VOLTAS LIMITED

NOTICE

THE FIFTY-EIGHTH ANNUAL GENERAL MEETING OF VOLTAS LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Thursday, 23rd August, 2012 at 3.00 p.m. to transact the following business:-

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. S.N. Menon, who retires by rotation and is eligible for reappointment.

4. To appoint a Director in place of Mr. Ishaat Hussain, who retires by rotation and is eligible for reappointment.

5. To appoint a Director in place of Mr. Sanjay Johri, who retires by rotation and is eligible for reappointment.

6. **Appointment of Mr. Vinayak Deshpande as a Director:**

   To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

   "RESOLVED that Mr. Vinayak Deshpande, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th February, 2012 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

7. **Appointment of Auditors:**

To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time (the 'Act'), Messrs Deloitte Haskins & Sells (ICAI Registration No.117366W), the retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to examine and audit the accounts of the Company for the financial year 2012-13 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

RESOLVED FURTHER that the Auditors of the Company be and are hereby authorised to carry out (either themselves or through qualified Associates) the audit of the Company's accounts maintained at all its offices, plants, works and establishments (whether now existing or as may be established or acquired during the Company's financial year ending 31st March, 2013) wherever situated in India or abroad.

RESOLVED FURTHER that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Act, the Board of Directors be and is hereby authorised to appoint Messrs Deloitte Haskins & Sells, the Company's Auditors and/or in consultation with them, any other person or persons who is/are qualified for appointment as Auditor or Auditors of the Company's Branch offices (whether now existing or as may be established) to examine and audit the accounts for the financial year 2012-13 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

NOTES:

(a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 6 and 7 set out above and the relevant details of Directors seeking appointment/reappointment under Item Nos. 3 to 6 above, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, are annexed hereto.

(b) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

(c) The Transfer Books of the Company will remain closed from Friday, 3rd August, 2012 to Thursday, 23rd August, 2012, both days inclusive.

(d) If dividend on shares as recommended by the Directors is approved at the Meeting, the payment will be made on or after 25th August, 2012, as under:

   (i) to all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on 2nd August, 2012;

   (ii) to all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 2nd August, 2012.

(e) Members are requested to notify any change in their address, bank details, etc.:

(i) to their Depository Participants (DPs) in respect of shares held in demat form; and

(ii) to the Registrar & Share Transfer Agent of the Company in respect of shares held in physical form, quoting their folio numbers.

(f) It is notified for the information of the shareholders concerned that the unclaimed dividends for the years 1973-74 to 1994-95 have been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by the shareholders from the office of the Registrar of Companies, Maharashtra, situated at CGO Complex, 'A' Wing, 2nd floor, Next to Reserve Bank of India, CBD-Belapur, Navi Mumbai – 400 614 (Phone No. 27576802).

(g) Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The unclaimed dividends for the financial years 1995-96 and 1998-99 to 2003-04 have been transferred to the IEPF and no claim shall lie against the IEPF or the Company for the amount of dividend so transferred. Shareholders who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2005 or any subsequent financial years are requested to approach the Company or the Company's Registrar and Share Transfer Agent for claiming the same. It may be noted that the unpaid dividend for the financial year ended 31st March, 2005 is due for transfer to the IEPF on 3rd October, 2012.

(h) The Ministry of Corporate Affairs has vide its Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering their e-mail addresses with TSR Darashaw Limited, the Company's Registrar and Share Transfer Agent.

By Order of the Board of Directors

V.P. Malhotra
General Manager - Taxation
& Company Secretary

Mumbai, 24th May, 2012

Registered Office:
Voltas House 'A',
Dr. Babasaheb Ambedkar Road,
Chinchpokli,
Mumbai – 400 033.

EXPLANATORY STATEMENTS

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 6 and 7 of the accompanying Notice dated 24th May, 2012.

2. Item No. 6:

Mr. Vinayak Deshpande was appointed an Additional Director of the Company by the Board of Directors with effect from 14th February, 2012 pursuant to Section 260 of the Companies Act, 1956 ('the Act') and holds office only upto the date of the forthcoming Annual General Meeting and is eligible for appointment. The Company has received a notice in writing from a member, proposing his candidature for the office of Director under the provisions of Section 257 of the Act.

Mr. Vinayak Deshpande is a B. Tech. (Chemical Engineering) from IIT, Kharagpur and has over 30 years work experience in different roles in diverse industries, in the domains of engineering, project management strategy and business development. In his 20 years association with the Tata Group, he has been the Managing Director of Tata Honeywell and Executive President – Operations in Tata Teleservices. Mr. Deshpande is presently the Managing Director of Tata Projects Limited.

Brief information of Mr. Vinayak Deshpande is given in the Annexure attached to the Notice.

The Directors consider that Mr. Vinayak Deshpande's appointment as a Director will be of advantage to the Company and accordingly, the Board commends his appointment for acceptance by the members.

Mr. Vinayak Deshpande is concerned or interested in the Resolution at Item No.6 of the Notice.

3. Item No. 7:

It is proposed to reappoint Messrs Deloitte Haskins & Sells, as Auditors of the Company for the year 2012-13. As required under Section 224 of the Companies Act, 1956 (the 'Act'), a certificate has been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Act. The approval of the members is also being sought to authorise the Board to determine the remuneration payable to the Auditors in consultation with them.

It is also proposed to appoint Messrs Deloitte Haskins & Sells, Company's Auditors and/or in consultation with them, any other person or persons as the Branch Auditors of the Company under the provisions of Section 228 of the Act for auditing the accounts of such Branch offices for the year 2012-13 on such remuneration, terms and conditions as the Board of Directors may deem fit.

The Board commends the Resolution at Item No.7 for acceptance by the members.

By Order of the Board of Directors

V.P. Malhotra
General Manager - Taxation
& Company Secretary

Mumbai, 24th May, 2012

Registered Office:

Voltas House 'A',
Dr. Babasaheb Ambedkar Road,
Chinchpokli,
Mumbai – 400 033.

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

(In pursuance of Clause 49 IV(G) of the Listing Agreement)

Name of Director	Mr. S. N. Menon	Mr. Ishaat Hussain
Date of Birth	20-9-1946	2-9-1947
Date of Appointment	22-9-2008	26-4-1999
Expertise in specific functional areas	IAS (Retd.) Former Commerce Secretary, Government of India Administration and General Management	Wide experience in Finance and Management
Qualifications	M.A. (History), Delhi University Hubert H. Humphery North-South Fellowship under the Fulbright Programme – University of Minnesota, USA	B.A. (Economics) FCA (England & Wales)
Shareholding in the Company as on 24th May, 2012 (No. of equity shares of Re.1 each)	Nil	Nil
List of other public limited companies in which Directorship held as on 24th May, 2012	• West Bengal State Electricity Distribution Company Limited • Mcleod Russel India Limited • Tayo Rolls Limited • Nicco Parks & Resorts Limited • Bengal Peerless Housing Development Company Limited • Fullerton India Credit Company Limited	• Tata Sons Limited • Tata Steel Limited • Titan Industries Limited • Tata Teleservices Limited • Tata Industries Limited • Tata AIG General Insurance Company Limited • Tata AIA Life Insurance Company Limited • Tata Sky Limited • Tata Capital Limited • The Bombay Dyeing & Manufacturing Company Limited • Tata Consultancy Services Limited • Viom Networks Limited • Go Airlines (India) Limited • Tata Capital Financial Services Limited
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 24th May, 2012	• **Mcleod Russel India Limited** Audit Committee - Member • **Tayo Rolls Limited** Audit Committee – Member • **Fullerton India Credit Company Limited** Audit Committee - Member	• **Tata Steel Limited** Investors' Grievance Committee -Chairman Audit Committee - Member • **Tata Industries Limited** Audit Committee - Chairman • **Tata Teleservices Limited** Audit Committee – Chairman • **Titan Industries Limited** Audit Committee - Chairman • **Tata AIG General Insurance Company Limited** Audit Committee – Member • **Tata AIA Life Insurance Company Limited** Audit Committee – Member • **Tata Sky Limited** Audit Committee – Member • **Tata Consultancy Services Limited** Audit Committee - Member
Relationships between Directors inter-se	Nil	Nil

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

(In pursuance of Clause 49 IV(G) of the Listing Agreement)

Name of Director	Mr. Sanjay Johri	Mr. Vinayak Deshpande
Date of Birth	10-2-1953	21-7-1957
Date of Appointment	23-4-2010	14-2-2012
Expertise in specific functional areas	Business Management and Marketing	Project Management, Strategy and Business Development
Qualifications	Masters in Economics – Delhi School of Economics	B.Tech (Chemical Engineering) IIT, Kharagpur
Shareholding in the Company as on 24th May, 2012 (No. of equity shares of Re. 1 each)	Nil	Nil
List of other public limited companies in which Directorship held as on 24th May, 2012	Simto Investment Company Limited	● Tata Projects Limited ● Artson Engineering Limited ● Nelco Limited ● Kennametal India Limited
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 24th May, 2012	None	● **Nelco Limited** Audit Committee – Member ● **Kennametal India Limited** Audit Committee - Member
Relationships between Directors inter-se	Nil	Nil

VOLTAS LIMITED

Registered Office: Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033.

Attendance Slip

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over the same duly signed at the space provided, at the entrance of the meeting hall.

I hereby record my presence at the FIFTY-EIGHTH ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, at 3.00 p.m. on Thursday, 23rd August, 2012.

....　　　　　　　　　　...

Full name of the shareholder　　　　　　　　　　Signature

(in block capitals)

Folio No. ..../DP ID No.*... & Client ID No.*..

* Applicable for members holding shares in electronic form.

....　　　　　　　　　　...

Full name of Proxy　　　　　　　　　　Signature

(in block capitals)

Note : Shareholder/Proxyholder desiring to attend the Meeting should bring his copy of the Annual Report for reference at the Meeting .

VOLTAS LIMITED

Registered Office: Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033.

Proxy

I/We ....

of .... in the district of .... being

a Member/Members of the above named Company, hereby appoint...

.... of .... in the district of .... or failing him

.... of .... in the district of

.... as my/our Proxy to attend and vote for me/us and on my/our behalf at the FIFTY-EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 23rd August, 2012 and at any adjournment thereof.

Signed this .... day of .... 2012.

Folio No.: .... /DP ID No.*.. & Client ID No.*...

* Applicable for members holding shares in electronic form.

No. of Shares

Signature　　Affix 15 paise Revenue Stamp

Note: The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

VOLTAS

A TATA Enterprise

Annual Report 2011-2012

No 1 in room ACs!*

At Multi-Brand Outlets

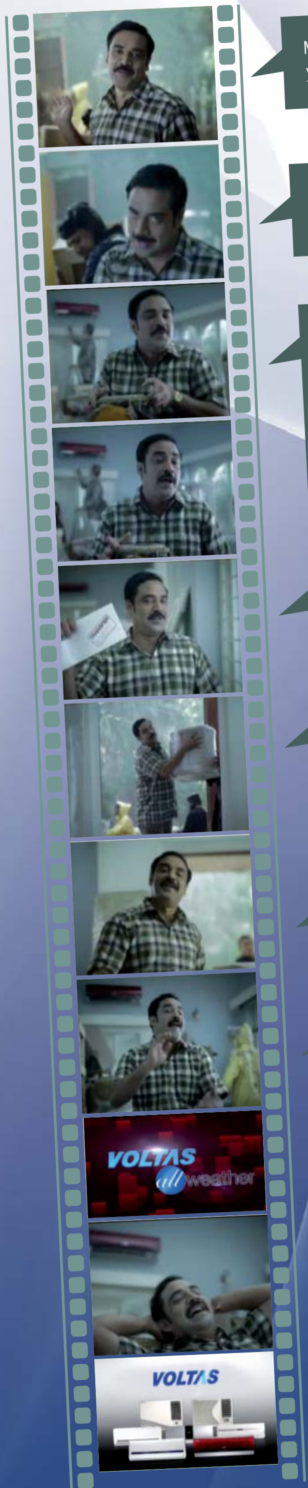
* As per May 2012 GFK Nielsen retail audit findings

Whatever the weather outside, you stay **comfortable** inside

The 'All Weather AC' – another first from Voltas – has been well-received by discerning customers in India's consumer durables market.

As seen on TV

Cherrapunji



Main Murthy aur yeh, Cherapunji

Phir se transfer. Not my fault.

Boss sab kaam mujhse karwata, So main ek din poocha Tumhara salary mujko kyon nahin milta?!

