders at the beginning of Financial Year 2018. However, uncertainty of new order booking in the near future continues to be an area of concern.

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

Mohammad Rashid
Director

Jeddah, 5th April, 2018

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of financial statements

Opinion

We have audited the financial statements of **Saudi Ensas Company for Engineering Services W.L.L.** (the "Company"), which comprise the statement of financial position as at 31st December, 2017, the statements of profit or loss, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards generally accepted in the Kingdom of Saudi Arabia, Other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, 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.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1, stated therein that the Company's accumulated losses as at 31st December, 2017, is more than 50% of its share capital. This condition indicates the existence of uncertainties that may cast significant doubt about the Company's ability 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.

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 Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's Articles of Association and the applicable requirements of Company's regulations, 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 International Standard on Auditing (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 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 ISAs as endorsed in the Kingdom of Saudi Arabia, 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 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

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's Articles of Association in so far as they affect the preparation and presentation of the financial statements.

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

Jeddah, 5th April 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

			As at 31-12-2016		As at 31-12-2016
ASSETS	Note	**SR**	SR	**₹ in '000s**	₹ in '000s
CURRENT ASSETS					
Cash and cash equivalents	3	**2,55,160**	6,06,730	**4,363**	11,000
Accounts receivable	4	**25,88,068**	41,48,901	**44,256**	75,220
Retentions receivable	19	**7,40,728**	18,21,464	**12,666**	33,023
Advances, prepayments and deposits	5	**2,32,034**	3,53,125	**3,968**	6,402
Unbilled revenue		**35,99,056**	68,95,241	**61,544**	1,25,011
Total current assets		**74,15,046**	1,38,25,461	**1,26,797**	2,50,656
NON-CURRENT ASSETS					
Retentions receivable	19	**16,48,763**	13,60,062	**28,194**	24,658
Property and equipment	6	**51,062**	52,941	**873**	960
Total non-current assets		**16,99,825**	14,13,003	**29,067**	25,618
TOTAL ASSETS		**91,14,871**	1,52,38,464	**1,55,864**	2,76,274
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to bank	7	**—**	9,61,741	**—**	17,436
Accounts payable		**33,34,407**	49,85,540	**57,018**	90,388
Due to related parties	12	**41,38,721**	52,02,098	**70,772**	94,314
Accrued and other liabilities	8	**5,91,911**	9,94,907	**10,122**	18,038
Contract advances		**2,27,696**	16,25,035	**3,894**	29,462
Provision for income tax	11	**—**	1,24,154	**—**	2,251
Total current liabilities		**82,92,735**	1,38,93,475	**1,41,806**	2,51,889
NON-CURRENT LIABILITIES					
End-of-service indemnities	9	**27,90,080**	26,16,507	**47,710**	47,437
Partners' Account		**867**	867	**15**	16
Total non-current liabilities		**27,90,947**	26,17,374	**47,725**	47,453
SHAREHOLDERS' EQUITY					
Share capital	1	**2,61,50,000**	2,61,50,000	**4,47,165**	4,74,100
Statutory reserve	10	**9,59,649**	9,59,649	**16,410**	17,398
Accumulated losses	1	**(2,90,78,460)**	(2,83,82,034)	**(4,97,242)**	(5,14,566)
Total shareholders' equity		**(19,68,811)**	(12,72,385)	**(33,667)**	(23,068)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**91,14,871**	1,52,38,464	**1,55,864**	2,76,274

The accompanying notes from 1-24 form an integral part of these financial statements.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 17.10 being the exchange rate prevailing as on 31st December, 2017. Previous year figures have been converted @ 1 SR = ₹ 18.13 being the exchange rate prevailing as on 31st December, 2016.

Jeddah, 5th April, 2018 *Director* **Mohammad Rashid**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Note		2016		2016
		SR	SR	**₹ in '000s**	₹ in '000s
Contract revenues		**1,24,38,852**	1,82,06,973	**2,19,173**	3,26,269
Contract costs	13	**(98,71,193)**	(1,49,13,674)	**(1,73,930)**	(2,67,253)
Gross profit		**25,67,659**	32,93,299	**45,243**	59,016
General and administrative expenses	14	**(31,39,458)**	(24,39,979)	**(55,317)**	(43,724)
Operating (loss) / profit		**(5,71,799)**	8,53,320	**(10,074)**	15,292
Finance charges		**(1,44,303)**	(1,27,671)	**(2,544)**	(2,288)
Other income	15	**19,676**	65,009	**347**	1,165
Net (loss) / income before income tax		**(6,96,426)**	7,90,658	**(12,271)**	14,169
Income tax	11	**—**	(1,24,154)	**—**	(2,225)
NET (LOSS) / INCOME		**(6,96,426)**	6,66,504	**(12,271)**	11,944

The accompanying notes from 1-24 form an integral part of these financial statements.

Note: The Statement of Income has been converted into Indian Rupees @ 1 SR = ₹ 17.62 being the average of the exchange rates prevailing as on 31st December, 2016 (1 SR = ₹ 18.13) and as on 31st December, 2017 (1 SR = ₹ 17.10). Previous year figures have been converted into Indian Rupees @ 1 SR = ₹ 17.92 being the average rate of the exchange rates prevailing as on 31st December, 2015 (1 SR = ₹ 17.70) and as on 31st December, 2016 (1 SR = ₹ 18.13).

Jeddah, 5th April, 2018 *Director* **Mohammad Rashid**

STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Note	**Share Capital**		**Statutory Reserve**		**Accumulated Losses**		**Total**	
		SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
1st January, 2016	1	2,61,50,000	4,62,855	9,59,649	16,986	(2,90,48,538)	(5,14,159)	(19,38,889)	(34,318)
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	17,398	(2,83,82,034)	(5,14,566)	(12,72,385)	(23,068)
Net loss for the year		—	—	—	—	(6,96,426)	(12,271)	(6,96,426)	(12,271)
31st December, 2017		**2,61,50,000**	**4,47,165**	**9,59,649**	**16,410**	**(2,90,78,460)**	**(4,97,242)**	**(19,68,811)**	**(33,667)**

The accompanying notes from 1-24 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net (loss) / income before income tax	**(6,96,426)**	7,90,658	**(12,271)**	14,169
Adjustments for:				
Depreciation	**15,184**	16,974	**268**	304
Gain on sale of property and equipment	**—**	(5,500)	**—**	(99)
End-of-service indemnities	**3,89,702**	1,50,967	**6,867**	2,705
Finance charges	**1,44,303**	1,27,671	**2,544**	2,288
Changes in operating assets and liabilities:				
Accounts receivable	**15,60,833**	(6,94,810)	**30,964**	(14,082)
Due from a related party	**—**	—	**—**	—
Retention receivable	**7,92,035**	4,70,864	**16,821**	6,966
Advances, prepayments and deposits	**1,21,091**	3,16,643	**2,434**	5,453
Unbilled revenue	**32,96,185**	(49,47,378)	**63,467**	(90,534)
Due to related parties	**(10,63,377)**	43,88,705	**(23,542)**	79,917
Account payable, accrued and other liabilities	**(20,54,129)**	38,537	**(41,285)**	3,254
Contract advances	**(13,97,339)**	(1,71,306)	**(25,568)**	(2,333)
Cash from operations	**11,08,062**	4,82,025	**18,948**	8,739
Finance charges paid	**(1,44,303)**	(1,27,671)	**(2,544)**	(2,288)
End-of-service indemnities paid	**(2,16,129)**	(66,637)	**(3,808)**	(1,194)
Income tax paid	**(1,24,154)**	—	**(2,188)**	—
Net cash from operating activities	**6,23,476**	2,87,717	**10,661**	5,216
INVESTING ACTIVITIES				
Purchase of property and equipment	**(13,305)**	(19,249)	**(234)**	(345)
Proceeds from sale of property and equipment	**—**	5,500	**—**	99
Net cash used in investing activities	**(13,305)**	(13,749)	**(228)**	(249)
FINANCING ACTIVITIES				
Due to bank	**(9,61,741)**	1,73,388	**(17,436)**	3,483
Net cash (used in) / from financing activities	**(9,61,741)**	1,73,388	**(16,446)**	3,144
Net change in cash and bank balances	**(3,51,570)**	4,47,356	**(6,637)**	8,179
Cash and bank balances at beginning of the year	**6,06,730**	1,59,374	**11,000**	2,821
Cash and bank balances at end of the year	**2,55,160**	6,06,730	**4,363**	11,000

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

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

1. ORGANIZATION AND ACTIVITIES

Saudi Ensas Company for Engineering Services W.L.L. ("the Company") was incorporated as Saudi limited liabilities 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 share 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	Value in Saudi Riyals	₹ in '000s
Voltas Limited	15,860	2,25,500	2,41,360	100	92%	2,41,36,000	4,12,726
Voltas Netherlands B.V.	10,140	10,000	20,140	100	8%	20,14,000	34,439
Total	**26,000**	**2,35,500**	**2,61,500**	**100**	**100%**	**2,61,50,000**	**4,47,165**

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 issued 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, 2017, 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 28th December, 2017, decided to continue the business and to provide financial support to the Company. The Company has published the resolution in the official gazette dated 15/5/1439H (7th February, 2018) 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) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and highly liquid investments with original maturities of three months or less, cash and cash equivalents consist entirely of cash and bank balances.

(b) Accounts receivables

Trade receivables are stated at original invoice amount less provisions made for amounts which in the opinions of the Management may not be received. Bad debts are written off when identified.

(c) Accounts payable and Accruals

Liabilities are recognized for amounts to be paid in future for goods or services received whether or not billed by the supplier or not.

(d) Revenue recognition

Service revenues are recognized upon delivery of services to customers. Revenue on long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) Foreign currency translation

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 exchanges rate prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

(j) 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.

(k) 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.

(l) 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.

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

(m) Financial assets and financial liabilities

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

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

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

(n) 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 investment 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.

(o) 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 CASH EQUIVALENTS

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

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Cash and bank balances	**2,55,160**	6,06,730	**4,363**	11,000

4. ACCOUNTS RECEIVABLE

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Accounts receivable	**25,88,068**	41,99,151	**44,256**	76,131
Allowance for doubtful debts	**—**	(50,250)	**—**	(911)
	25,88,068	41,48,901	**44,256**	75,220

5. ADVANCES, PREPAYMENTS & DEPOSITS

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Advances	**1,74,101**	1,55,446	**2,977**	2,818
Prepayments	**49,133**	1,90,979	**841**	3,463
Deposits	**8,800**	6,700	**150**	121
	2,32,034	3,53,125	**3,968**	6,402

6. PROPERTY AND EQUIPMENT

	1st January		Additions		Disposals		**31st December**	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	**SR**	**₹ in '000s**
Cost:								
Machinery	5,40,385	9,797	1,324	23	—	—	**5,41,709**	**9,263**
Furniture and fixtures	3,72,614	6,755	—	—	—	—	**3,72,614**	**6,372**
Office equipment	9,22,658	16,728	11,981	211	—	—	**9,34,639**	**15,982**
Vehicles	1,45,500	2,638	—	—	—	—	**1,45,500**	**2,488**
Porta cabins	55,630	1,009	—	—	—	—	**55,630**	**951**
Total Cost	20,36,787	36,927	13,305	234	**—**	**—**	**20,50,092**	**35,056**
Depreciation:								
Machinery	5,22,450	9,472	5,804	102	—	—	**5,28,254**	**9,033**
Furniture and fixtures	3,72,614	6,755	—	—	—	—	**3,72,614**	**6,372**
Office equipment	8,87,652	16,093	9,380	166	—	—	**8,97,032**	**15,339**
Vehicles	1,45,500	2,638	—	—	—	—	**1,45,500**	**2,488**
Porta cabins	55,630	1,009	—	—	—	—	**55,630**	**951**
Total Depreciation	19,83,846	35,967	15,184	268	**—**	**—**	**19,99,030**	**34,183**
Net Book Value at 1st January	52,941	960						
Net Book Value at 31st December							**51,062**	**873**

7. DUE TO BANK

During 2016, the Company had credit facilities from a bank which bear commercial interest rates and are secured by the letter of comfort from its shareholder to the bank. During the year, the Company has settled this facility and paid all the dues to the bank.

8. ACCRUED AND OTHER LIABILITIES

	SR	2016 SR	**₹ in '000s**	2016 ₹ in '000s
Salaries and other benefits	**4,40,983**	2,77,398	**7,541**	5,029
Al Zaibag Company for Contracting Limited	**—**	3,64,019	—	6,600
Other liabilities	**1,50,928**	3,53,490	**2,581**	6,409
	5,91,911	9,94,907	**10,122**	18,038

9. END-OF-SERVICE INDEMNITIES

The movement in provision is as follows:

	SR	2016 SR	**₹ in '000s**	2016 ₹ in '000s
1st January	**26,16,507**	25,32,177	**47,437**	44,820
Provision for the year	**3,89,702**	1,50,967	**6,867**	2,705
Payments during the year	**(2,16,129)**	(66,637)	**(3,808)**	(1,194)
31st December	**27,90,080**	26,16,507	**47,710**	47,437

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

10. 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.

11. INCOME TAX

Tax calculations is as follow :

		2016		2016
	SR	SR	**₹ in'000s**	₹ in'000s
Adjustment for net income				
Net income for the year	**(6,96,426)**	7,90,658	**(12,271)**	14,169
Provision end-of-services benefits	**3,89,702**	1,50,967	**6,867**	2,705
Difference in depreciation	**(10,321)**	(25,081)	**(182)**	(449)
Adjusted net income	**(3,17,045)**	9,16,544	**(5,586)**	16,425
Less: Accumulated losses not to exceed 25% of net income for the year	**—**	(2,29,136)	**—**	(4,106)
End-of-service benefits paid	**(2,16,129)**	(66,637)	**(3,808)**	(1,194)
Tax base	**(5,33,174)**	6,20,771	**(9,394)**	11,125
Tax @ 20%	**—**	1,24,154	**—**	2,225

The movement in the income tax provision is as follows :

		2016		2016
	SR	SR	**₹ in'000s**	₹ in'000s
1st January	**1,24,154**	—	**2,251**	—
Provision for the year	**—**	1,24,154	**—**	2,225
Payments during the year	**(1,24,154)**	—	**(2,188)**	—
31st December	**—**	1,24,154	**—**	2,251

As the Company incurred losses during the year, no provision has been provided.

Outstanding assessments:

The tax returns for the years 2008 to 2016 are under review by the GAZT.

12. 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
Universal Voltas L.L.C.	Affiliate
Olayan Voltas Contracting Company Limited	Affiliate

The significant transactions and the related amounts are as follows :

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Purchases of materials and services	**12,80,234**	3,38,747	**22,558**	6,070
Expenses reimbursed to affiliates	**8,83,078**	3,27,396	**14,767**	5,867
Expenses incurred on behalf of affiliates	**68,551**	1,32,478	**1,208**	2,374

12. RELATED PARTY TRANSACTIONS (contd.)

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

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Olayan Voltas Contracting Company Limited	**28,01,932**	41,35,042	**47,913**	74,968
Weathermaker Limited	**4,03,145**	4,03,145	**6,894**	7,309
Voltas Limited	**2,46,439**	2,46,439	**4,214**	4,468
Voltas Limited, U.A.E. Branch	**3,60,942**	1,89,444	**6,172**	3,435
Universal Voltas L.L.C.	**2,26,323**	—	**3,870**	—
Universal Weathermaker Factory L.L.C.	**99,940**	2,28,028	**1,709**	4,134
	41,38,721	52,02,098	**70,772**	94,314

13. CONTRACT COSTS

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Material costs	**67,26,189**	1,04,63,917	**1,18,516**	1,87,513
Sub-contractor cost	**8,59,209**	8,19,940	**15,139**	14,693
Salaries and benefits	**15,53,262**	29,14,103	**27,368**	52,221
Other expenses	**7,32,533**	7,15,714	**12,907**	12,826
	98,71,193	1,49,13,674	**1,73,930**	2,67,253

14. GENERAL AND ADMINISTRATIVE EXPENSES

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**22,66,819**	11,74,661	**39,941**	21,050
Rent (Note 18)	**1,68,660**	3,46,380	**2,972**	6,207
Vehicle expenses	**9,091**	80,709	**160**	1,446
Communication, travel and insurance	**1,07,665**	1,36,681	**1,897**	2,449
Office expenses	**62,077**	40,551	**1,094**	727
Depreciation	**15,184**	16,974	**268**	304
Professional and legal fees	**2,17,103**	1,12,546	**3,825**	2,017
Bad debts	**28,904**	—	**509**	—
Other expenses	**2,63,955**	5,31,477	**4,651**	9,524
	31,39,458	24,39,979	**55,317**	43,724

15. OTHER INCOME

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Gain on sale of property and equipment	—	5,500	—	99
Receipts against bad debts written off	—	54,466	—	976
Scrap sales	**7,699**	5,043	**136**	90
Others	**11,977**	—	**211**	—
	19,676	65,009	**347**	1,165

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

16. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue from three major customers amounted to SR 8.90 million (₹ 156.82 million) [2016 : SR 15 million (₹ 268.80 million)], which represents approximately 72% (2016 : 82.40%) of the total contract revenue.

17. CREDIT RISK

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

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

18. OPERATING LEASE ARRANGEMENTS

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Payments under operating leases recognized as an expense during the year	**1,68,660**	3,46,380	**2,972**	6,207

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.

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Retentions receivable	**23,89,491**	31,81,526	**40,860**	57,681
Less : Current portion	**7,40,728**	18,21,464	**12,666**	33,023
Non-current portion	**16,48,763**	13,60,062	**28,194**	24,658

The impact of discounting the non-current retentions receivables to be presented at their fair value as of 31st December, 2017 has not been accounted for as the Company's Management believes that the amount is immaterial.

20. CONTINGENCIES AND COMMITMENTS

		2016		2016
	SR	SR	**₹ in '000s**	₹ in '000s
Letters of credit	—	7,61,336	—	13,803
Letters of guarantees	—	10,60,000	—	19,218
Commitment for the remaining contractual works to be completed	—	47,88,999	—	86,825

21. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACT

		2016		2016
	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	**2,97,94,425**	2,53,02,543	**5,09,485**	4,58,735
Less : Progress billings	**(2,61,95,369)**	(1,84,07,302)	**(4,47,941)**	(3,33,724)
	35,99,056	68,95,241	**61,544**	1,25,011
Recognized and included in the financial statements as amount due :				
From customers under construction contracts – unbilled revenue	**35,99,056**	68,95,241	**61,544**	1,25,011

22. FAIR VALUES

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

23. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Management on 5th April, 2018 corresponding to 19 Rajab 1439H.

Jeddah, 5th April, 2018 *Director* **Mohammad Rashid**

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, 2017.

2. During the year under review, all the three divisions of the Company viz: Irrigation and Landscaping, Drilling and Water Management performed well. However, curtailment of expenditure in infrastructure projects by the Government of Sultanate of Oman and adverse liquidity scenario resulted in the Company recording lower turnover of Rials Omani (RO) 5.727 million for the year ended 31st December, 2017 as compared to RO 7.345 million in the previous year. Nevertheless, with better margins in Drilling Division, the overall profit was higher at RO 0.659 million as compared to RO 0.594 million in the previous year. During January 2018, the Water Management Division has secured a large order of RO 3.473 million.

3. The Directors recommend dividend of RO 0.225 million (partly from Retained Earnings) for the year ended 31st December, 2017 (previous year : RO 0.325 million).

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, 12th April, 2018

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, 2017, 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, 2017, 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.L.C.
Chartered Accountants

Percy R. Bhaya
Sultanate of Oman

Muscat, 12th April, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

	Notes	RO	As at 31-12-2016 RO	₹ in '000s	As at 31-12-2016 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**1,74,736**	2,30,476	**29,085**	40,686
Other financial assets	8	**5,79,387**	5,71,686	**96,439**	1,00,920
		7,54,123	8,02,162	**1,25,524**	1,41,606
CURRENT ASSETS					
Inventories	4	**47,347**	87,152	**7,881**	15,385
Contract and other receivables	5	**25,41,256**	22,31,048	**4,22,992**	3,93,847
Amounts due from customers for contract work	6	**30,79,951**	27,65,597	**5,12,658**	4,88,211
Cash and cash equivalents	7	**7,59,231**	9,31,528	**1,26,374**	1,64,443
		64,27,785	60,15,325	**10,69,905**	10,61,886
TOTAL ASSETS		**71,81,908**	68,17,487	**11,95,429**	12,03,492
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	9	**2,50,000**	2,50,000	**41,613**	44,133
Legal reserve		**83,334**	83,334	**13,871**	14,711
General reserve		**7,50,000**	7,50,000	**1,24,838**	1,32,398
Accumulated profits		**28,05,937**	23,46,670	**4,67,048**	4,14,258
Equity funds		**38,89,271**	34,30,004	**6,47,370**	6,05,500
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**2,11,585**	1,69,586	**35,218**	29,937
CURRENT LIABILITIES					
Trade and other payables	10	**24,16,858**	29,80,405	**4,02,286**	5,26,131
Amounts due to customers for contract work	6	**5,44,108**	1,61,292	**90,567**	28,473
Current tax payable		**1,20,086**	76,200	**19,988**	13,451
		30,81,052	32,17,897	**5,12,841**	5,68,055
TOTAL EQUITY AND LIABILITIES		**71,81,908**	68,17,487	**11,95,429**	12,03,492

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) = ₹ 166.45 being the exchange rate prevailing as on 31st December, 2017. Previous year figures have been converted @ 1 RO = ₹ 176.53 being the exchange rate prevailing as on 31st December, 2016.

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

Muscat, 12th April, 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	RO	2016 RO	₹ in '000s	2016 ₹ in '000s
REVENUE		**57,27,215**	73,45,223	**9,82,160**	12,81,815
Cost of works executed	11	**(47,36,383)**	(64,53,948)	**(8,12,242)**	(11,26,278)
GROSS PROFIT		**9,90,832**	8,91,275	**1,69,918**	1,55,537
Other operating income	12	**89,368**	60,172	**15,326**	10,501
Staff costs		**(1,47,118)**	(1,51,487)	**(25,229)**	(26,436)
Director's remuneration		**(9,168)**	(9,191)	**(1,572)**	(1,604)
Depreciation		**(18,557)**	(10,284)	**(3,182)**	(1,795)
Other operating expenses	13	**(1,34,545)**	(1,09,309)	**(23,073)**	(19,076)
PROFIT FROM OPERATING ACTIVITIES		**7,70,812**	6,71,176	**1,32,188**	1,17,127
Interest income		**13,906**	2,444	**2,385**	427
Finance costs	14	**(4,953)**	(3,132)	**(849)**	(547)
NET PROFIT FOR THE YEAR BEFORE TAX		**7,79,765**	6,70,488	**1,33,724**	1,17,007
Income tax expense for current year	17	**(1,20,498)**	(76,611)	**(20,664)**	(13,369)
NET PROFIT FOR THE YEAR AFTER TAX		**6,59,267**	5,93,877	**1,13,060**	1,03,638
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,59,267**	5,93,877	**1,13,060**	1,03,638

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) = ₹ 171.49 being the average of the exchange rates prevailing as on 31st December, 2016 (1 RO = ₹ 176.53) and as on 31st December, 2017 (1 RO = ₹ 166.45). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Anil George**