Boss salary nahin diya, ek lifafa diya. 'Welcome to Cherapunji'.

Always raining, always chip-chip. Walking sweating, talking sweating, bathing sweating-o-sweating.

But Murthy. Not sweating!

Whya!

Mera Voltas All weather AC ke wajah se

Dekha? Woh jab hain on, sweat is gone.

Kota

Hello… Murthy again mera wapis transfer ho gaya.

Not my fault.

My boss wasting department money.

Main sabko bataya.

Toh Usne mujhe Kota bhagaya. Hottest place in India.

So main mera wife nahi laya, instead AC laya.

Remember, my Voltas All weather AC?

Thandi mein garam,barish mein sukha, aur garmi mein first class rakhta.

See, outside hot, Shiva Shiva. Inside cold Shiver-shiver…

Mukteshwar

Myself Murthy, Madurai se.

Mera wapis transfer ho gaya. Not my fault.

Boss taking ____ Maine Complain kiya

Mujhe Mukteshwar bhej diya Very cold!

Mera wife sab woollens diya

But Murthy smart, AC liya.

Murthy? Mad fellow? Thandi mein AC kyu liya?

It is not just an AC you see.

Yeh hai Voltas All Weather AC.

Dekho, Mukteshwar outside, Madurai inside.

AWARDS & ACCOLADES

Superbrand 2010-11 *for Voltas' latest range of room ACs: India's most sought-after brand recognition.*

Empower Award *from Urjavaran Foundation, for the most energy-efficient ACs.*

Emerson Cup 2011, *'New Buildings' category: for excellence in execution of VRF systems and Indoor Air Quality at TCS Kensington.*

1st prize for 'Excellence in HVAC&R' *at* ***Bry-Air Awards*** *for system design of VAM with advanced para-flow technology designed for –5°C applications.*

The ***'Contractor of the Year'*** *award for the 2nd year running at the highly coveted* ***2011 MEP Middle East awards****. And '****Overall GCC Project of the Year****' for Etihad Towers... a repeat of the 2010 victory for Ferrari World.*

Construction Week Qatar Award: 'MEP Company of the Year'*, a leap forward in credentials for this promising geography.*

BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	Sanjay Johri
Directors	Nasser Munjee
	N. N. Tata
	J. S. Bilimoria
	S. N. Menon
	Nani Javeri
	R. N. Mukhija
	V. Deshpande
Vice President - Taxation, Legal & Company Secretary	V. P. Malhotra

AUDIT COMMITTEE

Chairman	J. S. Bilimoria
	Nasser Munjee
	Nani Javeri
	R. N. Mukhija

REMUNERATION COMMITTEE

Ishaat Hussain
Nasser Munjee
S. N. Menon
Nani Javeri

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Chairman	N. N. Tata

CORPORATE MANAGEMENT

Managing Director	Sanjay Johri
President (EMP&S)	A. K. Joshi
Executive Vice Presidents	Anil George
	Shaukat Ali Mir
	M. Gopi Krishna
	Pradeep Bakshi
	Emmanuel David

Solicitors

Messrs Mulla & Mulla and
Craigie, Blunt & Caroe

Auditors

Messrs Deloitte Haskins & Sells,
Chartered Accountants

Bankers

In India

State Bank of India
Bank of India
Punjab National Bank
Citibank N. A.
BNP Paribas
Export - Import Bank of India
The Royal Bank of Scotland N.V.
Credit Agricole Corporate and Investment Bank

Overseas

Emirates NBD Bank PJSC (UAE)
Union National Bank (UAE)
HSBC Bank Middle East Limited (UAE, Qatar, Bahrain)
The Commercial Bank of Qatar (Qatar)
First Gulf Bank (UAE)
Doha Bank (Qatar)
The Royal Bank of Scotland N. V. (Singapore)
Credit Agricole Corporate and Investment Bank (Singapore)

Registered Office

Voltas House 'A',
Dr. Babasaheb Ambedkar Road,
Chinchpokli,
Mumbai 400 033

Share Registrars

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011
Tel: +91-22-6656 8484; Fax: +91-22-6656 8494
email: csg-unit@tsrdarashaw.com

Annual General Meeting :
Thursday, 23rd August, 2012 at 3.00 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

			2011-12	2010-11	2009-10	2008-09	2007-08
1.	**SALES AND SERVICES**	₹	**519397**	**516936**	**451666**	**407025**	**308617**
2.	**OTHER INCOME**	₹	**11985**	**7372**	**7520**	**9416**	**4632**
3.	**COST OF SALES AND SERVICES** (incl. Excise Duty)	₹	**393222**	**376211**	**319388**	**299802**	**227671**
4.	**OPERATING, ADMINISTRATION AND OTHER EXPENSES**	₹	**102330**	**100351**	**94873**	**83107**	**57811**
5.	Staff Expenses (included in 3 & 4)	₹	(55197)	(51450)	(49631)	(42860)	(27685)
	Number of Employees (including Contract Staff)	Nos.	9994	11527	8608	9594	7378
6.	**OPERATING PROFIT**	₹	**35830**	**47746**	**44925**	**33532**	**27767**
7.	**EXCEPTIONAL INCOME/(EXPENSES)**	₹	**(15095)**	**4480**	**3639**	**3201**	**2987**
8.	**PROFIT/(LOSS) BEFORE TAXATION**	₹	**20735**	**52226**	**48564**	**36733**	**30754**
	Percentage to Sales	%	*4.0*	*10.1*	*10.8*	*9.0*	*10.0*
	Percentage to Total Net Assets	%	*13.5*	*38.2*	*47.9*	*42.8*	*52.5*
9.	**TAXATION**	₹	**5548**	**16873**	**14142**	**11474**	**9917**
10.	**PROFIT/(LOSS) AFTER TAXATION**	₹	**15187**	**35353**	**34422**	**25259**	**20837**
	Percentage to Sales	%	*2.9*	*6.8*	*7.6*	*6.2*	*6.8*
	Percentage to Shareholders' Funds	%	*11.1*	*27.8*	*34.6*	*34.6*	*38.7*
11.	**RETAINED PROFIT**	₹	**9034**	**27662**	**26705**	**19065**	**15610**
12.	**DIVIDEND ON EQUITY CAPITAL**	₹	**5294**	**6618**	**6618**	**5294**	**4467**
	Percentage	%	*160*	*200*	*200*	*160*	*135*
13.	**FIXED ASSETS (AT COST)**	₹	**33398**	**32851**	**31399**	**30358**	**28178**
14.	**DEPRECIATION**	₹	**16600**	**14436**	**13931**	**13053**	**12228**
15.	**INVESTMENTS**	₹	**46741**	**39347**	**33997**	**23580**	**26793**
16.	**NET CURRENT AND NON-CURRENT ASSETS**	₹	**87992**	**77106**	**48062**	**42700**	**13813**
17.	**DEFERRED TAX ASSET (NET)**	₹	**2615**	**1696**	**1903**	**2158**	**2043**
18.	**DEFERRED REVENUE EXPENDITURE**	₹	—	—	—	—	—
19.	**TOTAL NET ASSETS**	₹	**154146**	**136564**	**101430**	**85743**	**58599**
20.	**SHARE CAPITAL**	₹	**3307**	**3307**	**3307**	**3307**	**3307**
21.	**RESERVES AND SURPLUS**	₹	**133060**	**123866**	**96215**	**69592**	**50525**
22.	**SHAREHOLDERS' FUNDS**	₹	**136367**	**127173**	**99522**	**72899**	**53832**
	Equity per Share	₹	***41.21**	**38.43*	*30.08	**22.03*	**16.27*
	Earnings per Share	₹	***4.59**	**10.68*	*10.40	**7.63*	**6.30*
	Number of Shareholders	*Nos.*	**120098**	93220	98788	119549	81371
	Share Prices on Stock Exchange - High	₹	***189**	*263	*190	*197	*267
	- Low	v	***72**	*147	*46	*31	*79
23.	**BORROWINGS**	₹	**17779**	**9391**	**1908**	**12844**	**4767**
	Debt/Equity Ratio (Percentage to Shareholders' Funds)	%	***13***	*7*	*2*	*18*	*9*

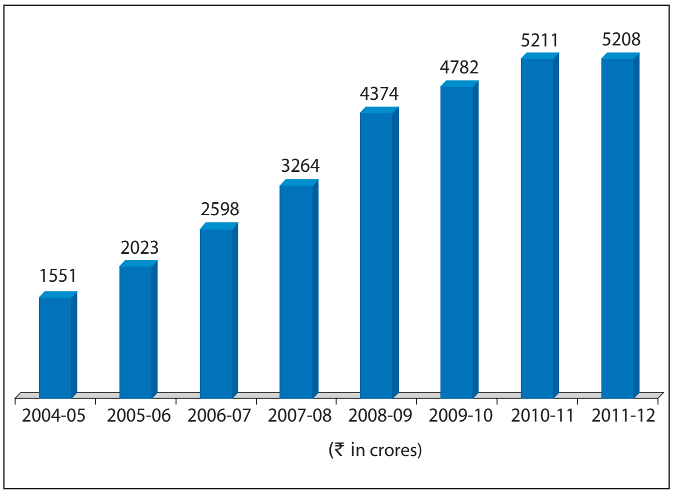
Notes : 1. All amounts are Rupees in lakhs except those marked †
2. Figures for 2010-11 are regrouped in line with revised Schedule VI
** Face Value of ₹ 1 each*

2006-07	2005-06	2004-05	2003-04	2002-03	1994-95	1984-85	1974-75	1964-65	1954-55	
245078	**190418**	**144143**	**132994**	**123041**	**81089**	**26607**	**15934**	**4223**	**991**	1
3071	**2431**	**1953**	**1688**	**1413**	**759**	**150**	**40**	**5**	**2**	2
186100	**145162**	**108570**	**100562**	**101926**	**60368**	**21080**	**13856**	**3468**	**815**	3
46537	**35899**	**32264**	**30422**	**20122**	**19225**	**5556**	**1955**	**522**	**153**	4
(24008)	(17623)	(14435)	(12619)	(12573)	(9997)	(3170)	(1031)	(363)	(109)	5
5848	5390	5747	4484	5147	10667	8147	7252	5082	2324	
15512	**11788**	**5262**	**3698**	**2406**	**2255**	**121**	**163**	**238**	**25**	6
6771	**(2619)**	**504**	**989**	**499**	**(78)**	**—**	**—**	**—**	**—**	7
22283	**9169**	**5766**	**4687**	**2905**	**2177**	**121**	**163**	**238**	**25**	8
9.1	*4.8*	*4.0*	*3.5*	*2.4*	*2.7*	*0.5*	*1.0*	*5.9*	*2.5*	
48.1	*29.3*	*19.2*	*17.2*	*11.5*	*5.0*	*1.1*	*4.6*	*18.3*	*6.5*	
3675	**2120**	**725**	**784**	**347**	**5**	**Nil**	**83**	**141**	**11**	9
18608	**7049**	**5041**	**3903**	**2558**	**2172**	**121**	**80**	**97**	**14**	10
7.6	*3.7*	*3.5*	*2.9*	*2.1*	*2.7*	*0.5*	*0.5*	*2.3*	*1.4*	
48.9	*29.2*	*26.1*	*20.6*	*15.9*	*13.2*	*4.1*	*6.7*	*17.6*	*9.1*	
14737	**4785**	**3155**	**2783**	**1624**	**997**	**23**	**5**	**59**	**6**	11
3309	**1985**	**1654**	**993**	**827**	**1158**	**98**	**75**	**38**	**8**	12
100	*60*	*50*	*30*	*25*	*35*	*10*	*12*	*15*	*5.5*	
24493	**28074**	**24858**	**24751**	**23987**	**30651**	**5014**	**1232**	**447**	**53**	13
11506	**14592**	**16615**	**12491**	**11799**	**10718**	**1580**	**642**	**82**	**3**	14
13741	**6103**	**4622**	**4547**	**3626**	**8245**	**512**	**132**	**67**	**–**	15
16594	**9089**	**14974**	**9396**	**7107**	**14230**	**6583**	**2859**	**867**	**336**	16
2967	**2668**	**2153**	**1021**	**1375**	**—**	**—**	**—**	**—**	**—**	17
—	**—**	**—**	**—**	**899**	**720**	**—**	**—**	**—**	**—**	18
46289	**31342**	**29992**	**27224**	**25195**	**43128**	**10529**	**3581**	**1299**	**386**	19
3307	**3306**	**3305**	**3305**	**3305**	**3428**	**978**	**623**	**255**	**150**	20
34768	**20835**	**16046**	**15595**	**12811**	**13048**	**2002**	**570**	**295**	**4**	21
38075	**24141**	**19351**	**18900**	**16116**	**16476**	**2980**	**1193**	**550**	**154**	22
**11.50*	*72.96*	*58.48*	*57.12*	*48.7*	*49.5*	*305*	*191*	*216*	*1027*	
**5.62*	*21.3*	*15.2*	*11.8*	*7.7*	*6.8*	*12*	*13*	*38*	*93*	
96312	52365	53674	60622	72174	84180	45237	14395	7356	150	
*120	1088	248	159	66	176	470	211	276		
*75	218	88	50	42	92	356	125	183		
8214	**7201**	**10641**	**8324**	**9079**	**26652**	**7549**	**2388**	**749**	**232**	23
22	*30*	*55*	*44*	*56*	*162*	*253*	*200*	*136*	*151*	