Issa Lalbuksh Al Raisi

B. G. Prabhuajgaonkar

Muscat, 12th April, 2018 **Jayant Balan**

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

	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, 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
Total comprehensive income for the year	—	—	—	—	—	—	6,59,267	1,13,060	6,59,267	1,13,060
Dividend declared and paid	—	—	—	—	—	—	(2,00,000)	(34,902)	(2,00,000)	(34,902)
As at 31st December, 2017	**2,50,000**	**41,613**	**83,334**	**13,871**	**7,50,000**	**1,24,838**	**28,05,937**	**4,67,048**	**38,89,271**	**6,47,370**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**7,79,765**	6,70,488	**1,33,724**	1,17,007
Adjustments for:				
Depreciation	**1,10,042**	1,13,481	**18,871**	19,804
Loss on disposal of property, plant and equipment	**—**	1,809	**—**	316
Interest income	**(13,906)**	(2,444)	**(2,385)**	(427)
Finance costs	**4,953**	3,132	**849**	547
Operating profit before changes in operating assets and liabilities	**8,80,854**	7,86,466	**1,51,059**	1,37,247
Increase in contract and other receivables	**(3,10,208)**	(97,270)	**(29,145)**	(25,813)
Change in amounts due from / to customers for contract work	**68,462**	17,41,717	**37,647**	2,89,864
Decrease / (increase) in inventories	**39,805**	(3,604)	**7,504**	(975)
Decrease in trade and other payables	**(5,63,547)**	(13,56,257)	**(1,23,845)**	(2,21,857)
Increase in staff end-of-service gratuity	**41,999**	1,214	**5,281**	896
Cash generated from operating activities	**1,57,365**	10,72,266	**26,193**	1,89,287
Finance costs paid	**(4,953)**	(3,132)	**(849)**	(547)
Taxes paid	**(76,612)**	(94,997)	**(13,370)**	(16,012)
Net cash generated from operating activities (A)	**75,800**	9,74,137	**12,617**	1,71,964
Cash flows from investing activities				
Interest received	**13,906**	2,444	**2,385**	427
(Increase) / decrease in time deposits	**(7,701)**	1,359	**4,481**	(2,081)
Purchase of property, plant and equipment	**(54,302)**	(41,039)	**(9,312)**	(7,162)
Proceeds from disposal of property, plant and equipment	**—**	641	**—**	112
Net cash used in investing activities (B)	**(48,097)**	(36,595)	**(8,006)**	(6,460)
Cash flows from financing activity				
Dividends paid	**(2,00,000)**	(1,25,000)	**(34,902)**	(21,814)
Net cash used in financing activity (C)	**(2,00,000)**	(1,25,000)	**(33,290)**	(22,066)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,72,297)**	8,12,542	**(38,069)**	1,43,920
Cash and cash equivalents at beginning of the year	**9,31,528**	1,18,986	**1,64,443**	20,523
Cash and cash equivalents at end of the year	**7,59,231**	9,31,528	**1,26,374**	1,64,443

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

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

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%
Furniture and fixtures and equipment	15.00% – 33.33%
Vehicles	33.33%

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

(b) Impairment

The carrying amounts of the financial and non-financial assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

(c) Inventories

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined on 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 2012 to 2017 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statement of the year in which the tax assessments are completed.

(j) Employees benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance 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 56,539 (₹ 9.696 million) [Previous year: RO 64,663 (₹ 11.284 million)].

(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.

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

(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.

(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.

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

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, 2017	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
Additions	—	—	13,022	2,233	39,180	6,719	2,100	360	54,302	9,312
As at 31st December, 2017	**92,400**	**15,380**	**10,83,951**	**1,80,424**	**1,21,547**	**20,231**	**7,68,358**	**1,27,893**	**20,66,256**	**3,43,928**
Accumulated depreciation										
As at 1st January, 2017	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
Depreciation for the year	11,434	1,961	11,564	1,983	23,503	4,030	63,541	10,897	1,10,042	18,871
As at 31st December, 2017	**49,931**	**8,311**	**10,36,194**	**1,72,474**	**76,021**	**12,654**	**7,29,374**	**1,21,404**	**18,91,520**	**3,14,843**
Net book value										
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
As at 31st December, 2017	**42,469**	**7,069**	**47,757**	**7,950**	**45,526**	**7,577**	**38,984**	**6,489**	**1,74,736**	**29,085**

Porta cabins and equipment are on land jointly owned by related parties.

4. INVENTORIES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Materials	**1,48,847**	1,88,652	**24,776**	33,303
Provision for slow moving inventories	**(1,01,500)**	(1,01,500)	**(16,895)**	(17,918)
	47,347	87,152	**7,881**	15,385

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

Opening balance	**1,01,500**	97,000	**17,918**	16,731
Provision made	**—**	4,500	**—**	785
Closing balance	**1,01,500**	1,01,500	**16,895**	17,918

5. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables*	**16,95,056**	14,55,779	**2,82,142**	2,56,989
Retentions	**9,09,039**	8,21,370	**1,51,310**	1,44,996
	26,04,095	22,77,149	**4,33,452**	4,01,985
Provision for doubtful debts	**(1,45,400)**	(1,45,400)	**(24,202)**	(25,667)
	24,58,695	21,31,749	**4,09,250**	3,76,318
Advances to suppliers	**39,917**	41,771	**6,644**	7,373
Advances to staff	**20,826**	39,407	**3,466**	6,957
Deposits	**8,760**	13,572	**1,458**	2,396
Interest accrued on bank fixed deposits	**9,221**	3,016	**1,535**	532
Other receivables**	**3,837**	1,533	**639**	271
	25,41,256	22,31,048	**4,22,992**	3,93,847

* Contract receivables include RO 1,05,747 (₹ 17.602 million) [Previous year: RO Nil (₹ Nil)] due from a related party.

** Other receivables include RO 3,837 (₹ 0.639 million) [Previous year: RO 1,533 (₹ 0.271 million)] due from related parties.

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**1,45,400**	1,70,000	**25,667**	29,322
Excess provision written back to statement of comprehensive income (Refer Note 12)	**—**	(24,600)	**—**	(4,293)
Closing balance	**1,45,400**	1,45,400	**24,202**	25,667

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**—**	400	**—**	68
Excess provision written back to statement of comprehensive income (Refer Note 12)	**—**	(400)	**—**	(70)
Closing balance	**—**	—	**—**	—

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
6 months to 1 year	**1,39,912**	2,04,392	**23,288**	36,081
Over 1 year	**2,26,584**	1,01,737	**37,715**	17,960
	3,66,496	3,06,129	**61,003**	54,041

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**1,45,400**	1,45,400	**24,202**	25,667
Provision	**(1,45,400)**	(1,45,400)	**(24,202)**	(25,667)
Carrying value	**—**	—	**—**	—
Contract receivables not past due and not impaired	**20,92,199**	18,25,620	**3,48,247**	3,22,277

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

6. CONTRACTS IN PROGRESS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**1,74,83,158**	1,25,23,387	**29,98,187**	21,85,456
Progress billings	**1,49,47,315**	99,19,082	**25,63,315**	17,30,979
Retentions receivable	**8,35,621**	7,61,130	**1,39,089**	1,34,362
Advances received	**4,72,873**	4,50,289	**78,710**	79,490

Amounts due from customers for contract work include RO 45,113 (₹ 7.509 million) [Previous year: RO Nil (₹ Nil)] due from a related party and amount due to customers for contract work include RO 256 (₹ 0.043 million) [Previous year: RO Nil (₹ Nil)] due to a related party.

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balances:				
Current accounts	**7,58,230**	9,28,375	**1,26,207**	1,63,886
Smart card balances	**592**	1,856	**99**	328
	7,58,822	9,30,231	**1,26,306**	1,64,214
Cash on hand	**409**	1,297	**68**	229
	7,59,231	9,31,528	**1,26,374**	1,64,443

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

(a) Lien on fixed deposits of RO 5,75,278 (₹ 95.755 million) with the banks.

(b) Personal guarantees of RO 32,10,000 (₹ 534.305 million) from Mr. Issa Lalbuksh Essa Al Raisi.

(c) Corporate guarantee of RO 15,00,000 (₹ 249.675 million) from Lalbuksh Contracting and Trading Establishment.

(d) Assignment letters from major customers.

Bank facilities are subject to financial covenants.

8. OTHER FINANCIAL ASSETS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**5,79,387**	5,71,686	**96,439**	1,00,920

Fixed deposits of RO 5,75,278 (₹ 95.755 million) [Previous year: RO 5,68,000 (₹100.269 million)] 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 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables*	**14,12,173**	13,43,727	**2,35,056**	2,37,208
Accruals	**5,28,154**	11,67,130	**87,911**	2,06,033
Other payables**	**3,658**	19,259	**609**	3,400
Advance from customers	**4,72,873**	4,50,289	**78,710**	79,490
	24,16,858	29,80,405	**4,02,286**	5,26,131

*Trade payables include RO 34,259 (₹5.702 million) [Previous year: RO Nil (₹ Nil)] due to a related party.
**Other payables include RO 3,658 (₹0.609 million) [Previous year: RO 19,259 (₹ 3.400 million)] due to related parties.

11. COST OF WORKS EXECUTED

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed	**18,40,944**	26,34,333	**3,15,703**	4,59,717
Labour expenses	**15,13,011**	19,88,640	**2,59,466**	3,47,038
Sub-contract expenses	**4,37,523**	7,65,051	**75,031**	1,33,509
Depreciation	**91,485**	1,03,197	**15,689**	18,009
Other direct expenses	**8,53,420**	9,62,727	**1,46,353**	1,68,005
	47,36,383	64,53,948	**8,12,242**	11,26,278

12. OTHER OPERATING INCOME

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Excess provision for doubtful debts written back (Refer Note 5)	**—**	25,000	**—**	4,363
Credit balances written back	**87,075**	34,805	**14,933**	6,074
Miscellaneous income	**2,293**	367	**393**	64
	89,368	60,172	**15,326**	10,501

13. OTHER OPERATING EXPENSES

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**73,360**	49,880	**12,580**	8,705
Repairs and maintenance	**13,506**	1,550	**2,316**	270
Insurance	**5,016**	3,314	**860**	578
Electricity and water charges	**4,512**	3,066	**774**	535
Telephones, fax and postage	**10,092**	8,510	**1,731**	1,485
Travelling and conveyance	**2,058**	8,929	**353**	1,559
Vehicle expenses	**3,766**	2,787	**646**	486
Advertisement and business promotion expenses	**5,801**	6,697	**995**	1,169
Printing and stationery	**1,935**	2,888	**332**	504
Visa expenses	**1,512**	1,214	**259**	212
Loss on sale of property, plant and equipment	**—**	1,809	**—**	316
Miscellaneous expenses	**12,987**	18,665	**2,227**	3,257
	1,34,545	1,09,309	**23,073**	19,076

14. FINANCE COSTS

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**4,953**	3,132	849	547

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

15. DIVIDENDS

Dividend declared and paid of RO 2,00,000 (₹ 34.902 million) [Previous year: RO 1,25,000 (₹ 21.814 million)] represents dividend per share of RO 0.800 (₹ 139.61) [Previous year: RO 0.500 (₹ 87.26)].

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, fellow subsidiaries, 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:

	Parent company	**Fellow subsidiaries**	**Directors / Members**	**Total**	Total 2016	**Total**	Total 2016
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	**—**	**—**	**73,360**	**73,360**	49,880	**12,581**	8,705
Director's remuneration	**—**	**—**	**9,168**	**9,168**	9,191	**1,572**	1,604
Dividend paid	**—**	**—**	**2,00,000**	**2,00,000**	1,25,000	**34,298**	21,814
Purchase of property, plant and equipment	**33,536**	**7,467**	**—**	**41,003**	—	**7,032**	—
Revenue	**—**	**1,50,219**	**—**	**1,50,219**	—	**25,761**	—
Materials purchased	**—**	**6,053**	**—**	**6,053**	—	**1,038**	—

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 15% (Previous year: 12%) without any basic exemption limit [Previous year: basic exemption limit of RO 30,000 (₹ 5.235 million)] in accordance with Income Tax Law in Oman. Taxation for the tax years 2011 to 2017 are subject to agreement with the taxation authorities.

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

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Current Tax				
Charge for the current year	**1,20,498**	76,611	**20,664**	13,369
Income Tax expense	**1,20,498**	76,611	**20,664**	13,369

(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:

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting profit of RO 7,79,765 (₹ 133.722 million) [Previous year: RO 6,70,488 (₹ 117.007 million)] at applicable tax rates	**1,16,965**	76,859	**20,058**	13,412
Add / less tax effect of:				
Expenses disallowable	**14**	144	**2**	25
Loss on sale of property, plant and equipment not considered as allowable expense / taxable income for tax purposes	**—**	217	**—**	38
Provisions written back (net) for doubtful debts and inventories not considered as deductible expense for tax purposes	**—**	(2,460)	**—**	(429)
Depreciation adjustment based on depreciation rates as per tax law	**3,519**	1,851	**604**	323
Tax expense per statement of comprehensive income	**1,20,498**	76,611	**20,664**	13,369

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.

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

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

Exposures to the aforementioned risks are detailed below:

(a) CREDIT, INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES

Credit risk

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

The Company's bank current, smart card, fixed and time deposit accounts are placed with reputed financial institutions. Contract receivables are stated net of provision for doubtful debts. As at the year end, RO 18,36,176 (₹ 305.631 million) constituting 71% [Previous year: RO 17,44,613 (₹ 307.977 million) constituting 77%] 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 23,65,329 (₹ 393.709 million) [Previous year: RO 24,48,375 (₹ 432.212 million)] constituting 77% (Previous year: 89%) are due from three (Previous year: three) 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 3,35,763 (₹ 55.888 million) (comprising of dues from main contract of RO 3,34,394 (₹ 55.660 million) and dues of RO 1,369 (₹ 0.228 million) for work carried out based on engineering / verbal instructions) pertaining to different contracts, are outstanding for more than one year and are receivable from various customers, against which a provision of RO 1,45,400 (₹ 24.202 million) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact to the Company.

Interest rate risk

The Company's fixed deposits are at interest rates of 0.40% to 3.75% 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.

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

(b) FAIR VALUES

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

Liquidity risk

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

	Less than 3 months	**1 year to 5 years**	**Total**	**Total**
	RO	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2017				
Staff end-of-service gratuity	**—**	**2,11,585**	**2,11,585**	**35,218**
Trade and other payables	**24,16,858**	**—**	**24,16,858**	**4,02,286**
Amounts due to customers for contract work	**5,44,108**	**—**	**5,44,108**	**90,567**
Current tax payable	**1,20,086**	**—**	**1,20,086**	**19,988**
	30,81,052	**2,11,585**	**32,92,637**	**5,48,059**
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	5,97,993

19. CONTINGENT LIABILITIES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letters of guarantees and bonds	**23,99,462**	23,26,592	**3,99,390**	4,10,713

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 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Unutilized letter of credit	**44,254**	—	**7,366**	—
Acceptances	**2,07,317**	27,077	**34,508**	4,780
	2,51,571	27,077	**41,874**	4,780

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, 12th April, 2018 **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 Seventh Annual Report and Accounts for the year ended 31st December, 2017.

2. The Company has reported lower turnover of Rials Omani (RO) 10.516 million as compared to RO 11.460 million in the previous year. However, with better and efficient execution of some projects completed during the year and also higher margin on Service and Maintenance jobs, the Company reported net profit of RO 0.191 million as compared to loss of RO 0.276 million in the previous year. During the year under review, the Company has secured orders of RO 12.150 million.

3. In order to conserve the resources, the Directors do not recommend any dividend for the year ended 31st December, 2017, like last year.

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, 12th April, 2018

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, 2017, 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, 2017, 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 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, 12th April, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

	Notes	RO	As at 31-12-2016 RO	₹ in '000s	As at 31-12-2016 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**2,01,285**	1,50,992	**33,504**	26,654
Long term deposits	5	**1,018**	1,018	**169**	180
		2,02,303	1,52,010	**33,673**	26,834
CURRENT ASSETS					
Inventories	4	**17,41,875**	30,69,147	**2,89,935**	5,41,797
Trade and other receivables	5	**52,19,672**	52,20,285	**8,68,814**	9,21,537
Amounts due from related parties		**—**	19,707	**—**	3,479
Amounts due from customers for contract works	6	**26,47,021**	35,48,056	**4,40,597**	6,26,338
Cash and cash equivalents	7	**8,08,270**	88,371	**1,34,537**	15,600
		1,04,16,838	1,19,45,566	**17,33,883**	21,08,751
TOTAL ASSETS		**1,06,19,141**	1,20,97,576	**17,67,556**	21,35,585
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	8	**5,00,000**	5,00,000	**83,225**	88,265
Legal reserve		**69,777**	50,679	**11,614**	8,946
Accumulated loss		**(84,491)**	(2,56,375)	**(14,064)**	(45,258)
Members' Funds		**4,85,286**	2,94,304	**80,775**	51,953
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**1,25,694**	95,267	**20,922**	16,818
CURRENT LIABILITIES					
Bank borrowings	9	**20,62,479**	26,09,995	**3,43,300**	4,60,742
Trade and other payables	10	**79,28,598**	89,99,225	**13,19,715**	15,88,633
Amounts due to related parties		**—**	77,156	**—**	13,620
Amounts due to customers for contract works	6	**—**	20,000	**—**	3,531
Current tax payable		**17,084**	1,629	**2,844**	288
		1,00,08,161	1,17,08,005	**16,65,859**	20,66,814
TOTAL EQUITY AND LIABILITIES		**1,06,19,141**	1,20,97,576	**17,67,556**	21,35,585

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) = ₹ 166.45 being the exchange rate prevailing as on 31st December, 2017. Previous year figures have been converted @ 1 RO = ₹ 176.53 being the exchange rate prevailing as on 31st December, 2016.

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

Muscat, 12th April, 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	RO	2016 RO	₹ in '000s	2016 ₹ in '000s
REVENUE	11	**1,05,15,659**	1,14,59,724	**18,03,330**	19,99,836
Cost of works executed	12	**(1,01,31,352)**	(1,15,99,338)	**(17,37,426)**	(20,24,200)
GROSS PROFIT / (LOSS)		**3,84,307**	(1,39,614)	**65,904**	(24,364)
Other operating income	13	**1,865**	—	**320**	—
Staff costs		**(46,226)**	(46,299)	**(7,927)**	(8,080)
Depreciation		**(18,680)**	(10,584)	**(3,203)**	(1,847)
Other operating expenses	14	**(1,13,962)**	(79,427)	**(19,543)**	(13,861)
PROFIT / (LOSS) FROM OPERATING ACTIVITIES FOR THE YEAR		**2,07,304**	(2,75,924)	**35,551**	(48,152)
Finance cost	15	**(867)**	(386)	**(149)**	(67)
NET PROFIT / (LOSS) FOR THE YEAR BEFORE TAX		**2,06,437**	(2,76,310)	**35,402**	(48,219)
Income tax expenses for the current year	16	**(15,455)**	—	**(2,650)**	—
NET PROFIT / (LOSS) FOR THE YEAR AFTER TAX		**1,90,982**	(2,76,310)	**32,752**	(48,219)
Other comprehensive income / (loss) for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**1,90,982**	(2,76,310)	**32,752**	(48,219)

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) = ₹ 171.49 being the average of the exchange rates prevailing as on 31st December, 2016 (1 RO = ₹ 176.53) and as on 31st December, 2017 (1 RO = ₹ 166.45). Previous year figures have been converted into Indian Rupees @ 1 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).

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

Muscat, 12th April, 2018

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

		Share capital		**Legal reserve**		**Accumulated profit/(loss)**		**Total**	
	Note	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
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
Total comprehensive profit for the year		—	—	—	—	1,90,982	32,752	1,90,982	32,752
Transfer to legal reserve		—	—	19,098	3,179	(19,098)	(3,179)	—	—
As at 31st December, 2017		**5,00,000**	**83,225**	**69,777**	**11,614**	**(84,491)**	**(14,064)**	**4,85,286**	**80,775**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit / (loss) for the year before tax	**2,06,437**	(2,76,310)	**35,402**	(48,219)
Adjustments for:				
Depreciation on property, plant and equipment	**57,142**	52,710	**9,799**	9,198
Finance cost	**867**	386	**149**	67
Operating profit / (loss) before changes in operating assets and liabilities	**2,64,446**	(2,23,214)	**45,350**	(38,954)
Decrease / (increase) in trade and other receivables	**613**	(15,81,976)	**52,719**	(2,94,005)
Decrease in trade and other payables	**(10,70,627)**	(1,68,696)	**(2,68,918)**	7,350
Increase in staff end-of-service gratuity payable	**30,427**	20,611	**4,104**	3,941
Decrease in inventories	**13,27,272**	52,279	**2,51,861**	(3,413)
Decrease in amounts due from / to customers for contract works (net)	**8,81,035**	9,79,587	**1,82,211**	1,54,671
Ultimate parent company's balance	**—**	(26,740)	**—**	(4,612)
Related parties' balances	**(57,449)**	24,727	**(10,141)**	4,498
Cash from / (used in) operating activities	**13,75,717**	(9,23,422)	**2,28,988**	(1,63,012)
Tax paid	**—**	(22,276)	**—**	(3,755)
Net cash from / (used in) operating activities (A)	**13,75,717**	(9,45,698)	**2,28,988**	(1,66,944)
Cash flows from investing activity				
Purchase of property, plant and equipment	**(1,07,435)**	(21,729)	**(18,424)**	(3,792)
Net cash used in investing activity (B)	**(1,07,435)**	(21,729)	**(17,883)**	(3,836)
Cash flows from financing activities				
Repayments of / proceeds from bank borrowings	**(5,47,516)**	9,86,060	**(1,17,443)**	1,80,646
Dividends paid	**—**	(50,000)	**—**	(8,428)
Finance cost paid	**(867)**	(386)	**(149)**	(67)
Net cash (used in) / from financing activities (C)	**(5,48,383)**	9,35,674	**(91,278)**	1,65,175
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**7,19,899**	(31,753)	**1,18,937**	(5,119)
Cash and cash equivalents at beginning of year	**88,371**	1,20,124	**15,600**	20,719
Cash and cash equivalents at end of year	**8,08,270**	88,371	**1,34,537**	15,600

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

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

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 an accumulated net loss of RO 84,491 (₹ 14.064 million) as at 31st December, 2017. 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%
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 property, plant and equipment are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the property, plant and equipment exceeds its recoverable amount.

(c) Inventories

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined on the moving weighted average cost basis and comprises of invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

(d) Trade and other receivables

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

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current and smart card accounts and deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

(g) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by Article 154 of the Commercial Companies Law of Oman, 1974. The Company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

(h) Employees benefit costs

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

Accruals for employees benefits comprising of leave salary, and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. The total expense recognised in the statement of comprehensive income for staff end-of-service gratuity amounts to RO 84,044 (₹ 14.413 million) [Previous year: RO 81,865 (₹ 14.286 million)].

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

(i) Trade and other payables

Liabilities are recognized for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the Company.

(j) Provisions

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

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

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

(k) Taxation

Provision for income tax has been made on taxable net profit earned by the Company during the year, arrived at after making suitable adjustments for likely disallowance as per the Law of Income Tax on Companies in Oman, as per Company's past completed income tax assessments and after adjustment of brought forwarded loss to the net profit as per the Company's financial statements. Additional income tax liability that may arise in future on completion of pending income tax assessments for the tax years 2013 to 2015 and 2017 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 2012.

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.