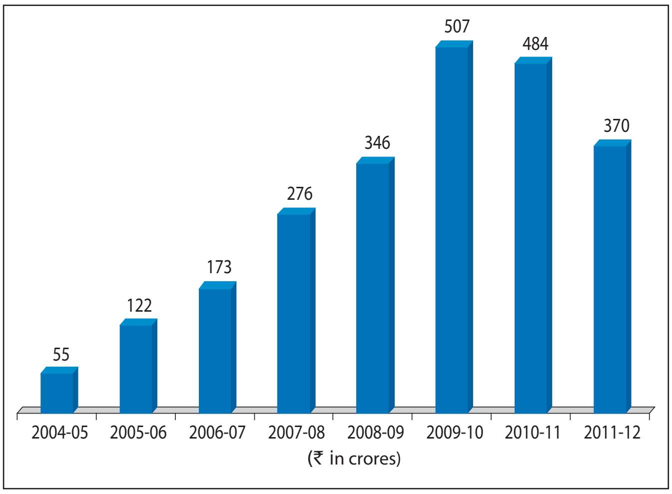
CONTENTS

TRENDS AT VOLTAS (CONSOLIDATED)

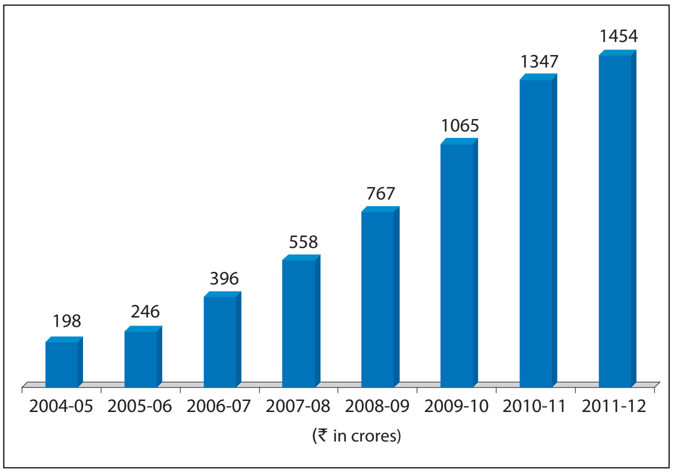
SALES AND SERVICES



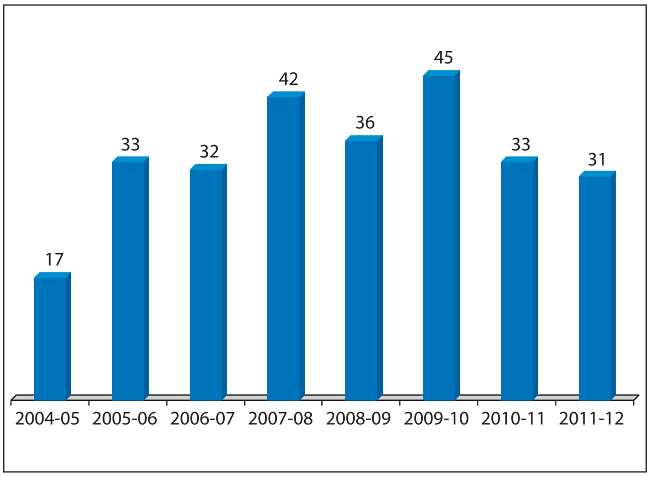
OPERATING PROFIT



NET WORTH

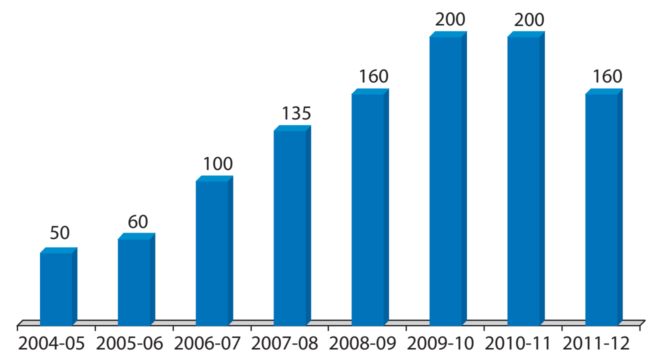


RETURN ON CAPITAL EMPLOYED %

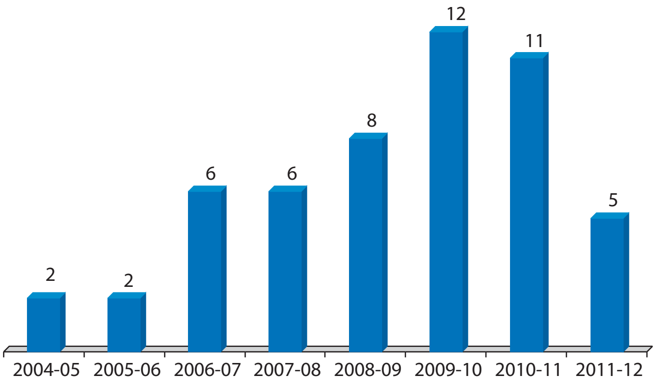


TRENDS AT VOLTAS (CONSOLIDATED)

DIVIDEND % ON EQUITY CAPITAL

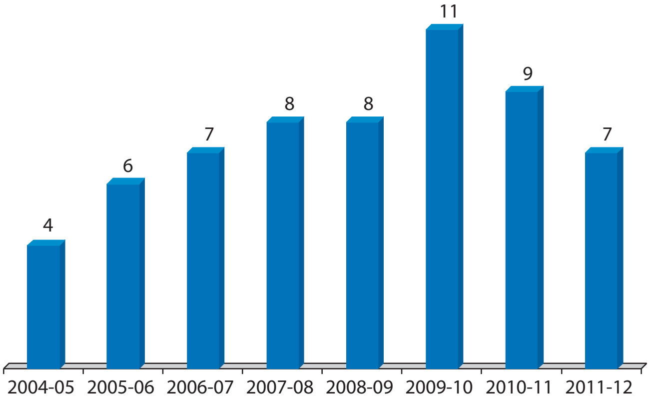


EARNINGS PER SHARE (₹)*

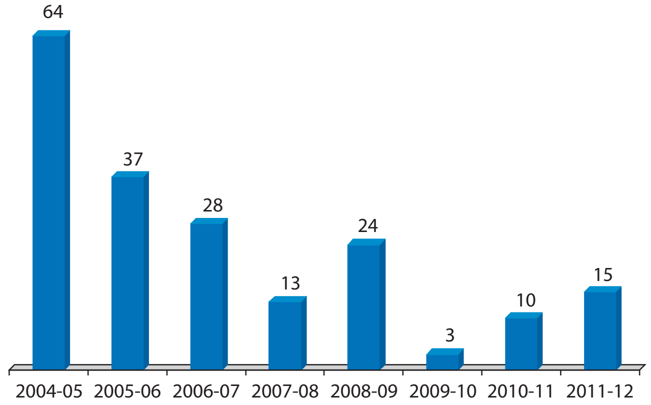


* Face Value of ₹ 1 each

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS AS % TO TURNOVER



DEBT / EQUITY RATIO %



REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors present their Fifty-Eighth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

₹ in Crores

		Stand-alone		Consolidated	
		2011-12	2010-11	**2011-12**	2010-11
2.	Revenue from Operations	**5203**	5183	**5219**	5226
	Profit for the year after meeting all expenses but before interest, depreciation and exceptional items	**413**	507	**435**	521
	Interest	**26**	13	**31**	16
	Depreciation and amortisation	**29**	16	**34**	21
	Profit before exceptional items	**358**	478	**370**	484
	Exceptional items	**(151)**	45	**(151)**	40
	Profit before tax	**207**	523	**219**	524
	Provision for taxation	**55**	169	**57**	172
	Profit after tax	**152**	354	**162**	352
	Minority Interest and Share of (Profit)/Loss of Associate	**—**	—	—	5
	Profit after Minority Interest and Share of (Profit)/Loss of Associate	**152**	354	**162**	357
	Adding thereto:				
	– Balance brought forward from the previous year	**89**	82	**139**	125
	– Foreign Exchange Translation Difference	**—**	—	**7**	1
	– Reserves and Surplus of a subsidiary transferred on liquidation	**—**	—	**—**	5
	Profit available for appropriations	**241**	436	**308**	488
	Appropriations:				
	– General Reserve	**20**	270	**20**	271
	– Proposed Dividend	**53**	66	**53**	66
	– Tax on Dividend	**9**	11	**9**	11
	– Legal and Special Reserve	**—**	—	**1**	1
	Leaving a balance to be carried forward	**159**	89	**225**	139

REPORT OF THE BOARD OF DIRECTORS, continued

DIVIDEND

3. The Company's dividend policy is based on the need to balance the twin objectives of appropriately rewarding the shareholders with dividend and of conserving resources to meet the Company's future needs. Taking into consideration the performance of the Company, the Directors recommend a dividend of ₹ 1.60 per equity share of ₹ 1 each (160%) for the year 2011-12 (2010-11: 200%).

OPERATIONS

4. The global economic crisis continues to adversely impact all aspects of business and the economy. Volatile exchange, high interest rates and inflation continued to be an enormous challenge. This has resulted in the deferment of capital investment apart from creating a slowdown in business activity, also evidenced by the continuously declining IIP numbers. In view of this difficult situation, the Company's consolidated Sales and Income from Operations were marginally lower at ₹ 5219 crores, as compared to ₹ 5226 crores last year. Profit after Tax, Minority Interest was ₹ 162 crores, as against ₹ 357 crores in the previous year, primarily due to the recognition of expected cost overruns caused by an Onerous international contract.

5. The performance of the Electro Mechanical business and in particular, the International Projects Business were impacted due to the Sidra Medical & Research Centre project under execution at Qatar. This is a large and prestigious, state-of-the-art hospital with world-class facilities with a total investment of approx. USD 2.5 billion and has been in execution since 2008. The Company's share of work is valued in excess of ₹ 1000 crores and involves extensive coordination with multiple agencies and intermediaries. The design and build nature and complexity of the project, combined with the Client's quest for attaining truly global standards has had an impact on various cost parameters. In addition to elongated project schedules and lapsed time, there have also been numerous difficulties and complications including the non-availability of Indian Workmen visas. The Company has in line with AS-7 accounted for the estimated cost of the project. These estimates have been finalized after an extensive techno commercial review by the Management taking cognizance of cost incurred and to be incurred, to complete the project on time, aggregating ₹ 277 crores. The same has been reflected as Onerous Contract under Exceptional Items excluding ₹ 44 crores cost overrun accounted under 'Cost of jobs'. Additional revenue claims will be recognized subsequently as per the accounting standard requirement, once they are crystallized and there is greater clarity about the final outcome.

6. The Domestic Projects Business has performed comparatively well, despite the difficult economic conditions. However, managing cost and cash flow continues to be a challenge and there has been a slower pace of project movement combined with delayed payments leading to higher outstandings. As part of mitigation efforts, the Company has put in place various measures to reduce operational and administrative costs.

7. In addition, the Domestic Projects business has also been reorganized to comprehensively extract multiple synergies as well as offering a one-window solution to the Customer. Consequently, the Water Business and Rohini Industrial Electricals Limited (RIEL) has been integrated with the Domestic Electro Mechanical business. The performance of RIEL has been impacted largely owing to the proportion of 'legacy' orders with poor margins. The Company is making a concerted effort to develop new business while reducing its fixed costs, to become more competitive and profitable in times to come.