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

(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 and 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:

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		Vehicle		Total	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
Cost												
As at 1st January, 2017	1,28,237	22,637	40,599	7,167	44,705	7,892	96,607	17,054	—	—	3,10,148	54,750
Additions	30,000	5,145	9,845	1,688	5,667	972	47,923	8,218	14,000	2,401	1,07,435	18,424
As at 31st December, 2017	**1,58,237**	**26,339**	**50,444**	**8,396**	**50,372**	**8,384**	**1,44,530**	**24,057**	**14,000**	**2,330**	**4,17,583**	**69,506**
Accumulated depreciation												
As at 1st January, 2017	28,603	5,049	17,422	3,076	36,508	6,445	76,623	13,526	—	—	1,59,156	28,096
Charge for the year	19,248	3,301	5,670	972	5,577	956	26,609	4,563	38	7	57,142	9,799
As at 31st December, 2017	**47,851**	**7,965**	**23,092**	**3,844**	**42,085**	**7,004**	**1,03,232**	**17,183**	**38**	**6**	**2,16,298**	**36,002**
Net book value												
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
As at 31st December, 2017	**1,10,386**	**18,374**	**27,352**	**4,552**	**8,287**	**1,380**	**41,298**	**6,874**	**13,962**	**2,324**	**2,01,285**	**33,504**

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

4. INVENTORIES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Material at site	**18,38,781**	30,84,147	**3,06,065**	5,44,444
Provision for slow moving inventories	**(96,906)**	(15,000)	**(16,130)**	(2,647)
	17,41,875	30,69,147	**2,89,935**	5,41,797

The movement in provision for slow moving inventories account is as follows:

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**15,000**	—	**2,647**	—
Excess provision credited back to cost of works executed	**(9,000)**	—	**(1,543)**	—
Provision made during the year	**90,906**	15,000	**15,589**	2,618
Closing balance	**96,906**	15,000	**16,130**	2,647

5. TRADE AND OTHER RECEIVABLES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables	**25,71,831**	26,70,697	**4,28,081**	4,71,458
Contract retentions*	**19,70,295**	17,32,731	**3,27,956**	3,05,879
Contract debtors billed on account of advances receivable for materials at sites	**89,108**	2,60,671	**14,832**	46,016
	46,31,234	46,64,099	**7,70,869**	8,23,353
Advance to suppliers**	**5,32,460**	5,17,029	**88,628**	91,271
Advance to staff	**6,231**	5,970	**1,037**	1,054
Prepayments	**6,815**	12,789	**1,134**	2,258
Accrued income***	**42,932**	20,398	**7,146**	3,601
Deposits	**1,018**	1,018	**169**	180
	52,20,690	52,21,303	**8,68,983**	9,21,717
Long term deposits	**(1,018)**	(1,018)	**(169)**	(180)
	52,19,672	52,20,285	**8,68,814**	9,21,537

* Contract retentions includes certified retention of RO 20,000 (₹ 3.329 million) which is over 4 years old.

** Advances to suppliers includes RO 50,818 (₹ 8.459 million) [Previous year: RO 66,593 (₹ 11.756 million)] receivable from related parties.

*** The Company has accrued income of RO 42,932 (₹ 7.146 million) [Previous year: RO 20,398 (₹ 3.601 million)] which has been billed to the customers subsequently. Accordingly, no provision against accrued income is required as at 31st December, 2017.

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
3 months to 1 year	**18,24,059**	26,17,734	**3,03,615**	4,62,109
Over 1 year	**2,35,081**	8,95,827	**39,129**	1,58,140
	20,59,140	35,13,561	**3,42,744**	6,20,249

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 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Gross value	**—**	—	**—**	—
Provision	**—**	—	**—**	—
Carrying value	**—**	—	**—**	—
Contract receivables and retentions not past due and not impaired	**25,72,094**	11,50,538	**4,28,125**	2,03,104

Deductions by Main Contractors:

One main contractor has deducted RO 1,20,255 (₹ 20.016 million) from Company's payments on account of contra charges. As per discussion with the main contractor, this amount will be released by main contractor once job gets fully completed and therefore will have no impact on Company's profitability.

6. CONTRACT IN PROGRESS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**2,83,77,412**	2,29,02,748	**48,66,442**	39,96,759
Progress billings	**2,57,30,391**	1,93,74,692	**44,12,505**	33,81,078
Advance on contracts	**15,58,170**	10,38,078	**2,59,357**	1,83,252
Retentions receivables	**17,71,972**	17,10,255	**2,94,945**	3,01,911

Amount due from customers for contract works of RO 26,47,021 (₹ 440.597 million) [Previous year: RO 35,48,056 (₹ 626.338 million)], amount due to a customer for contract work of RO Nil (₹ Nil) [Previous year: RO 20,000 (₹ 3.531 million)] and total contract values considered as per cost to completion exercise includes, unapproved positive variations aggregating to RO 6,24,868 (₹ 104.009 million) [Previous year: RO 13,02,042 (₹ 229.849 million)] [including greater than 1 year of RO 91,375 (₹ 15.209 million) [Previous year: RO 6,28,013 (₹ 110.863 million)] and excluding negative variations of RO 10,000 (₹ 1.664 million), which are in the process of being certified and approved by main contractors. The Management of the Company is confident that the same will be certified in due course by main contractors.

7. CASH AND CASH EQUIVALENTS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**8,01,978**	85,440	**1,33,489**	15,083
Bank smart card account	**3,092**	131	**515**	23
Cash on hand	**3,200**	2,800	**533**	494
	8,08,270	88,371	**1,34,537**	15,600

8. SHARE CAPITAL

			As at 31-12-2016		As at 31-12-2016
	Share %	**RO**	RO	**₹ in '000s**	₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**35**	**1,75,000**	1,75,000	**29,129**	30,893
Voltas Netherlands B.V.	**65**	**3,25,000**	3,25,000	**54,096**	57,372
	100	**5,00,000**	5,00,000	**83,225**	88,265

The share capital comprises of 5,00,000 shares of face value RO 1 (₹ 166.45) each, fully paid up.

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

9. BANK BORROWINGS

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Bank overdrafts	**6,90,188**	6,30,895	**1,14,882**	1,11,371
Bills discounting	**11,28,565**	17,02,456	**1,87,850**	3,00,535
Loan against trust receipts	**2,43,726**	2,76,644	**40,568**	48,836
	20,62,479	26,09,995	**3,43,300**	4,60,742

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.

10. TRADE AND OTHER PAYABLES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables *	**45,27,368**	40,10,707	**7,53,580**	7,08,010
Advance received from customers	**28,02,646**	35,12,897	**4,66,500**	6,20,131
Accruals**	**4,69,552**	14,00,741	**78,157**	2,47,273
Provision for expenses during defect liability period	**1,29,032**	74,880	**21,478**	13,219
	79,28,598	89,99,225	**13,19,715**	15,88,633

* Trade payables include RO 10,35,380 (₹ 172.339 million) [Previous year: RO 3,21,253 (₹ 56.711 million)] due to related parties and RO 13,572 (₹ 2.259 million) [Previous year: RO Nil (₹ Nil)] due to ultimate parent company on account of trade dealings.

** Accruals include RO 21540 (₹ 3.585 million) [Previous year: RO 1,05,233 (₹ 18.577 million)] due to related parties and RO Nil (₹ Nil) [Previous year: RO 6,378 (₹ 1.126 million)] due to parent company.

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**74,880**	64,670	**13,219**	11,154
Provision during the year	**87,152**	68,100	**14,946**	11,884
Written back to cost of works executed	**(2,524)**	—	**(433)**	—
Incurred and written off against provision during the year	**(30,476)**	(57,890)	**(5,226)**	(10,102)
Closing balance	**1,29,032**	74,880	**21,477**	13,219

11. REVENUE

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**1,04,22,032**	1,13,83,932	**17,87,274**	19,86,610
Maintenance revenue	**93,627**	75,792	**16,056**	13,226
	1,05,15,659	1,14,59,724	**18,03,330**	19,99,836

12. COST OF WORKS EXECUTED

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**49,08,879**	58,95,146	**8,41,825**	10,28,762
Wages and related expenses	**29,52,064**	40,95,419	**5,06,249**	7,14,692
Depreciation on property, plant and equipment	**38,445**	42,126	**6,593**	7,351
Sub contract costs	**14,21,382**	8,87,764	**2,43,753**	1,54,924
Provision for expenses during defect liability period reversed	**(2,524)**	—	**(433)**	—
Other direct costs	**7,60,672**	6,45,952	**1,30,448**	1,12,725
	1,00,78,918	1,15,66,407	**17,28,435**	20,18,454
Maintenance project costs	**52,417**	32,931	**8,988**	5,746
Depreciation on property, plant and equipment	**17**	—	**3**	—
	52,434	32,931	**8,991**	5,746
	1,01,31,352	1,15,99,338	**17,37,426**	20,24,200

13. OTHER OPERATING INCOME

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Miscellaneous income	**1,865**	—	**320**	—

14. OTHER OPERATING EXPENSES

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**10,800**	10,800	**1,852**	1,885
Repairs and maintenance	**2,402**	2,287	**412**	399
Insurance	**1,012**	1,170	**174**	204
Electricity and water	**2,170**	2,483	**372**	433
Telephones, fax and postage	**10,977**	7,926	**1,882**	1,383
Travelling and conveyance	**12,840**	9,674	**2,202**	1,688
Tender charges	**12,955**	767	**2,222**	134
Vehicle expenses	**7,979**	4,269	**1,368**	745
Advertisement and business promotion expenses	**—**	4,595	**—**	802
Legal and professional charges	**40,453**	18,027	**6,937**	3,146
Entertainment expenses	**1,250**	—	**214**	—
Miscellaneous expenses	**11,124**	17,429	**1,908**	3,042
	1,13,962	79,427	**19,543**	13,861

15. FINANCE COST

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Bank charges	**867**	386	**149**	67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 (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 15% (Previous year: 12%) after the basic exemption in accordance with the Income Tax Law in Oman. Taxation for the tax years 2012 to 2017 are subject to agreement with the Taxation Authority.

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

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**15,455**	—	**2,650**	—
Charge for the earlier years	**—**	—	**—**	—
Income tax expense	**15,455**	—	**2,650**	—

(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:

		2016		2016
	RO	RO	**₹ in '000s**	₹ in '000s
Tax on accounting net profit of RO 2,06,437 (₹ 35.402 million) [Previous year: loss of RO 2,76,310 (₹ 48.219 million)] at applicable tax rates	**30,966**	(33,157)	**5,310**	(5,786)
Add / less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**(492)**	1,538	**(84)**	268
Provision made (net of written off) not deductible	**20,408**	3,025	**3,500**	528
Tax fees not considered as deductible expense for income tax purpose	**150**	132	**25**	23
Previous years' tax losses brought forward	**(35,577)**	—	**(6,101)**	—
Tax loss carried forward to adjust against future taxable net profit	**—**	28,462	**—**	4,967
	15,455	—	**2,650**	—

17. DIVIDENDS

Dividend of RO 50,000 (₹ 8.427 million) declared and paid during the previous year represent a dividend per share of RO 0.100 (₹ 16.86).

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**	**Other Related Parties**	**Total**	2016 Total	**Total**	2016 Total
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Purchase of property, plant and equipment from	**30,182**	**2,045**	**32,227**	816	**5,527**	142
Purchases from	**1,405**	**2,95,874**	**2,97,279**	3,78,848	**50,980**	66,113
Expenses from	**8,559**	**82,196**	**90,755**	1,23,000	**15,564**	21,465
Expenses to	—	**4,539**	**4,539**	9,118	**778**	1,591
Sub contract costs	—	**3,72,993**	**3,72,993**	1,05,233	**63,965**	18,364
Materials transferred from	—	—	—	2,370	—	414
Materials transferred to	—	**6,053**	**6,053**	—	**1,038**	—

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, long term deposits, 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 2017, 85.57% (Previous year : 90.90%) of contract receivables was due from three (Previous year : three) contract debtors. As at year end 2017, 81.83% (Previous year: 86.77%) of amounts due from customers for contract works is due from two (Previous year: two) customers. Amounts due

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

from customers for contract works of RO 26,47,021 (₹ 440.597 million) [Previous year: RO 35,48,056 (₹ 626.338 million)], amount due to a customer for contract work RO Nil (₹ Nil) [Previous year: RO 20,000 (₹ 3.531 million)] and total contract values considered as per cost to completion exercise includes unapproved positive variations aggregating to RO 6,24,868 (₹ 104.009 million), negative variations of RO Nil (₹ Nil) [Previous year: RO 2,13,538 (₹ 37.696 million)] and excludes negative variations of RO 10,000 (₹ 1.664 million), which are in the process of being certified and approved by main contractors as mentioned in Note 6 to these financial statements. Further, one main contractor has deducted RO 1,20,255 (₹ 20.016 million) from Company's payments on account of contra charges as mentioned in Note 5 to these financial statements. As per discussions with main contractor, this amount will be released by main contractor once job gets fully completed and therefore will have no impact on Company's profitability. Contract receivables includes certified receivable of RO 20,000 (₹ 3.329 million) which is over 4 years old. There are no other 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, 2017						
Staff end-of-service gratuity	—	—	—	**1,25,694**	**1,25,964**	**20,922**
Bank borrowings	**20,62,479**	—	—	—	**20,62,479**	**3,43,300**
Trade and other payables	**79,28,598**	—	—	—	**79,28,598**	**13,19,715**
Current tax payable	**17,084**	—	—	—	**17,084**	**2,844**
	1,00,08,161	—	—	**1,25,694**	**1,01,33,855**	**16,86,781**
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 a customer 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

20. OPERATING LEASE COMMITMENTS

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

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Not later than one year	**4,200**	34,200	**720**	5,968
Between one and five years	**16,800**	61,800	**2,881**	10,785
Later than five years	**4,200**	8,400	**720**	1,466
	25,200	1,04,400	**4,321**	18,219

21. CONTINGENT LIABILITIES

		As at 31-12-2016		As at 31-12-2016
	RO	RO	**₹ in '000s**	₹ in '000s
Acceptances	**2,62,904**	1,51,410	**43,760**	26,728
Banker's letter of guarantee	**45,09,758**	33,44,279	**7,50,649**	5,90,366
Banker's letters of credit	**3,73,459**	6,18,067	**62,162**	1,09,107
	51,46,121	41,13,756	**8,56,571**	7,26,201

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, 12th April, 2018

VOLTAS QATAR W.L.L.

Directors :
Anil George
Jayant Balan
B. G. Prabhuajgaonkar
K. Visweswaran

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Sixth Annual Report and Accounts for the year ended 31st December, 2017.

2. During the year ended 31st December, 2017, the Company recorded lower turnover of Qatari Riyals (QR) 204.539 million as compared to QR 262.034 million in the previous year. The Company recorded net profit of QR 10.201 million during the year ended 31st December, 2017 as against net profit of QR 4.359 million in the previous year. During the year under review, the Company had completed execution of prestigious Doha Festival City Mall Project, which is so far the biggest Mall in Doha, Qatar. The Company is currently executing another prestigious project, viz., Vendome Mall. When completed, it would be the biggest Mall in Qatar.
3. During the year under review, Mr. Ahmad Mana Nasser Saleh Jashan, a Qatari National and shareholder of the Company transferred his entire 51% shareholding to Architectural Fusion Trading Contracting, a Qatari company. There was, however, no change in the composition of the Board of Directors of the Company. Revised Memorandum of Association of the Company incorporating the aforesaid changes in the shareholding has been registered with the local authorities in Qatar during December 2017.
4. Considering the present political scenario in Qatar and with a view to conserve resources, the Directors do not recommend any dividend for the year ended 31st December, 2017 (previous year : Nil).
5. M/s. Deloitte & Touche, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors

B. G. Prabhuajgaonkar

Doha, Qatar, 24th April, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAS QATAR W.L.L.

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, 2017, 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, 2017, 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 19,24,66,191 (₹ 3,491.337 million) in compliance with the Company's policy with regard to scope changes, out of which QR 15,56,53,962 (₹ 2,823.563 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 3,68,12,229 (₹ 667.774 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 also 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

Walid Slim
Partner
License No. 319

Doha, Qatar, 24th April, 2018

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2017

	Notes	**QR**	As at 31-12-2016 QR	**₹ in '000s**	As at 31-12-2016 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	5	**2,95,63,008**	4,42,27,550	**5,20,605**	8,25,728
Accounts receivable	6	**1,92,27,920**	95,66,615	**3,38,604**	1,78,609
Retentions receivable		**3,06,60,176**	2,08,78,065	**5,39,926**	3,89,793
Due from related parties	13 (a)	**—**	760	**—**	14
Gross amount due from customers for contract works	7	**10,33,52,161**	6,33,76,664	**18,20,032**	11,83,243
Prepayments and other assets		**2,27,943**	3,86,608	**4,014**	7,218
Inventories	8	**50,22,666**	1,67,00,722	**88,449**	3,11,802
Advances and other receivables		**2,27,77,932**	47,10,975	**4,01,119**	87,954
Total current assets		**21,08,31,806**	15,98,47,959	**37,12,749**	29,84,361
NON-CURRENT ASSETS					
Retentions receivable		**2,20,46,321**	2,23,45,312	**3,88,236**	4,17,187
Plant and equipment	9	**4,14,247**	4,68,430	**7,295**	8,746
Intangible assets	10	**41,944**	1,03,195	**739**	1,927
Total non-current assets		**2,25,02,512**	2,29,16,937	**3,96,270**	4,27,860
Total assets		**23,33,34,318**	18,27,64,896	**41,09,019**	34,12,221
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank loans	11	**2,64,04,239**	2,30,90,256	**4,64,979**	4,31,095
Trade and other payables	12	**9,40,34,645**	7,43,38,765	**16,55,950**	13,87,905
Advances from customers		**7,38,32,177**	6,04,52,998	**13,00,185**	11,28,657
Due to related parties	13 (b)	**97,02,905**	66,62,780	**1,70,868**	1,24,394
Provision for anticipated losses		**11,76,964**	10,23,735	**20,726**	19,113
Income tax payable	19 (a)	**9,51,033**	5,40,746	**16,748**	10,096
Total current liabilities		**20,61,01,963**	16,61,09,280	**36,29,456**	31,01,260
NON-CURRENT LIABILITIES					
Employees' end-of-service benefits	14	**16,82,541**	13,07,263	**29,630**	24,407
Total liabilities		**20,77,84,504**	16,74,16,543	**36,59,086**	31,25,667
EQUITY					
Share capital	1	**10,00,000**	10,00,000	**17,610**	18,670
Legal reserve	15	**5,00,000**	5,00,000	**8,806**	9,335
Retained earnings		**2,40,49,814**	1,38,48,353	**4,23,517**	2,58,549
Total equity		**2,55,49,814**	1,53,48,353	**4,49,933**	2,86,554
Total liabilities and equity		**23,33,34,318**	18,27,64,896	**41,09,019**	34,12,221

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

Note: The Statement of financial position has been converted into Indian Rupees @ 1 Qatari Riyal (QR) = ₹ 17.61, being the exchange rate prevailing as on 31st December, 2017. Previous year figures have been converted @ 1 QR = ₹ 18.67, being the exchange rate prevailing as on 31st December, 2016.

Directors **B. G. Prabhuajgaonkar**
K. Visweswaran

Doha, 24th April, 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	QR	2016 QR	₹ in '000s	2016 ₹ in '000s
REVENUE		**20,45,38,621**	26,20,34,190	**37,10,331**	48,34,531
Cost of services and other direct costs	16	**(19,49,06,381)**	(25,44,60,002)	**(35,35,602)**	(46,94,787)
GROSS PROFIT		**96,32,240**	75,74,188	**1,74,729**	1,39,744
Other income	17	**36,08,131**	7,09,839	**65,451**	13,097
General and administrative expenses	18	**(4,80,269)**	(11,45,523)	**(8,712)**	(21,135)
Finance costs		**(14,79,820)**	(22,47,701)	**(26,844)**	(41,470)
PROFIT BEFORE INCOME TAX		**1,12,80,282**	48,90,803	**2,04,624**	90,236
Income tax	19 (b)	**(10,78,821)**	(5,31,412)	**(19,570)**	(9,805)
PROFIT FOR THE YEAR		**1,02,01,461**	43,59,391	**1,85,054**	80,431
Other comprehensive income		**—**	—	**—**	—
Total comprehensive income for the year		**1,02,01,461**	43,59,391	**1,85,054**	80,431

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 = ₹ 18.14, being the average of the exchange rates prevailing as on 31st December, 2016 (1 QR = ₹ 18.67) and as on 31st December, 2017 (1 QR = ₹ 17.61). Previous year figures have 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).

Directors **B. G. Prabhuajgaonkar**
K. Visweswaran

Doha, 24th April, 2018

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

	Share capital		Legal reserve		Retained earnings		Total	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Balance at 1st January, 2016	10,00,000	18,240	5,00,000	9,120	94,88,962	1,73,079	1,09,88,962	2,00,439
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
Total comprehensive income for the year	—	—	—	—	1,02,01,461	1,85,054	1,02,01,461	1,85,054
Balance at 31st December, 2017	**10,00,000**	**17,610**	**5,00,000**	**8,806**	**2,40,49,814**	**4,23,517**	**2,55,49,814**	**4,49,933**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2017

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Profit before income tax	**1,12,80,282**	48,90,803	**2,04,624**	90,236
Adjustments for:				
Depreciation of plant and equipment	**2,85,368**	9,14,318	**5,177**	16,869
Amortisation of intangible assets	**61,251**	2,82,003	**1,111**	5,203
Profit on sale of property and equipment	**(2,700)**	(7,732)	**(49)**	(143)
Loss on sale of property and equipment	**—**	31,563	**—**	582
Inventory written off	**17,12,492**	80,522	**31,065**	1,486
Provisions for employees' end-of-service benefits	**6,66,186**	4,24,610	**12,085**	7,834
Provision for anticipated losses	**1,53,229**	10,23,735	**2,780**	18,888
Finance cost	**14,79,820**	22,47,701	**26,844**	41,470
	1,56,35,928	98,87,523	**2,83,636**	1,82,425
Movement in working capital:				
Accounts receivable	**(96,61,305)**	2,84,42,793	**(1,59,995)**	5,14,683
Gross amount due from customers for contract works	**(3,99,75,497)**	4,69,82,339	**(6,36,789)**	8,29,706
Retentions receivable	**(94,83,120)**	(1,92,19,721)	**(1,21,181)**	(3,69,154)
Due from related parties	**760**	(760)	**14**	(14)
Prepayments and other assets	**1,58,665**	64,702	**3,204**	1,014
Advances and other receivables	**(1,80,66,957)**	(31,60,766)	**(3,13,165)**	(59,678)
Inventories	**99,65,564**	2,94,94,537	**1,91,381**	5,30,799
Trade and other payables	**1,96,95,880**	(2,08,29,107)	**2,68,045**	(3,47,957)
Advances from customers	**1,33,79,179**	(1,53,14,315)	**1,71,527**	(2,53,338)
Due to related parties	**30,40,125**	(54,594)	**46,474**	1,869
Cash (used in)/generated from operations	**(1,53,10,778)**	5,62,92,631	**(2,69,623)**	10,50,983
Employees' end-of-service benefits paid	**(2,90,908)**	(35,005)	**(5,277)**	(646)
Income tax paid	**(6,68,534)**	(4,50,242)	**(12,127)**	(8,307)
Finance cost paid	**(14,79,820)**	(22,47,701)	**(26,844)**	(41,470)
Net cash (used in)/generated from operations	**(1,77,50,040)**	5,35,59,683	**(3,12,578)**	9,99,959
INVESTING ACTIVITIES				
Additions to plant and equipment	**(2,31,771)**	(3,07,798)	**(4,204)**	(5,679)
Additions to intangible assets	**—**	(76,519)	**—**	(1,412)
Proceeds from disposal of plant and equipment	**3,286**	14,521	**60**	268
Net cash used in investing activities	**(2,28,485)**	(3,69,796)	**(4,024)**	(6,904)
FINANCING ACTIVITIES				
Net movement in bank loans	**33,13,983**	(2,01,88,917)	**33,884**	(3,58,317)
Net cash generated from/(used in) financing activities	**33,13,983**	(2,01,88,917)	**58,359**	(3,76,927)
Net (decrease)/increase in cash and cash equivalents	**(1,46,64,542)**	3,30,00,970	**(3,05,123)**	6,20,955
Cash and cash equivalents at the beginning of the year	**4,42,27,550**	1,12,26,580	**8,25,728**	2,04,773
Cash and cash equivalents at the end of the year (Note 5)	**2,95,63,008**	4,42,27,550	**5,20,605**	8,25,728

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

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 2nd November, 2017, the ownership and profit sharing structure of the Company was changed from Mr. Ahmad Mana Nasser Saleh Jashan to Architectural Fusion Trading Contracting. The Company's new equity and profit share are presented as follows:

2017

Name	**Profit distribution %**	**Ownership %**	**QR**	**₹ '000s**
Architectural Fusion Trading Contracting	3%	51%	5,10,000	8,981
Voltas Netherlands B.V.	97%	49%	4,90,000	8,629
	100%	**100%**	**10,00,000**	**17,610**

2016

Name	Profit distribution %	Ownership %	QR	₹ '000s
Mr. Ahmad Mana Nasser Saleh 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

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. Moreover, during 2016, 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 applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1st January, 2017, have been adopted in these financial statements.