8. The consolidated order backlog for the entire Electro Mechanical business stands at ₹ 4292 crores and gives a healthy visibility for the coming year.

9. In view of transfer of Materials Handling business to a Joint Venture with Kion, the figures for the Engineering Products and Services for the period under review are not directly comparable with the previous year. The Mining and Construction business has been impacted by high interest rates and the poor pace of environmental clearance for mining activities. Global industry consolidation and takeover of the mining businesses of the Company's erstwhile major Principals (Bucyrus and Le-tourneau by Caterpillar and Joy, respectively) have affected the Engineering Products and Services business. While Voltas continues to retain some maintenance contracts,

Caterpillar has transferred part of its India business to its own dealers. Service agreements with Joy/P&H India are currently under discussion. In the meantime, business management is making a determined effort to manage costs and take advantage of each growth opportunity.

10. The Textile Machinery business has performed well, achieving growth on the back of a sizeable order book built earlier. New investments in the Textile industry are however lagging given the poor sentiment, cyclical nature and pollution based environment issues being encountered.

11. In spite of intense competition, unfavorable climatic conditions and poor consumer sentiment, Voltas has successfully maintained its No. 2 market position in the Unitary Cooling business nationally. At the same time, it has held onto its No. 1 position in the important market of Northern India and is making inroads in other regions as well. The industry as a whole has suffered aggregated sales volume de-growth of around 20% during the year under review. Voltas however contained the volume shortfall and has managed to do comparatively well on the back of mix and pricing corrections. The Company continued its focus on Tier-II and Tier-III towns and the thrust in commercial refrigeration products has also yielded growth over the period.

12. Over the year, the Company has also undertaken extensive market research, the findings of which were used to revitalize the Voltas Brand communication.

FINANCE

13. Liquidity in the domestic markets remained tight throughout the year on account of high inflation and periodic increases in Repo and Reverse Repo rates by Reserve Bank of India. In the Domestic Projects business, the high cost of capital resulted in delayed payments and consequently, higher number of days receivables. This was partly compensated by an increase in Trade payables to manage the cash flows of the business. The unpredictable weather and de-growth of the Consumer Durables business led to high levels of inventory for the major part of the year as compared to the past, resulting in increased capital employed.

14. The international markets were also under stress in 2011-12. During the year under review, deployment of significant resources, combined with a delay in execution of a large design and build project at Qatar caused a significant strain on the Company's finances. A part of surplus funds had to be liquidated to fund the cost overruns at Sidra while delays in settlements of some large projects also affected the capital employed by the international projects business. The above factors led to a negative cash flow from Operating activities in the current year.

15. Despite the above, the liquidity position of the Company was satisfactory with liquid investments of ₹ 221 crores. Borrowings at a consolidated level of ₹ 225 crores were mainly on account of certain project specific overseas requirements.

16. The Interest Rate scenario in India is at a peak and expected to taper down in a gradual manner. The Management continues to focus regularly on its cash flow including inventory and receivables. The surplus funds are invested in Debt Mutual Funds and monitored regularly by the Investment Committee of the Board to maximize returns with minimal risk.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

17. In its Business Excellence Journey, the Company continued its focus on carrying out assessments, to identify areas for improving the operational efficiencies. Accordingly, External Assessments at the Tata Group level were carried out by teams of qualified assessors in respect of Unitary Cooling Products business and Engineering Projects business (comprising Mining & Construction Equipment business, Textile Machinery business and the manufacturing operations of Materials Handling business). The performance of Unitary Cooling Products business was rated as "Emerging Industry Leader" and Engineering Products business was rated as "Good Performance", based on the findings of the assessments.

18. The Company has developed a pool of trained TBEM Assessors to support these Business Excellence initiatives and also to provide External Assessors at the Group level. Further, various initiatives to strengthen quality, namely Process Management, Process Improvement, Total Quality Management at the manufacturing plants and other improvement initiatives are under way on a continuous basis.

REPORT OF THE BOARD OF DIRECTORS, continued

IT INITIATIVES

19. The Company continued to invest in developing IT-based solutions that would support improvements in organisational efficiency.

20. During the year under review, the Company moved its entire collaboration platform to Google Cloud. This has enabled all employees to access the e-mails from any location and any device, at any time. Additionally, all the advanced features– such as voice and video communication, document-sharing and web conferencing – have been made available to all employees, thereby improving their productivity.

21. IT also enabled compliance monitoring by implementing (a) tracking tool for legal cases (b) SAP authorization control through a Governance cum Risk management compliance tool and (c) assets-tracking tool for license compliance.

COMMUNITY DEVELOPMENT

22. The Company shares the Tata Group's commitment for developing a strong self-reliant community as part of its business process. Through its Core Competency program, the Company extended its technical skills in Air conditioning and Refrigeration to under-privileged youth, supplemented with soft-skills training, to help them build sustainable livelihoods. It also helped in expanding the pool of young employable talent and expertise for the benefit of both society and business. The Core Competency projects were pursued in alliance with Joseph Cardijn Technical School and Bosco Boys Home in Mumbai, as well as GMR Varalakshmi Foundation in Hyderabad. In addition, there were several community initiatives driven by volunteer activity, with a focus on mentoring orphans and underprivileged children, community service for the aged and the physically/mentally challenged, income generation schemes and blood donation camps.

23. The Company supports the national endeavour to bring about equality of opportunity for the socially and economically disadvantaged SC/ST communities, through its Affirmative Action (AA) Policy. The Company has re-constituted its Cross Functional Team on AA, and reviewed its engagement in the Tata Group's four initiative areas of Employment, Employability, Entrepreneurship and Aid in Education. The Company has enhanced the representation of SC/ST in recruitment at all levels, and expanded the pool of employable personnel from SC/ST through mass skills up-gradation endeavours. As part of Aid-in-Education, the Company gives scholarships to certain deserving SC/ST students pursuing Engineering courses. The Company plans to promote 'Supplier Diversity' by developing vendors for products/services through the Dalit India Chamber of Commerce and Industry (DICCI).

24. The Voltas Organization of Women (VOW) is a Public Charitable Trust founded in 1965 and registered in 1975. VOW's membership and leadership is exclusively drawn from the Company's women employees and spouses of male employees. VOW assists the needy people in the fields of health and education, conducts programmes on atrocities and domestic violence against women, and is active in issues concerning tribal women through its various partners. In 2011-12, VOW supported the Bethany Society towards formation of Self-Help Groups for Women whose members are active in Gram Sabhas and income generation programs. VOW also supported the Shanti Avedna Sadan for terminally ill cancer patients and the Snehalaya Charitable Trust for vocational training for the mentally and physically challenged, besides giving medical relief to the very poor and needy.

GLOBAL COMPACT AND CARBON DISCLOSURE PROJECT

25. The Company is a signatory to the UN Global Compact and continues its commitment to adhere to the principles of the Global Compact. The Communication on Progress (COP) for 2011-12 has been uploaded along with the Letter of Support on the Global Compact Site. The COP communicates publicly to the stakeholders on progress made in implementing the Global Compact's ten principles.

ENVIRONMENT AND SAFETY

26. In its endeavour to address environment related matters, the Company continues to strengthen its Processes and Action Plans based on related studies carried out earlier. In addition, the Company continues to develop eco-friendly products and appropriate Engineering Solutions. The Company's Vision Statement "Engineering Solutions for a Greener Tomorrow" aims to guide and motivate all the endeavours keeping in mind the environmental concerns.

27. The Overseas Projects business and the manufacturing plant of Unitary Cooling Products business at Pantnagar have been awarded with OHSAS 18001 certification for health and safety. The Company's Plants at Pantnagar and Thane have been awarded ISO 14001 certification.

STATEMENT OF EMPLOYEES' PARTICULARS

28. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in an Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

APPOINTMENT OF COST AUDITOR

29. As per the directions given by the Central Government, the Company has, based on an application made, received the Government's approval for re-appointment of M/s. Sagar & Associates, a firm of Cost Accountants as the Cost Auditor of the Company for the year ended 31st March, 2012 in respect of refrigeration products manufactured by the Company. The Cost Audit Report of M/s. Sagar & Associates, in respect of refrigeration products for the year ended 31st March, 2011 was filed with the Central Government on 2nd September, 2011 well within the due date (27th September, 2011).

30. Pursuant to the Order dated 24th January, 2012 passed by the Ministry of Corporate Affairs (MCA), Cost Audit Branch, directing all companies to which the Companies (Cost Accounting Records) Rules, 2011 apply, to get their cost accounting records for products covered under specified chapters of the Central Excise Tariff Act, 1985 audited by a Cost Auditor, the Company has made an application to the Central Government (MCA) for reappointment of M/s. Sagar & Associates as the Cost Auditor of the Company for the year ending 31st March, 2013 in respect of products covered under Chapters 84 and 87 of the Central Excise Tariff Act, 1985. The approval of the Central Government is awaited.

SUBSIDIARIES AND JOINT VENTURES

31. Pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by the Company include the financial information of subsidiary companies. The Central Government has by General Circular No. 2/2011 dated 8th February, 2011, granted general exemption to companies for dispensing with the requirement of attaching the accounts of subsidiary companies, subject to certain conditions. As the Company has complied with all the conditions, the annual accounts and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. Details of capital, reserves, total assets, total liabilities, turnover/income, etc., of the aforesaid subsidiaries form part of the Consolidated Financial Statements. The Annual Accounts of the subsidiary companies are open for inspection by any member/investor and also available on the website of the Company - www.voltas.com. The Company will make the documents/details available, upon request by any member of the Company or its subsidiaries interested in obtaining the same.

32. The economic situation in the Middle East region, where most of the Company's subsidiaries/joint ventures (JVs) operate, largely remained impacted like last year. As a result, the overseas subsidiaries and JVs, except Universal Voltas LLC, performed lower than the budgeted level. The geo-political situation and unrest amongst the local population in some countries in the Middle East Region also adversely affected the overall marketing efforts of the overseas subsidiaries/JVs. The financial performance and other details of major operating subsidiaries/JVs are given below.

33. Universal Voltas LLC, Abu Dhabi, a joint venture company engaged in the business of electro-mechanical projects and operations & maintenance of electro-mechanical works, performed better than last year and recorded turnover of AED 134.635 million with Profit of AED 37.043 million for the year ended 31st December, 2011.

34. Weathermaker Limited (WML), engaged in the business of manufacturing galvanized iron, aluminium, black mild steel, stainless steel ducts and other speciality air distribution products is a wholly-owned subsidiary of the Company and

REPORT OF THE BOARD OF DIRECTORS, continued

has its manufacturing facility in Jebel Ali Free Zone, UAE. WML has reported turnover of AED 28.638 million and Profit of AED 2.086 million for the year ended 31st December, 2011.

35. Saudi Ensas Company for Engineering Services WLL (Saudi Ensas), a wholly-owned subsidiary of the Company in Jeddah, Kingdom of Saudi Arabia (KSA) is engaged in execution and operations/maintenance of electro-mechanical installations in KSA and has for the year ended 31st December, 2011, recorded higher turnover of SR 4.218 million. However, due to increase in staff costs and administrative expenses, including provision made for Zakat arrears upon rejection of appeal by the concerned authorities, Saudi Ensas incurred a loss of SR 2.124 million.

36. Voltas Oman LLC, was incorporated on 15th February, 2011, as a joint venture between Voltas (65% shareholding) and Mustafa Sultan Group (35% shareholding) to leverage the respective strengths of the joint venture partners by undertaking Engineering, Procurement and Construction (EPC) works for electro-mechanical projects in Sultanate of Oman. Voltas Oman LLC has reported loss of RO 0.208 million, mainly towards staff and administrative costs for the financial period between 15th February, 2011 and 31st December, 2011.

37. Lalbuksh Voltas Engineering Services & Trading LLC (Lalvol), a limited liability company incorporated in Sultanate of Oman is a subsidiary of the Company engaged in the business of Water Well Drilling, Water Management and Landscaping. Lalvol recorded turnover of RO 3.359 million and net profit of RO 0.278 million for the year ended 31st December, 2011.

38. The Company had entered into a joint venture agreement with Olayan Group in Riyadh, Kingdom of Saudi Arabia (KSA) and established a 50:50 joint venture company – Olayan Voltas Contracting Company Limited (OVCL) on 8th February, 2012, in Riyadh, KSA with initial capital of Saudi Riyal (SR) 10 million, contributed equally by both the partners. OVCL is engaged in the business of electro-mechanical projects in KSA and its first financial year is for the period between 8th February, 2012 and 31st December, 2012.