- **Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses**

  The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

  The application of these amendments has had no impact on the Company's financial statements.

- **Amendments to IAS 7 Disclosure Initiative**

  The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

  The application of these amendments has had no impact on the Company's financial statements.

- **Annual Improvements to IFRS Standards 2014-2016 Cycle – Amendments to IFRS 12**

  The Company does not have interests in subsidiaries, associates or joint ventures.

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

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 yet 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 and IAS 28.	1st January, 2018
Annual Improvements to IFRS Standards 2015-2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1st January, 2019
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
IFRIC 23 *Uncertainty over Income Tax Treatments* The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: ● Whether tax treatments should be considered collectively; ● Assumptions for taxation authorities' examinations; ● The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and ● The effect of changes in facts and circumstances.	1st January, 2019
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
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) 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 de-recognition, 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.	1st January, 2018

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and revised IFRS in issue but not yet effective (contd.)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. 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 'FVTOCI' category for certain debt instruments. Financial liabilities are classified in a similar manner to 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. **De-recognition:** The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39.	1st January, 2018
Amendments to IFRS 9 *Financial instruments:* Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1st January, 2019
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.	1st January, 2018

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and revised IFRS in issue but not yet effective (contd.)

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.	1st January, 2018
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.	1st January, 2019
Amendments to IAS 28 *Investment in Associates and Joint Ventures* Relating to long term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* in long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1st January, 2019
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 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1st January 2021.	1st January, 2021
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.	Effective date deferred indefinitely Adoption is still permitted.

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 applied 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 is in the process of performing a detailed impact analysis of the application of these Standards and hence have not quantified the extent of the impact, yet.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) 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.

(c) 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.

(d) Property and equipment

Property 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 de-recognised. 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	15.00%
Machinery	15.00%
IT equipment	33.33%
Vehicles	20.00%

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.

(e) 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 de-recognised on disposal, or when no future economic benefits are expected from use or disposal. A gain or loss arising from de-recognition 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 de-recognised.

(f) 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.

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

(g) 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.

(h) 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.

(i) 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.

(j) De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets 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.

(k) 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.

(l) 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.

(m) 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.

(n) De-recognition of financial liabilities

The Company de-recognises 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 de-recognised and the consideration paid and the payable is recognised in the statement of profit or loss and other comprehensive income.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 re-translated. Exchange differences on monetary items are recognised in the statement of profit or loss account 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.

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

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 19,24,66,191 (₹ 3,491.337 million) in compliance with the Company's policy with regard to scope changes, out of which QR 15,56,53,962 (₹ 2,823.563 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 19.20 million (₹ 338.112 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 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Cash on hand	**48,918**	28,201	**862**	526
Current account	**2,95,14,090**	4,41,99,349	**5,19,743**	8,25,202
	2,95,63,008	4,42,27,550	**5,20,605**	8,25,728

6. ACCOUNTS RECEIVABLE

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Accounts Receivable	**1,92,27,920**	95,66,615	**3,38,604**	1,78,609

The average credit period is 60 days. No interest is charged on the overdue receivables.

Aging of accounts receivable as at the reporting date, are as follows:

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
(i) Aging of neither past due nor impaired (Less than 60 days)	**1,33,13,364**	95,13,217	**2,34,449**	1,77,612
(ii) Aging of neither past due but not impaired (61-360 days)	**59,14,556**	53,398	**1,04,155**	997
	1,92,27,920	95,66,615	**3,38,604**	1,78,609

7. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORKS

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Cost plus attributable profits less losses, if any	**84,56,68,798**	64,11,30,177	**1,48,92,228**	1,19,69,901
Less: Progress billings	**(74,23,16,637)**	(57,77,53,513)	**(1,30,72,196)**	(1,07,86,658)
	10,33,52,161	6,33,76,664	**18,20,032**	11,83,243

8. INVENTORIES

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Project material	**50,22,666**	1,67,00,722	**88,449**	3,11,802

Inventory written off during the year amounted to QR 17,12,492 (₹ 31.065 million) [2016 : QR 80,522 (₹ 1.486 million)].

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

9. 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
Costs										
At 1st January, 2016	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 from 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
Additions during the year	16,050	291	1,87,986	3,410	27,735	503	—	—	2,31,771	4,204
Disposals during the year	—	—	(11,874)	(215)	(4,186)	(76)	—	—	(16,060)	(291)
At 31st December, 2017	**6,36,700**	**11,212**	**10,80,873**	**19,034**	**4,21,974**	**7,431**	**2,41,271**	**4,249**	**23,80,818**	**41,926**
Accumulated depreciation										
At 1st January, 2016	2,05,203	3,743	3,24,945	5,927	2,99,161	5,457	12,260	224	8,41,569	15,351
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
Charge for the year	9,121	165	1,96,819	3,570	39,546	717	39,882	723	2,85,368	5,175
Disposals during the year	—	—	(11,290)	(205)	(4,184)	(76)	—	—	(15,474)	(281)
At 31st December, 2017	**5,98,738**	**10,544**	**9,02,276**	**15,889**	**3,83,818**	**6,759**	**81,739**	**1,439**	**19,66,571**	**34,631**
Carrying value										
At 31st December, 2017	**37,962**	**668**	**1,78,597**	**3,145**	**38,156**	**672**	**1,59,532**	**2,810**	**4,14,247**	**7,295**
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

10. INTANGIBLE ASSETS

	Software			
		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Cost				
At 1st January	**6,43,519**	5,67,000	**12,014**	10,342
Additions during the year	**—**	76,519	**—**	1,412
At 31st December	**6,43,519**	6,43,519	**11,332**	12,014
Accumulated amortisation				
At 1st January	**5,40,324**	2,58,321	**10,088**	4,712
Charge for the year	**61,251**	2,82,003	**1,111**	5,203
At 31st December	**6,01,575**	5,40,324	**10,593**	10,088
Carrying value				
At 31st December	**41,944**	1,03,195	**739**	1,927

Amortisation of intangible assets is calculated using the straight-line method over the term of the project.

11. BANK LOANS

This represents certain short-term Murabaha facilities from a local bank at a profit rate of 6% - 7% (2016: 5% - 6%) per annum, rolled over every 3 months. No collateral or liens are existing against these facilities.

12. TRADE AND OTHER PAYABLES

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Trade payables	**6,55,76,018**	3,06,56,057	**11,54,794**	5,72,349
Accruals and other liabilities	**1,63,78,228**	3,50,72,156	**2,88,420**	6,54,797
Retentions payable	**1,12,06,032**	78,01,711	**1,97,338**	1,45,658
Leave salary	**8,74,367**	8,08,841	**15,398**	15,101
	9,40,34,645	7,43,38,765	**16,55,950**	13,87,905

13. 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

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Voltas Oman	**—**	760	**—**	14

(b) Due to related parties

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in '000s**	₹ in '000s
Hamad and Mohamad Al Futtaim	**39,03,672**	6,80,968	**68,743**	12,714
Voltas Limited – Qatar Branch	**44,49,233**	59,81,812	**78,351**	1,11,680
Voltas Netherlands B.V.	**13,50,000**	—	**23,774**	—
	97,02,905	66,62,780	**1,70,868**	1,24,394

(c) Related party transactions

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
Purchases of raw materials	**2,05,442**	24,99,218	**3,727**	46,111
Manpower costs	**2,37,27,001**	3,01,86,398	**4,30,408**	5,56,939
General expenses	**1,41,03,276**	1,41,13,171	**2,55,833**	2,60,388

14. EMPLOYEES' END-OF-SERVICE BENEFITS

		As at 31-12-2016		As at 31-12-2016
	QR	QR	**₹ in'000s**	₹ in'000s
Balance at 1st January	**13,07,263**	9,17,658	**24,407**	16,738
Provided during the year	**6,66,186**	4,24,610	**12,085**	7,834
End-of-service benefits paid	**(2,90,908)**	(35,005)	**(5,277)**	(646)
Balance at 31st December	**16,82,541**	13,07,263	**29,630**	24,407

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

15. 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.

16. COST OF SERVICES AND OTHER DIRECT COSTS

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
Cost of materials	**12,52,19,589**	14,45,10,606	**22,71,483**	26,66,220
Manpower costs	**5,35,64,139**	8,30,30,938	**9,71,653**	15,31,921
Sub-contract costs	**1,12,11,223**	2,02,68,217	**2,03,372**	3,73,948
Design charges	**4,83,381**	18,95,333	**8,769**	34,969
Provision for anticipated losses	**1,53,229**	10,23,735	**2,780**	18,888
Inventory written off	**17,12,492**	80,522	**31,065**	1,486
Site office maintenance	**4,79,298**	9,32,717	**8,694**	17,209
Depreciation of plant and equipment (Note 9)	**2,85,371**	9,14,318	**5,177**	16,869
Shared cost	**—**	77,676	**—**	1,433
Printing and stationery	**4,07,818**	3,33,714	**7,398**	6,157
Amortisation of intangible assets (Note 10)	**61,252**	2,82,003	**1,111**	5,203
Transportation	**1,96,362**	2,24,693	**3,562**	4,145
Communication	**4,03,762**	44,967	**7,324**	830
Other direct costs	**7,28,465**	8,40,563	**13,214**	15,509
	19,49,06,381	25,44,60,002	**35,35,602**	46,94,787

17. OTHER INCOME

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
Back charge income	**34,21,208**	—	**62,060**	—
Scrap sales	**1,86,923**	7,09,839	**3,391**	13,097
	36,08,131	7,09,839	**65,451**	13,097

18. GENERAL AND ADMINISTRATIVE EXPENSES

		2016		2016
Service charges	**2,75,000**	6,83,902	**4,989**	12,619
Professional fees	**1,51,350**	2,71,135	**2,745**	5,002
Loss on sale of plant and equipment	**—**	31,563	**—**	582
Office rent	**—**	33,000	**—**	609
Registration and licenses	**27,616**	14,000	**501**	258
Vehicle maintenance	**24,586**	98,717	**446**	1,821
Miscellaneous expenses	**1,717**	13,206	**31**	244
	4,80,269	11,45,523	**8,712**	21,135