39. Universal Comfort Products Limited (UCPL), a wholly-owned subsidiary of the Company is engaged in the business of manufacturing air conditioners. Due to unfavourable weather conditions and low market sentiments, there was a drop in sales volumes of air conditioners. UCPL recorded lower turnover of ₹ 486 crores for the year ended 31st March, 2012 as compared to ₹ 492 crores in the previous year. However, due to better sales realization, efficient management of inventory and finance costs, UCPL had higher net profit at ₹ 34 crores for the year under review as compared to ₹ 27 crores in the previous year.

40. Rohini Industrial Electricals Limited (RIEL) is engaged in undertaking turnkey electrical and instrumentation projects for industrial and commercial sectors. The performance of RIEL continued to remain impacted in 2011-12 primarily due to old projects which had witnessed cost overruns and other deficiencies. RIEL has reported turnover of ₹ 117 crores and loss of ₹ 26 crores as compared to turnover of ₹ 162 crores and loss of ₹ 36 crores in the previous year. However, the new orders booked have better margins and in view of several initiatives taken to curtail the losses/streamline the operations, the performance of RIEL is expected to improve in the near future. RIEL has also issued Preference Shares aggregating ₹ 25 crores which were subscribed by Voltas and allotted on 29th March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

41. Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption is given by way of an Annexure to this Report. As for information in respect of foreign exchange earnings and outgo, the same has been given in the notes forming part of the accounts for the year ended 31st March, 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

42. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

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

(b) they have, in the selection of 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;

(c) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

43. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the Board Members and Senior Management personnel forms part of the Annual Report.

DIRECTORATE

44. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. S. N. Menon, Mr. Ishaat Hussain and Mr. Sanjay Johri retire by rotation and being eligible, offer themselves for reappointment.

45. Mr. Vinayak Deshpande was appointed as an Additional Director by the Board of Directors on 14th February, 2012. In accordance with the provisions of the Companies Act, 1956, Mr. Vinayak Deshpande holds office upto the date of the forthcoming Annual General Meeting and Notice under Section 257 of the Act has been received from a member proposing his appointment as Director of the Company. The Resolution seeking approval of the members for appointment of Mr. Vinayak Deshpande as a Director of the Company has been incorporated in the Notice of the forthcoming Annual General Meeting.

46. Mr. Ravi Kant stepped down as a Director of the Company on 14th February, 2012. The Directors place on record their sincere appreciation of the valuable services rendered and advice given by Mr. Ravi Kant during his long tenure on the Board since 10th April, 2001.

AUDITORS

47. At the Annual General Meeting, members will be required to appoint Auditors for the current year. Messrs. Deloitte Haskins & Sells, the present Auditors of the Company have pursuant to Section 224(1) of the Companies Act, 1956, furnished a certificate regarding their eligibility for reappointment. The approval of the members is also being sought for their appointment as the Branch Auditors of the Company. Attention of the members is invited to Item No. 7 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

GENERAL

48. The Notes forming part of the Accounts are self-explanatory or to the extent necessary, have been dealt with in the preceding paragraphs of the Report.

On behalf of the Board of Directors

ISHAAT HUSSAIN
Chairman

Mumbai, 24th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

(i) Development of Co-Gen Vapour Absorption Machine (VAM) working on producer gas (made from agro waste).

(ii) Development of VAM working on low pressure steam.

(iii) Development of Marine Packaged Units for Indian Navy.

(iv) Development of Coolers of 120L to 500L capacity, Visi Cooler of 1000L capacity with Non CFC, eco-friendly refrigerant.

2. Product and processes developed through in-house technology

(i) Enhancement in the range of ECBC Screw Chiller packages.

(ii) Scroll Chiller packages using alternate green refrigerant.

(iii) Dual mode chillers to facilitate lower investments.

(iv) Coolers of 120L, 220L, 320L, 405L and 500L.

(v) Visi Cooler 1000L.

3. Imported Technology

No technology has been imported during the last five years.

4. Expenditure on R&D

The expenditure on R&D activities for 2011–12 was ₹ 2.82 crores (including capital expenditure of ₹ 0.20 crore). In relation to turnover of own manufactured products, the R&D expenditure was 0.57% of turnover.

5. Energy Conservation

The Company is conscious of the need for energy conservation and continues to explore the possibilities of reducing energy consumption in the Office premises and Plants. Some of the measures taken are:

(i) Initiated carbon foot print exercise for ductable split units.

(ii) The 'test run time' of the air conditioning units during testing has been optimized.

(iii) Installation of Variable Frequency Drives (VFDs) for testing of products at Thane and Dadra Plants.

(iv) Savings in energy consumption at canteen through auto operated plant, based on timings.

(v) Process improvements at Dadra Plant - reduction in welding joints of chiller package piping; automatic submerged arc welding; optimum utilization of the Paint booth.

(vi) Usage of energy efficient compressor for balancing Chest Freezer, Chest Cooler and Visi Cooler to reduce energy consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

1. The Company began the financial year 2011-12 under uncertain and challenging economic conditions, both at home and abroad, impacting all facets of business. In the domestic sphere, high interest rates and inflation continued, causing capital investments to be deferred and slowing down both business activity and consumption. The persisting symptoms of the global economic crisis continued to pose obstacles further impacting consumer confidence and sentiment. Against this difficult background, the Company's performance was more or less in line with the previous year, barring one project.

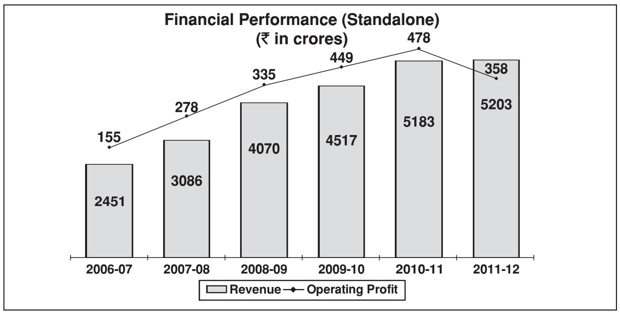
2. In its quest for future growth opportunities, the Company leveraged its diversified domestic capabilities to make an entry into some promising project segments and markets. At the same time, it strove to maintain its market share in consumer durables, while sustaining market place interest with new offerings.

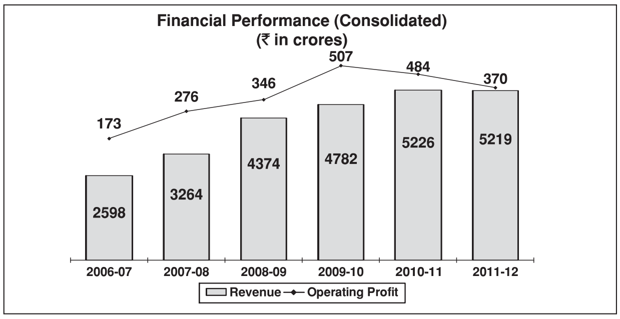
3. Internationally, the thrust was to improve the inflow of orders, develop new business territories, optimize costs and refine processes towards being more competitive. The ongoing execution of the Sidra Medical & Research Centre at Qatar received special attention in the context of delays and cost overruns. The focus is now on the high quality, timely and efficient conclusion of the project to the entire satisfaction of the Client. Given the iconic nature of this project, it is expected that its successful completion would generate value in terms of the Company's standing and prospects in Qatar, which offers the most attractive growth opportunities in the Region.

4. Strategically, the Corporate Management is implementing a business philosophy that favours synergy between businesses, with greater cross-fertilization and sharing of resources as well as customers and prospects.

5. Within the constraints of the economic climate, the Company stayed on its planned path towards 'Engineering Solutions for a Greener Tomorrow', built on the foundations of Tata values. This was especially evidenced by the increasing focus on 'Green Mark' and 'LEED' certification in MEP projects and Star-rating in room ACs.

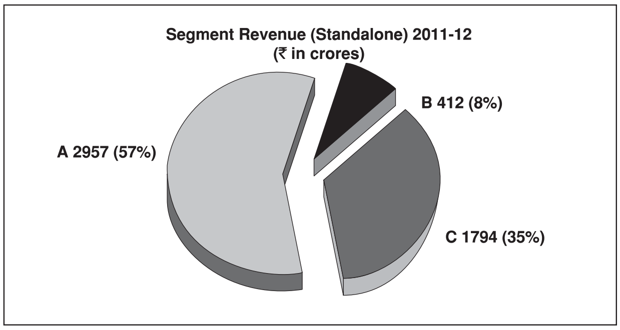
6. Revenues and Operating Profits (Profit before exceptional items) of Voltas (standalone and consolidated) for the period between 2006-07 and 2011-12 are given below:

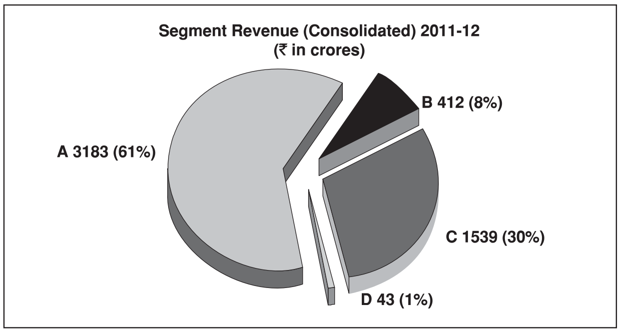




7. The business segments of Voltas (standalone and consolidated) are:

- 'A' - Electro-mechanical Projects and Services
- 'B' - Engineering Products and Services
- 'C' - Unitary Cooling Products for Comfort and Commercial use
- 'D' - Others





ELECTRO-MECHANICAL PROJECTS AND SERVICES

8. The domestic addressable market for Mechanical, Electrical & Plumbing (MEP) saw relatively low growth in built environment and urban infrastructure sectors as compared to last year. Although IIP numbers were disappointing, a small number of new projects emerged across the country in the industrial sector. The Company's domestic Electro-mechanical business was quick to seize these opportunities, helping to grow the domestic order book to the extent possible. The overall booking was, however, slightly lower than last year.

9. The Company played a major role in the internationally acclaimed Formula 1 Circuit in Greater NOIDA, by executing and delivering HVAC, electrical and plumbing systems within shortened time to meet the client's deadline. Having earlier successfully completed the Formula 1 Race Track project at Abu Dhabi as well as 9 stadia for the Commonwealth Games in Delhi, the Company has clearly established its capability in the sporting arena.

10. In the power sector, the Company was able to identify scope for its HVAC capabilities. As a result, it was able to increase its penetration by booking several projects such as MAHAGEN Co, Koradi, DB Power, India Bulls Power, Jai Prakash Power, to name a few.

11. The Company also successfully completed three large MEP projects in automobile manufacturing, namely Maruti (Manesar); Mahindra & Mahindra's Engine Design and R&D Facility (Chennai); and Tata Cummins' globally benchmarked facilities (Phaltan) for machining engine components.

12. Building on the momentum of the earlier successes in healthcare, the Company booked major hospital projects that will help maintain leadership in this segment. These include the Employees' State Insurance Corporation (ESIC) Hospital at Gulbarga and the Mumbai Trauma Hospital. With an order from GNFC for industrial refrigeration systems, the Company also consolidated its position in this project segment.

13. On the Products front, the Company achieved certain new milestones in its quest for better quality. Key achievements in this area include:

- Obtaining the approval of DSIR (Department of Scientific & Industrial Research) for the in-house R&D facility.
- Filing of a patent application for the innovative energy-efficient Vapour Absorption Machine (VAM) designed and developed by in-house R&D, featuring advanced Para Flow technology for minus 5^0C temperature application.
- Introduction of Eco-Cool Ductable split units using R410A refrigerant. These units are customized to leave a smaller carbon footprint over their life-cycle without compromising on performance standards.
- Introduction of an AHU connection kit for VRF systems, and also non-modular VRF condensing units of upto 30HP capacity, for better penetration in the market, wider application and more economical usage.
- Renewal of ISO 9001:2008 Certification for a further 3 year term.

14. Faced with the challenges of managing costs and cash flow in domestic projects, the Company has put in place several processes to reduce operational and administrative costs. It has simultaneously expanded its operations in electro-mechanical O&M contracts and AMC which will supplement the mainstream projects business. Overall, the Company's domestic electro-mechanical business was able to maintain its gross margins despite the economic pressure being experienced by the industry.

15. The Company's Water Treatment business increased its stand-alone order book by 55% over the previous year. New business included a large order of ₹ 165 crores, from Tata Steel for its plant at Kalinganagar, Orissa. The project marks the arrival of the Company into the big league in water management projects in excess of ₹ 100 crore value. This is well aligned with the Company's strategic decision to focus on large-value projects.

16. During the year, the Company executed several projects. In the industrial segment, they include: Water system for the steel melt shop in Rourkela for SAIL; an Effluent Treatment Plant with Zero Liquid Discharge at Durgapur; an Effluent Treatment Plant for the cold rolling mill at Bokaro and a Raw Water Treatment Plant for Tata Steel in Jamshedpur. In the urban infrastructure space, the projects under execution are the Drainage Pumping Stations in Kolkata; Raw Water Treatment Plant at Barrackpore, Kolkata; and Pumping stations at various locations in Kolkata under the city's environment improvement plan.

17. To address the long-term market prospects, a strategic organizational decision was taken to integrate the Water business as well as Rohini Industrial Electricals operations with

the domestic Electro-mechanical business. This will provide the means of extending the reach to a substantially larger client base, while leveraging the existing country-wide network for business development, project execution and customer care. The businesses will benefit from greater 'single-window' relationships with common customers, such as those in the steel, power, oil & gas, and pharmaceutical sectors. The consolidation of various project domains will yield greater operational efficiency – a critical area that will help increase profitability.

18. Performance of Rohini Industrial Electricals continued to be disappointing in the face of poor margins and losses from carry forward 'legacy' projects attributable to its earlier management. New orders are being procured at reasonable margins and the business is making a concerted effort to reduce its fixed costs to become more competitive and profitable in the years to come.

19. The Company's international Electro-mechanical business continued to remain impacted due to the overall subdued market conditions in the Middle East. The crisis in Europe, conflict among regional powers and after-effects of Arab uprising continued to weigh down on sentiment within the Middle East region, although there was no perceptible impact in the Company's chosen geographies of Abu Dhabi and Qatar. The GCC countries continued to enjoy oil prices averaging over USD 100 per barrel, resulting in significant surpluses, especially in the countries where the Company operates.

20. In Abu Dhabi, there have been formal announcements from the Executive Council (Government Body) on the awarding of several large-scale infrastructure and healthcare projects. It is expected that these projects, previously kept on hold, will be awarded within the next two years. The Company has secured a sizeable and prestigious contract for Yas Retail Mall for approximately ₹ 480 crores and is positioning itself for more awards in Abu Dhabi in the coming year.

21. Elongated project schedules combined with the design-and-build nature and complexity of the Sidra Medical & Research Centre project in Qatar has had an impact on various cost parameters. Based on an extensive techno-commercial audit conducted during the year, the Company has accounted for the estimated costs in accordance with Accounting Standard (AS-7) requirements. Additional revenue claims will be recognized at a later stage once they are crystallized and there is greater clarity about the final outcome. In the meantime, Management's attention is sharply focused towards the timely and cost effective completion of the project to the full satisfaction of the Client. In Qatar, the Company also secured a ₹ 360 crore contract for the North Gate Mall project in the private sector, to be executed through a project-specific Joint Venture.

22. A major achievement for the Company was the satisfactory completion of Etihad Towers project in Abu Dhabi, consisting of approx. 5,00,000 sq.m. built-up space with 5 high rise towers and 4 levels of retail. Significant progress has also been made at the approx. ₹ 800 crores Central Market Redevelopment project in Abu Dhabi consisting of two towers (one office, one residential) which is expected to be completed in FY 2012-13.

23. For the second consecutive year, the Company won the two most prestigious MEP awards in the Middle East, namely 'MEP Contractor of the Year' and 'MEP Project of the year' (for Etihad Towers). These awards reflect the industry's continued acknowledgement of the Company's performance and its ability to execute iconic developments, year after year.

24. In the new geographies of Kingdom of Saudi Arabia (KSA) and Oman, separate Joint Ventures have been established and registered to undertake MEP project opportunities. The Joint Venture in KSA – 'Olayan Voltas Contracting Company Limited' has secured an order of ₹ 360 crores, for a utility complex in Riyadh. Through its Joint Venture in Oman (Voltas Oman LLC), the Company is aggressively bidding in the Oman market.

25. The existing Joint Venture in Abu Dhabi viz. Universal Voltas LLC, has performed well. Operating profit has more than doubled to UAE Dirhams 37 million by focusing on smaller value projects and O&M contracts. The profits of the other subsidiaries and joint ventures in the Electro-mechanical segment i.e. Weathermaker Limited in Jebel Ali Free Zone, Universal Weathermaker Factory LLC in Abu Dhabi were lower than the previous year owing to the economic slowdown in Dubai and increased competition in their market segments. Saudi Ensas for Engineering Services WLL, wholly owned subsidiary in KSA reported loss of Saudi Riyal 2 million.

ENGINEERING PRODUCTS AND SERVICES

26. Results of the Engineering Products and Services segment are not directly comparable to the previous year - as of 1st May, 2011, the Materials Handling business was transferred to a joint venture with the globally renowned KION Group, GmbH.

27. The domestic spinning sector experienced volatility in cotton and yarn prices and several spinning mills operated far below capacity in major states like Tamilnadu and Andhra Pradesh, due to the difficult power situation. Notwithstanding, the Textile Machinery business was able to experience overall growth in revenue and profitability by executing large pending orders. It also managed to consolidate its business for allied machinery in spinning and weaving looms from RIFA, China. The Company has in parallel, enhanced its service capabilities so as to cement customer relationships which should help secure orders in a weakening textile market environment.

28. At the same time, high interest rates and the poor pace of environmental clearance for mining activities impacted the performance of the Mining and Construction business. Andhra Pradesh, Karnataka & Goa, were particularly affected and had an adverse impact on the sale of crushing & screening equipment and spares. Margin from some long-term Maintenance and Repair Contracts were also constrained due to an increase in prices by overseas Principals. Global industry consolidation and the takeover of the mining businesses of the Company's erstwhile Principals (Bucyrus and Le-tourneau by Caterpillar and Joy, respectively) also impacted the business. While the Company continues to retain the maintenance contracts for the Unit Rig business, Caterpillar has since transferred part of its India business to its own dealers.

29. On the back of its successful entry into Mozambique in the previous year, the Company has stepped up its overseas service capabilities. It has obtained maintenance contracts for large-sized Le-tourneau Wheel Loaders at the Moatize Coal project being executed by Vale of Brazil. There has been sustained growth in these Mozambique-based operations, with the addition of more items of equipment, testifying to the Principal's renewed confidence in the Company's dependability.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

30. The Indian room air conditioning industry remained under pressure during 2011-12. Sales were impacted by a short summer coupled with intermittent rains and by the generally negative market sentiments. Input cost pressure, partly passed on to customers, had an adverse impact on sales. Sales volumes declined by around 20% industry-wide, according to market estimates.

31. While some of the established players lost significant market share, the Company maintained its market share, testifying to the strength of Voltas Brand.

32. The trend towards energy-efficiency continued to be a strong market driver, impelling more consumers to upgrade to higher star-rated products. There is also greater awareness about more efficient products (such as Inverter ACs), and those that use 'greener' refrigerants. The Company continued its leadership in energy efficiency with the widest range of 5-star products sold in the market, while remaining on its mission to promote the 'green' products.

33. Responding to market feedback, the Company launched new and updated range of 40 models of Window and Split ACs in 2011-12. The range gave buyers a spread of choice in terms of features, energy rating, price tag and cooling capacities. These were designed to meet their diverse preferences and tastes, across a spectrum of demographics and geographies. A case in point is the inclusion of colour panels, for which consumers had shown a liking.

34. The new launch was also the occasion for introducing a new platform, namely "All Weather" air conditioning, featured in a selection of models. The concept had been the outcome of detailed consumer research. The Company's intent was to break through the clutter and gain an edge by transcending the seasonality of the category and thus engage with consumers around the year. "All Weather" models are well equipped for all climatic conditions, with Intelligent Heating for the cold months, Active Dehumidifier for the monsoons, and of course High torque Compressor for the summers. With the support of a humorous and entertaining multi-media national campaign, this proposition was among the factors that propelled the brand to an all-time high market share of 22% in primary sales during the financial year.

35. To maintain its operating agility, the Company engaged larger numbers of contract manufacturers for outsourced assembly in many more locations across the country, judiciously mixed with in-house manufacturing. This had the added advantage of shortening the time-to-market, and reducing the Company's carbon footprint. Other notable achievements and recognitions won by the Company included:

- For business excellence: The TBEM Emerging Industry Leader Award.
- Employee engagement scores touched an all-time high of 4.1 (Grand Mean) as assessed by third-party research.
- The prestigious Readers' Digest Trusted Brand 2011, and Superbrand 2011-12.

36. The Company's Commercial Refrigeration business saw modest growth of around 4%, while chest freezers grew by 18%. Nevertheless, the Company retained its market leadership position in this segment.

37. Universal Comfort Products Limited (UCPL), the Company's wholly-owned subsidiary and manufacturing arm for room ACs, performed exceedingly well, with production capacity ramped up to 400,000 units and net profit of ₹ 34 crores as against ₹ 27 crores in the previous year.

OTHERS

38. The segment 'Others' consists of Lalbuksh Voltas Engineering Services & Trading LLC (Lalvol), a subsidiary company based in Sultanate of Oman, which is engaged in horticulture, water management and purification. Lalvol recorded turnover of Omani Riyal (OR) 3.359 million and net profit of OR 0.278 million for the year ended 31st December, 2011 as compared to turnover of OR 2.208 million and net profit of OR 0.482 million for the nine months period ended 31st December, 2010. The performance of Lalvol during the year ended 31st December 2011 was adversely affected by the political instability in Sultanate of Oman, coupled with the local unrest over the greater part of the year. As a result, many Government projects in water treatment, irrigation and landscaping were put on hold.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

39. Going forward, the domestic electro-mechanical business is expected to be impacted by the prevailing headwinds in the global economy, as well as the continued prevalence of a dampened investment sentiment, high interest rates, and increased competition, all exerting pressure on profit margins.

40. The Company however expects some opportunities for its MEP offerings to arise from investments in the following key areas:

- In the industrial segment, with several multinationals making plans to commence manufacturing operations in India over the next few years.
- In commercial construction, serving the aggressive expansion in IT/ITES and Retail services.
- In infrastructure, for which substantial investments have been announced in both Public and Private sectors, although their actual realisation will be dependent on numerous other factors.
- Built Environments, where growth is largely expected to be in Tier-2 and Tier-3 markets.

41. In the HVAC products space, the opportunities for growth are likely to arise from the application of technologies like VRF which are new to the Indian market, coupled with the low penetration of central air conditioning in India, especially in Tier-2 markets.

42. In order to suitably seize these opportunities, the Company has made strategic plans for growth, and taken various initiatives intended to:

- Match the customer's requirements with suitable product and service offerings.
- Maximise the synergies that arise from its capabilities in Electrical, Mechanical and Water Treatment solutions businesses.
- Improve efficiencies in project execution and thereby improve margins in projects business.
- Leverage in-house R&D capabilities for developing new differentiated products and providing customized solutions.
- Enlarge its bandwidth in Human Resources for meeting long-term growth aspirations.

43. The outlook for the water treatment industry is positive. The demand for water treatment solutions will increase, resulting from the rising stress on water usage caused by population growth, increasing urbanization and rapid industrialization, as well as from the strong regulatory pressure towards better water management. Going ahead, the Company's focus will be on providing world-class technologies and best-in-class services in water and waste water treatment to the Indian market. The Company will also look to expand its product range and introduce new offerings to form a more complete portfolio for the customers.

44. In the Middle Eastern market, oil prices are expected to average around USD 100 per barrel, generating surpluses available for investment. The Company is well placed to

capitalize on these opportunities in its chosen geographies, on the strength of its strong presence, reputation and track record in the region. However competition is likely to remain intense, resulting in a somewhat subdued margin expectation.

45. The Abu Dhabi Government has announced its intention to undertake several large-scale projects in various segments. Multiple projects are also expected to be launched in Qatar in preparation for hosting the 2022 Football World Cup. In KSA, substantial opportunities are likely to spring from the State's latest budget, which targets large investment in infrastructure, housing, transportation and healthcare. As a result, the joint venture in KSA is expected to grow. Likewise, the joint venture in Oman is also projected to benefit from investment earmarked for health, education and housing.