19. INCOME TAX

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
(a) Profit for the year before income tax	**1,12,80,282**	48,90,808	**2,04,624**	90,236
Adjustments for:				
Depreciation charged in excess of income tax rates	**41,667**	6,86,328	**756**	12,663
(Gain)/Loss on disposal of plant and equipment	**(2,700)**	23,831	**(49)**	440
Non-deductible expense and adjustments	**(15,14,784)**	17,07,637	**(27,478)**	31,506
Taxable income	**98,04,465**	73,08,604	**1,77,853**	1,34,844
Income tax expense at 10%	**9,80,447**	7,30,860	**17,785**	13,484
Share in taxes of foreign partner at 97% to be paid to Income Tax Department (Note 1)	**9,51,033**	5,40,746	**17,252**	9,977

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:

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
(b) Current year tax expense	**9,51,033**	5,40,746	**17,252**	9,977
Prior year's tax (excess) reversed / expense paid in current period	**1,27,788**	(9,334)	**2,318**	(172)
	10,78,821	5,31,412	**19,570**	9,805

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

20. CONTINGENCIES

		2016		2016
	QR	QR	**₹ in '000s**	₹ in '000s
Performance bonds	**8,30,23,700**	8,41,49,590	**14,62,047**	15,71,073
Advance payment guarantees	**2,00,30,256**	3,89,25,010	**3,52,733**	7,26,730
Letters of credit	**2,78,66,774**	1,34,20,954	**4,90,734**	2,50,569

21. 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	5,81,24,910	2,90,62,455	5,11,790
Accounts receivable	3,84,55,841	1,92,27,921	3,38,604
Retentions receivable	3,04,92,565	1,52,46,283	2,68,487
Gross amount due from customer for contract work	10,33,40,031	5,16,70,016	9,09,909
Pre-payments and other assets	2,30,083	1,15,042	2,026
Inventories	58,09,021	29,04,511	51,148
Advances paid	3,80,08,085	1,90,04,043	3,34,661
Total current assets	**27,44,60,536**	**13,72,30,271**	**24,16,625**
Non-current assets			
Retentions receivable	1,63,08,916	81,54,458	1,43,600
Plant and equipment	2,97,200	1,48,600	2,617
Intangible assets	83,886	41,943	739
Total non-current assets	**1,66,90,002**	**83,45,001**	**1,46,956**
Total assets	**29,11,50,538**	**14,55,75,272**	**25,63,581**

21. INTEREST IN JOINT ARRANGEMENT (contd.)

	As recorded in the Joint Arrangement account	Share of the Company (50%)	
	QR	QR	₹ in '000s
Current liabilities			
Trade and other payables	10,42,98,293	5,21,49,147	9,18,346
Due to related parties	98,44,778	49,22,391	86,683
Advance from a customer	9,11,82,805	4,55,91,403	8,02,865
Total liabilities	**20,53,25,876**	**10,26,62,941**	**18,07,894**
Retained earnings	8,58,24,662	4,29,12,331	7,55,686
Total liabilities and retained earnings	**29,11,50,538**	**14,55,75,272**	**25,63,580**
Statement of profit or loss			
Contract revenue	35,48,30,584	17,74,15,292	32,18,313
Contract cost	(30,24,27,690)	(15,12,13,845)	(27,43,019)

22. 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.

23. 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 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.

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

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. A 5% increase / decrease in interest rates would have increased / decreased equity by QR 73,991 (₹ 1.303 million) [2016: QR 1,12,385 (₹ 2.098 million)].

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.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with regard repayment periods. 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.

At 31st December, 2017

	Weighted average effective interest rate	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**	**Total**
	%	**QR**	**QR**	**QR**	**QR**	**QR**	**₹ in '000s**
Bank loan	6 - 7%	2,64,04,239	—	—	—	**2,64,04,239**	**4,64,979**
Trade and other payables	—	9,40,34,645	—	—	—	**9,40,34,645**	**16,55,950**
Due to Related parties	—	97,02,905	—	—	—	**97,02,905**	**1,70,868**
		13,01,41,789	—	—	—	**13,01,41,789**	**22,91,797**

At 31st December, 2016

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total
	%	QR	QR	QR	QR	QR	₹ in '000s
Bank loan	5 - 6 %	2,30,90,256	—	—	—	2,30,90,256	4,31,095
Trade and other payables	—	7,43,38,765	—	—	—	7,43,38,765	13,87,905
Due to Related parties	—	66,62,780	—	—	—	66,62,780	1,24,394
		10,40,91,801	—	—	—	10,40,91,801	19,43,394

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.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Management of the Company and authorized for issue on 24th April, 2018.

Directors **B. G. Prabhuajgaonkar**
K. Visweswaran

Doha, 24th April, 2018

VOLTAS NETHERLANDS B.V.

Directors :

Jayant Balan
Representative of TMF Management B.V.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Nineteenth Annual Report and the Accounts for the year ended 31st March, 2018.

2. The Company has reported loss of Euro 0.120 million for the year ended 31st March, 2018 as compared to profit of Euro 0.062 million in the previous year due to increase in operating costs. The Directors do not recommend any dividend for the year ended 31st March, 2018, like last year.

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

On behalf of the Board of Directors

Jayant Balan

Amsterdam, 15th May, 2018 *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 (financial statements for consolidation purposes) for the year ended 31st March, 2018 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, 2018 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, 2018.
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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on 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, 2018, and of its result and its cash flows for the year then ended in accordance with Dutch Generally Accepted Accounting Principles. 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 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 among others:

- 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;
- Evaluating 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 a Company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- Evaluating 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.

Schiphol-Rijk, The Netherlands.	**PKF Wallast**
26th April, 2018	Drs. E. Bakker RA

BALANCE SHEET AS AT 31ST MARCH, 2018

	Euro	As at 31-3-2017 Euro	₹ in '000s	As at 31-3-2017 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**6,18,729**	6,18,729	**49,907**	42,853
Reserves and Surplus	**66,21,503**	67,41,474	**5,34,090**	4,66,914
Total Shareholders' Funds	**72,40,232**	73,60,203	**5,83,997**	5,09,767
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**3,38,684**	3,38,684	**27,318**	23,457
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**11,59,588**	11,59,588	**93,532**	80,313
Voltas Oman L.L.C.	**6,36,945**	6,36,945	**51,376**	44,115
Voltas Qatar W.L.L.	**1,01,056**	1,01,056	**8,151**	6,999
Universal Voltas L.L.C.	**37,63,260**	37,63,260	**3,03,545**	2,60,643
	59,99,533	59,99,533	**4,83,922**	4,15,527
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L.	**(3,38,684)**	(3,38,684)	**(27,318)**	(23,457)
	56,60,849	56,60,849	**4,56,604**	3,92,070
CURRENT ASSETS, LOANS AND ADVANCES (NOMINAL VALUE)				
Receivables from participations	—	—	—	—
Trade receivables	**3,45,000**	—	**27,827**	—
Other receivables	**5,264**	5,264	**425**	365
Bank balances	**12,49,325**	17,09,590	**1,00,771**	1,18,406
Less: Current Liabilities	**(20,206)**	(15,500)	**(1,630)**	(1,074)
Net Current Assets	**15,79,383**	16,99,354	**1,27,393**	1,17,697
	72,40,232	73,60,203	**5,83,997**	5,09,767

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 80.66 being the exchange rate prevailing as on 31st March, 2018. Previous year figures have been converted @ 1 Euro = ₹ 69.26 being the exchange rate prevailing as on 31st March, 2017.

Directors **Jayant Balan**

Amsterdam, 15th May, 2018 **Representative of TMF Management**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

	Euro	2016-17 Euro	₹ in '000s	2016-17 ₹ in '000s
OTHER INCOME				
Dividend from participations	**1,85,383**	1,16,176	**13,897**	8,379
Fees Corporate Guarantee	**3,45,000**	—	**25,861**	—
	5,30,383	1,16,176	**39,758**	8,379
EXPENSES				
Operating and Administrative Expenses	**(4,92,037)**	(1,02,790)	**(36,883)**	(7,413)
Financial results	**(1,58,317)**	48,777	**(11,867)**	3,518
	(6,50,354)	(54,013)	**(48,750)**	(3,895)
(Loss)/Profit	**(1,19,971)**	62,163	**(8,992)**	4,484

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 74.96 being the average of the exchange rates prevailing as on 31st March, 2017 (1 Euro = ₹ 69.26) and as on 31st March, 2018 (1 Euro = ₹ 80.66). Previous year figures have 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).

Directors **Jayant Balan**

Amsterdam, 15th May, 2018 **Representative of TMF Management**

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, 2017 up to and including 31st March, 2018.

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**	**27,318**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**11,59,588**	**93,532**
Voltas Oman L.L.C.	**65**	**6,36,945**	**51,376**
Voltas Qatar W.L.L.	**49**	**1,01,056**	**8,151**
Universal Voltas L.L.C.	**49**	**37,63,260**	**3,03,545**
Total acquisition costs		**59,99,533**	**4,83,922**
Less: Depreciation-Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(3,38,684)**	**(27,318)**
		56,60,849	**4,56,604**

The participations are carried at acquisition costs less any depreciation.

Share Capital

The registered share capital amounts to Euro 10,21,005 (₹ 8,23,54,263)

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, 2017	**6,18,729**	**42,853**
Movement	**—**	**—**
Balance as per 31st March, 2018	**6,18,729**	**49,907**

Reserves and Surplus

	Euro	**₹ in '000s**
Balance as per 31st March, 2017	**67,41,474**	**4,66,914**
Loss for the year ended 31st March, 2018	**(1,19,971)**	**(8,992)**
Balance as per 31st March, 2018	**66,21,503**	**5,34,090**

Receivables from Participations

	Euro	**₹ in '000s**
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	**43,068**	**3,474**
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**(43,068)**	**(3,474)**
Balance as per 31st March, 2018	**—**	**—**

Trade Receivables

	Euro	**₹ in '000s**
Invoices for corporate guarantee fees (Voltas Qatar W.L.L. and Voltas Oman L.L.C.)	**3,45,000**	**27,827**
Balance as per 31st March, 2018	**3,45,000**	**27,827**

Other Receivables

	Euro	**₹ in '000s**
Prepayments	**5,264**	**425**
Balance as per 31st March, 2018	**5,264**	**425**

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

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	26,956	2,174
ABN Amro Bank USD	11,11,209	89,630
ABN Amro Bank Deposit EURO	4	—
ABN Amro Bank Top Deposit EURO	1,11,156	8,967
Balance as per 31st March, 2018	12,49,325	1,00,771

Current Liabilities

	Euro	₹ in '000s
Audit, advisory and accounting costs	20,206	1,630
Balance as per 31st March, 2018	20,206	1,630

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 36.095 million) (₹ 2911.423 million).

(ii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 200.000 million (Euro 44.582 million) (₹ 3595.984 million).

(iii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 160.000 million (Euro 35.666 million) (₹ 2876.820 million).

(iv) Citibank N.A., Doha, Qatar on behalf of Voltas Qatar W.L.L. for USD 11 million / QR 40.150 million (Euro 8.950 million) (₹ 721.907 million).

(v) Bank Sohar S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 0.975 million (Euro 2.057 million) (₹ 165.918 million).

(vi) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman L.L.C. for RO 4.550 million (Euro 9.602 million) (₹ 774.497 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. (RO 80,000)	1,85,383	13,897
	1,85,383	13,897

Fees Corporate Guarantee

	Euro	₹ in '000s
Fees Corporate Guarantee (Voltas Qatar W.L.L.)	2,72,354	20,415
Fees Corporate Guarantee (Voltas Oman L.L.C.)	72,646	5,446
	3,45,000	25,861

The Company did not have any employees during 2017–2018 (2016–2017: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Fees Corporate Guarantee (Voltas Limited)	3,45,000	25,861
Management costs	45,439	3,406
Audit and advisory expenses	96,627	7,243
Legal fees	4,877	366
Other costs	94	7
	4,92,037	36,883

Financial Results

	Euro	₹ in '000s
Interest received	(2)	—
Bank cost	2,285	171
Exchange rate differences	1,56,034	11,696
	1,58,317	11,867

Directors **Jayant Balan**

Amsterdam, 15th May, 2018 **Representative of TMF Management**

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