46. The Company is also closely observing other potential growth markets in the region i.e. Iraq, Libya and Kazakhstan with a view to making an entry at an appropriate time, if the geo-political climate is deemed suitable and conducive.

ENGINEERING PRODUCTS AND SERVICES

47. The Company's textile machinery business will realize the benefits of its carry-forward order book, as several of these orders will be up for execution in 2012-13. However, the economic environment must improve to secure long term growth. Some grounds for optimism are the anticipated reinstatement of the TUF scheme by the Government, as well as additional subsidies announced by the Governments of Maharashtra, Karnataka and Gujarat among others, to promote investment in Textiles.

48. In Mining & Construction Equipment business, the Company's own range of wheeled crushing and screening plants and cranes is seeing a pick-up in sales, with good prospects for growth, linked to the investments expected in infrastructure and road projects. There is also greater appreciation for the Company's off-shore services in Mozambique, with good prospects for more such opportunities and better penetration to follow.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

49. The domestic Room AC industry is expected to grow moderately by around 10%, taking into account the possibility of a tempering of momentum caused by a delayed summer and unseasonal rains ahead. However, rising disposable incomes and wages, coupled with perennially low penetration levels of ACs, will continue to drive long-term demand, further stimulated by the spread of electrification.

50. As consumers become increasingly conscious of energy efficiency, star-rated products will be in greater demand; the Company can expect to profit from its ongoing effort to sustain its initial lead by constantly upgrading its offerings with R&D-based features and innovations. A good market response is also expected for its newly-launched brand proposition of 'All-Weather ACs', which helps create a distinctive new differential suited to the domestic consumer.

51. To address significant demand coming from Tier-2 and Tier-3 markets, the Company will renew its efforts towards channel expansion beyond its current presence of 5,000+ touch points.

52 At the same time, the extreme volatility in forex movements bring in a degree of uncertainty in sourcing decisions from overseas vendors. Margins are likely to be eroded if the full impact of cost increases cannot be passed on to consumers in the given context of competition.

53. Growth in the Commercial Refrigeration segment is likely to be driven by the rising demand for quality products for end-user segments such as retail, dairy & brewery and cold chains. The Company, with its superior product development capabilities, good relationships with leading manufacturers and a strong brand, is well-placed to further consolidate its market leadership position.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

54. The state of the global economy has a direct impact on the health of the Indian economy. If recovery in the US and Europe were to falter, its adverse impact could be felt across businesses in India, causing plans in infrastructure and industrial segments to be shelved for the time being.

55. It is expected that some reputed multinational project companies will make their move in the Indian market in the year ahead. A related threat continues to arise from the development of in-house MEP capabilities by Main Contractors, putting operating margins at risk.

56. The relative volatility in prices of commodities like steel, copper and aluminum remains a factor potentially jeopardizing the health of the projects business.

57. The Chinese and other low-cost exporters of HVAC products are aggressively using their significant economies of scale to build increasing pricing pressure across a range of products. The Japanese companies too seem to be bullishly price-competitive in India, leading to a decrease in margins across the industry.

58. The vast opportunities in the domestic water treatment market is attracting numerous multinationals armed with up-to-date and superior technologies, which are likely to dictate the form of competition.

59. The water business is an integral part of the projects business and therefore faces the same generic risks, such as cost and time overruns, delay in payment, commodity price variation, currency fluctuations, etc.

ENGINEERING PRODUCTS AND SERVICES

60. The businesses in this segment are vulnerable to investment slowdown caused by increase in interest rates. A significant threat in the Mining and Construction Equipment sector lies in the continued delay in environment clearances.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

61. With more and more brands entering the market, the AC industry is exhibiting signs of fragmentation. The Japanese brands in particular pose a threat with their pursuit for top line growth. Further, as organized retail grows in size, so will its bargaining power, thereby compressing the margins of the Industry. The forecasting of demand has emerged as a key challenge, especially in view of the increasingly erratic and fickle climate, which could adversely impact sales growth. Macro-economic circumstances such as high interest rates and wide USD-INR fluctuations, along with surging commodity prices, are also putting profitability under pressure. The market has already taken a round of price increases and it might not be possible to totally pass on the cost escalations, again to the consumers. Apart from the weather factor, the growth of the AC Industry will depend on the ability to be price competitive and offer a superior value proposition to the consumers.

62. The sales of higher star-rated ACs could also be impacted by increased prices in accordance with product upgradation norms laid down by BEE.

FINANCIAL PERFORMANCE - STANDALONE

63. Financial performance as a measure of operational performance.

The Ministry of Corporate Affairs, Government of India had by Notification No.447(E) dated 28th February, 2011 notified the revised Schedule VI to the Companies Act, 1956, whereby the format of the Profit and Loss Account and Balance Sheet have been modified effective 1st April, 2011. Due to changes in the disclosure requirements and presentation formats, the nomenclatures and also the figures for the previous year have been re-grouped/re-classified, wherever necessary.

(a) Sales and Services, net of Excise duty (Segment Revenues):

₹ in crores

	2011-12	2010-11	Change	Change %
Segment-A (Electro-mechanical Projects and Services)	2957	2776	181	7%
Segment-B (Engineering Products and Services)	412	564	(-) 152	(-) 27%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1794	1797	(-) 3	0%
Total	**5163**	**5137**	**26**	**1%**

Revenues in Electro-mechanical Projects and Services were higher by 7% as compared to the previous year. The international as well as domestic projects businesses have recorded higher turnover in 2011-12 as compared to the previous year. The Company has transferred its Materials Handling business, which forms part of Engineering Products and Services segment to a joint venture company effective 1st May, 2011. Accordingly, the revenues of Segment B are not comparable with the previous year. While revenue of Textile Machinery business (part of Segment B) was marginally better than last year, revenues of Mining and Construction business were lower than last year due to high interest rates and closure of mining activities in some of the States. Despite severe competition, unfavourable climatic conditions and poor consumer sentiments, revenue of Segment C was by and large, maintained at the same level, as last year. The AC Industry as a whole witnessed de-growth in sales volume during 2011-12.

(b) Other Income:

₹ in crores

	2011-12	2010-11	Change	Change %
Other Income	111	60	51	85%

Other Income comprises rental income, dividend from investments, interest income and foreign exchange gain/loss if any. Rental income was higher at ₹ 42 crores, as compared to ₹ 35 crores last year and dividend income was higher at ₹ 39 crores as compared to ₹ 15 crores last year. The Company had a net foreign exchange gain of ₹ 19 crores in 2011-12 as compared to loss of ₹ 8 crores in 2010-11.

(c) Exceptional Items:

₹ in crores

	2011-12	2010-11	Change	Change %
Exceptional Items	(151)	45	(-) 196	(-) 436%

Exceptional Items comprises profit on sale of properties (₹ 45 crores), profit on transfer of Materials Handling business (₹ 79 crores) and cost overruns (₹ 277 crores) on a Onerous contract – Sidra Medical & Research Center Project, under execution in Qatar.

(d) Employee Benefits:

₹ in crores

	2011-12	2010-11	Change	Change %
Expenses – Employee Benefits	552	515	37	7%

Employee Benefit Expenses comprises salary, wages, Company's contribution to Provident Fund and other funds, retiring gratuity and staff welfare expenses. Due to increase in staff costs in international project business, there is an overall 7% increase in Employees Benefits expenses during the year under review as compared to last year.

(e) Finance Costs (Interest):

₹ in crores

	2011-12	2010-11	Change	Change %
Interest paid on borrowings	26	13	13	100

Finance costs comprises interest expenses on borrowings from banks for execution of overseas projects. For domestic business operations, it comprises interest paid on discounting of Supplier's bills.

(f) Depreciation:

₹ in crores

	2011-12	2010-11	Change	Change %
Depreciation	29	16	13	81

The charge for depreciation is higher for the year under review as compared to last year. In 2011-12, the Company has made a revision in the estimated useful life of fixed assets, specifically acquired for use in execution of overseas projects.

(g) Commission other than to Sole Selling Agents:

₹ in crores

	2011-12	2010-11	Change	Change %
Commission other than to Sole Selling Agents	27	31	(-) 4	(-) 13%

Commission other than to Sole Selling Agents includes rebates, incentive schemes and discounts given to Dealers by the Unitary Cooling Products business. It also includes Agency fees and Sponsorship expenses incurred for international projects. During the year under review, there was an overall reduction of 13% as compared to the previous year.

(h) Other General Expenses:

₹ in crores

	2011-12	2010-11	Change	Change %
Other General Expenses	146	171	(-) 25	(-) 15%

Other General Expenses includes service maintenance charges, selling expenses, outside services/contract labour charges, subscription to clubs, e-auction charges, C&F charges, moving and shifting expenses, royalty and commission to Directors. Due to several austerity measures and cost controls, there was an overall reduction of 15% as compared to the previous year.

(i) Profitability:

₹ in crores

	2011-12	2010-11	Change	Change %
Profit Before Tax	207	522	(-) 315	(-) 60%
Profit After Tax (Net Profit)	152	354	(-) 202	(-) 57%

Apart from the general slow down in the economy, which has impacted most of the businesses of the Company, the profitability was impacted largely due to cost overruns on the Onerous Contract – Sidra Medical & Research Centre Project in Qatar.

64. FINANCIAL POSITION - STANDALONE

(a) Short Term Borrowings:

₹ in crores

	2011-12	2010-11	Change	Change %
Short Term Borrowings	178	94	84	89%

Due to delays in certification of project billings and cost overruns on certain overseas projects, bank borrowings for international projects business had increased.

(b) Net Fixed Assets:

₹ in crores

	2011-12	2010-11	Change	Change %
Fixed Assets after Depreciation - Net	168	184	(-) 16	(-) 9%

There was an overall reduction in the Net Fixed Assets of the Company due to disposal of certain tangible assets like buildings, plant and machinery and office equipments and also higher depreciation on fixed assets used for overseas projects due to revision in the estimated useful life of such fixed assets. The Company undertook several initiatives for improving the Information Technology systems which resulted in additional capital expenditure in software.

(c) Investments:

₹ in crores

	2011-12	2010-11	Change	Change %
Non-current Investments:				
- Investment in subsidiaries, joint venture and associates	178	146	32	22%
- Other Investments	69	34	35	103%
- Investment Properties	9	7	2	29%
Total	256	187	69	37%
Current Investments:				
- Units of Mutual Funds	221	218	3	1%

The Company had during 2011-12 made investments aggregating ₹ 32 crores in subsidiaries/joint ventures and associate companies. The Company also subscribed to Rights shares offered by a Tata Group company (₹ 5 crores) and invested around ₹ 30 crores in Perpetual bonds of a Tata Group company. The Company's investment of cash surplus in Liquid Mutual Funds increased by ₹ 3 crores compared to the previous year.

(d) Inventories:

₹ in crores

	2011-12	2010-11	Change	Change %
Raw materials, components, stores and spares	71	92	(-) 21	(-) 23%
Work-in-progress (net)	248	249	(-) 1	0%
Finished goods	249	217	32	15%
Stock-in-trade of goods (for trading)	186	197	(-) 11	(-) 6%

There was an increase in the inventory of finished goods of Unitary Products business in 2011-12 as compared to the previous year.

(e) Trade Receivables:

₹ in crores

	2011-12	2010-11	Change	Change %
- Current Trade Receivables (Net)	1007	907	100	11%
- Non-Current Trade Receivables (Net)	99	96	3	3%

The increase is primarily in Current Trade receivables in projects business due to larger payment cycle as also delays in certification of bills.

(f) Cash and Bank Balances:

₹ in crores

	2011-12	2010-11	Change	Change %
Cash and Bank balances	205	425	(-) 220	(-) 52%

Cash and Bank balances declined in 2011-12 due to low in-take of new orders by the international projects business resulting in reduction in advances from customers which are temporarily parked as fixed deposits with overseas bank as security for availing credit facilities. Cash generated from operating activities were also impacted due to increase in customer outstandings.

(g) Loans and Advances:

₹ in crores

	2011-12	2010-11	Change	Change %
- Long Term Loans and Advances - Net	107	74	33	45%
- Short Term Loans and Advances - Net	197	184	13	7%
Total	**304**	**258**	**46**	**18%**

The increase is primarily in respect of advance payment of taxes (net) and partly towards advances given to customs, port trust/other authorities and suppliers.

(h) Other Assets:

₹ in crores

	2011-12	2010-11	Change	Change %
- Other Current Assets	737	758	(-) 21	(-) 3%
- Other Non-Current Assets	4	4	--	0%

Other Current Assets are basically the contract revenues recognized in excess of certified bills pertaining to projects businesses. Revenues are recognized based on the Percentage of Completion Method in line with the Accounting Standard.

(i) Liabilities and Provisions:

₹ in crores

	2011-12	2010-11	Change	Change %
Current Liabilities	2316	2451	(-) 135	(-) 6%
Non-Current Liabilities	94	74	20	27%

Current Liabilities comprises short term borrowings, trade payables, short term provisions and other current liabilities. Non-Current Liabilities comprises long term provisions and trade payables. Short term borrowings were from banks for execution of overseas projects. Due to delay in certification of bills and overall liquidity crises, overseas bank borrowings increased from ₹ 94 crores last year to ₹ 178 crores as on 31st March, 2012. There was also an increase in trade payables (long term as well as short term) due to longer credit period and partly to offset the outstanding trade receivables. Provisions (long term and short term) are towards Employee Benefits – retiring gratuity, pension, medical benefits, compensated absences, etc. and for trade guarantees, contingencies, taxation and proposed dividend including dividend tax.

FINANCIAL PERFORMANCE - CONSOLIDATED

65. Financial performance as a measure of operational performance.

(a) Sales and Services, net of Excise duty (Segment Revenues):

₹ in crores

	2011-12	2010-11	Change	Change %
Segment-A (Electro-mechanical Projects and Services	3183	3041	142	5%
Segment-B (Engineering Products and Services)	412	564	(-) 152	(-) 27%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1539	1561	(-) 22	(-) 1%
Others	43	12	31	258%
Total	**5177**	**5178**	**1**	**0%**

The Consolidated Revenues for 2011-12 were by and large at the same level, like last year. While some of the subsidiary/joint venture companies performed better, Rohini Industrial Electricals Limited (RIEL), a subsidiary company in India recorded lower turnover (₹ 117 crores) in 2011-12 as compared to ₹ 162 crores last year. Lalbuksh Voltas Engineering Services and Trading LLC (Lalvol) under 'Others' segment reported turnover of ₹ 43 crores for the year ended 31st December, 2011 as compared to ₹ 26 crores for the nine months period ended 31st December, 2010. Moreover, Lalvol became a subsidiary of Voltas (60% shareholding) on 31st March, 2011 as compared to joint venture company (49% shareholding of Voltas) last year.

(b) Profitability:

₹ in crores

	2011-12	2010-11	Change	Change %
Profit Before Tax	219	524	(-) 305	(-) 58%
Profit After Tax and Minority Interest	162	357	(-) 195	(-) 55%

Consolidated Profits have been impacted due to cost overruns on the Onerous Contract – Sidra Medical & Research Centre Project in Qatar. While RIEL suffered loss of ₹ 26 crores in 2011-12, though lower than ₹ 35 crores, last year, Universal Comfort Products Limited performed better and recorded higher profit of ₹ 34 crores as compared to ₹ 27 crores last year. The other positive contributor to profit was Universal Voltas LLC, a joint venture company in UAE.

LIQUIDITY AND CAPITAL RESOURCES

66. The Company has a low Debt-Equity ratio and the borrowings were primarily for overseas projects. At the same time, external factors like tight liquidity conditions in domestic and overseas market, slow progress in execution of projects, delays in settlement of some of the large value projects, elongated business cycles and cost overruns in some of the mega projects have significantly impacted the liquid surplus funds of the Company. The Company has funded large cost overruns in one of the design and build project under execution in Qatar which has significantly tapered down the liquid resources invested in Mutual Funds. Going forward, the Management would closely monitor the cash flows of the businesses on a regular basis and the same would also be subject to periodic review by the Board. The Company's liquidity position would be dependent on expeditious settlement of some of the large projects.

RISKS AND CONCERNS

67. The Company has robust systems for risk assessment and mitigation and has a Risk Policy in place with well established internal control and risk management processes, both at Business Unit and at Corporate level. The scope and authority for project execution is derived from this document which is approved by the Board.

68. Reviews are conducted on an on-going basis, as per a comprehensive risk-based plan. Techno-Commercial audits are conducted for all major international as well as domestic projects periodically to assess physical progress and financial performance and validate end of project forecast. The conclusions/recommendations are shared with the Board Audit Committee.

69. The concept of Enterprise Risk Management (ERM) process has evolved into a robust exercise entailing a balanced bottom up and top down approach, covering all business units, functions and departments of Voltas. Given the overall emerging context of business and a more volatile environment, individual identification and mitigation of key endogenous and exogenous risks, first at Corporate and thereafter at specific Divisional levels were done. This was then incorporated in a Risk Register forming part of Annual Operating Plan process.

70. The Management has thus identified the major risks and concerns and developed a risk assessment matrix along with mitigation plans which would be reviewed periodically.

71. The year under review had also witnessed high volatility in foreign exchange and interest rates. The Company has a robust forex policy which ensures timely monitoring and coverage of foreign exchange exposures. The Company is not susceptible to interest rate risks since it does not have any debts for domestic business operations other than temporary working capital borrowings.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

72. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company's Internal Audit function objectively and independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system. The function also reviews and reports on adherence to operating guidelines and statutory requirements, recommends improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information. The scope and authority of the internal audit function are derived from the Audit Charter approved by the Board Audit Committee.

73. The Company's internal audit team consists of qualified professionals led by the Chief Internal Auditor, who reports to the Board Audit Committee. The team conducts audits of various departments based on an annual risk-based internal audit plan covering key areas of operations, including the overseas operations. The annual internal audit plan is approved by the Board Audit Committee at the beginning of the financial year. To harness skill sets in the areas of indirect taxation, logistics and procurement, the Company has engaged the services of Mahajan & Aibara, Chartered Accountants, as a co-partner of the internal audit team.

74. The plan and the internal audit reports are shared with the Statutory Auditors. The Company has put in place a Risk assessment and mitigation Policy for process across all its business operations, which is periodically reviewed by the Management.

75. Significant audit findings and suggestions along with the 'Action Taken Reports' are shared with the Board Audit Committee, which consists of four Independent Directors. The Board Audit Committee monitors and reviews the significant internal audit observations, compliance with accounting

standards, risk management and control systems and profitability/risk ratings of overseas contracts.

HUMAN RELATIONS

76. The dedicated efforts of its competent and committed employees have contributed to the Company's achievements in these challenging economic conditions.

77. The diversity ingrained in the businesses, by virtue of the nature of operations, geographic spread and customer segments, requires distinct sets of human capabilities working collaboratively towards a common purpose. The Leadership Team has ensured the creation of a unified vision, giving direction to these diverse capabilities and achievements using innovative methods and employee communication programmes.

78. The year 2011-12 was marked by the initiation and progress of several Human Resource interventions to face the current challenges, and also mitigating people risks, to make the organization 'Future ready'.

79. Leadership Development has been identified as an area of high importance and high impact across our businesses. The process of identification and development of key talent has been strengthened to include employees across Junior, Middle and Senior Management levels. The Tata Group People Planning Meeting (PPM) was conducted to plan focused development interventions for identified Managers. The 'Voltas Business Leaders Programme' was initiated to identify and develop Senior Managers to take up higher roles within the Company. Parallel efforts to augment the acquisition of Leadership Talent were enhanced through Tata Group programmes like Tata Administrative Services (TAS), Tata's Human Resource Development Programme (HRDP) and Tata Group Chartered Accountant (CA).

80. Productivity improvement through capability building continues to be an area of high priority. The launch of the Voltas Virtual Campus (VVC) signifies the commitment to leveraging information technology to ensure that valuable development inputs reach all the employees. Several other business-aligned development programs for specific employee segments and technology areas were launched and rolled out across business units. Employee feedback platforms such as the Employee Engagement Study (re-branded as V-CAS or Voltasites Connected and Satisfied), the Employee Contact Program and the First Impression Study have been implemented. Other successful initiatives implemented include the on-boarding programme for Graduates, Engineers, Trainees (GETs), Yoga Sessions, and programmes on managing Health and managing Personal Finance.

81. The Industrial Relations scenario continued to be difficult during the year. In spite of several rounds of negotiations and large number of meetings with the Union Federation, no settlement could be reached with the Employees' Union. In order to ensure long term and harmonious industrial atmosphere, the Management has asked for a comprehensive settlement and withdrawal of past cases filed, which is leading to unnecessary litigation costs. It has also offered a generous settlement in terms of both, ex-gratia payments as well as arrears, which have so far not been accepted by the Union. Nonetheless, efforts are under way to continue the dialogue and arrive at a mutually acceptable win-win solution.

82. While external challenges continue to impact the Company, it remains a constant endeavour to leverage its strengths of employee pride, loyalty, priority on employee care, health and safety as well as harmonious working relationships towards higher performance and business outcomes. Guided by the Tata Group Values and the Voltas Cultural Pillars – Smart Thinking, Winning Attitude, Innovation & Initiative, Flexibility and Teamwork (SWIFT), the Company remains committed to maximizing returns for all stakeholders through excellence in Human Resources.

83. The total staff strength as on 31st March, 2012 was 9994, including 7215 contract staff, primarily for overseas projects.

CAUTIONARY STATEMENT

84. Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Report on Corporate Governance

1. Company's philosophy on code of governance

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Company has adopted the Tata Business Excellence Model as a means of driving excellence and the Balanced Scorecard methodology for tracking progress on long term strategic goals. The Company has also adopted the Tata Code of Conduct which serves as a guide to each employee including the Managing Director, on the standards of values, ethics and business principles. The Whistle Blower Policy of the Company provides a mechanism for the employees to approach the Chairman of Board Audit Committee/Ethics Counsellor and disclose information that may evidence unethical or improper activity concerning the Company.

2. Board of Directors

(a) Composition

The present Board comprises 9 members: 8 Non-Executive Directors (NEDs) and the Managing Director. Of the 8 NEDs, 5 are Independent Directors. All the Directors of the Company are liable to retire by rotation and there is no permanent director.

The Company has a Non-Executive Chairman and the number of Independent Directors is more than 50% of the total number of Directors. The Company is in compliance with the requirements relating to the composition of Board of Directors, in line with Clause 49 of the Listing Agreement.

(b) Non-Executive Directors' compensation and disclosures

The Sitting fees paid to Non-Executive Directors, including Independent Directors for attending Board/Committee Meetings are within the limits prescribed under the Companies Act, 1956 (the Act). The shareholders have at the 55th Annual General Meeting (AGM) held on 10th August, 2009 passed a Special Resolution approving payment of commission to Non-Executive Directors not exceeding 1% per annum of the net profits of the Company, to be calculated in accordance with the provisions of the Act. The aforesaid Resolution was passed for a period of five financial years, commencing from 1st April, 2010.

(c) Other provisions as to Board and Committees

During the year 2011-12, seven Board Meetings were held on the following dates and the gap between two consecutive Board Meetings did not exceed the statutory requirement of 4 months.

27th April, 2011, 19th May, 2011, 29th July, 2011, 26th September, 2011, 9th November, 2011, 14th February, 2012 and 19th March, 2012.

The annual calendar of Board/Committee Meetings is agreed upon at the beginning of the year and the Notice for Board Meetings and detailed agenda papers are circulated to all the Directors well in advance to enable them to attend and take informed decisions at the Meetings. The information as required under Annexure - IA to Clause 49 of the Listing Agreement is made available to the Board. In addition, all proposals of investments, divestments and decisions in respect of properties of the Company, execution of overseas projects and credit facilities in respect thereof are placed before the Board for its consideration and appropriate decision in the matter. The annual budgets – Revenue, Capital as well as the Divisional Budgets/Annual Operating Plans are presented in detail to the Directors and their valuable inputs/suggestions are taken. Similarly, actions in respect of suggestions made/decisions taken at Board/Board Audit Committee Meetings are reported and reviewed regularly by the Directors/Audit Committee members. Considerable time is spent by the Directors on discussions and deliberations at the Board/Committee Meetings and their active participation is reflected by the number of meetings held during the year and attended by the Directors.

None of the Directors on the Board hold directorship in more than 15 companies and no Director is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the companies of which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The Board periodically reviews compliance of all laws applicable to the Company, based on a certificate given by the Managing Director including the steps taken, to rectify instances of non-compliances, if any.

(d) Code of Conduct

The Board has adopted a Code of Conduct for the Directors and senior management of the Company and the same has been posted on the website of the Company. All the Board members and senior management of the Company have affirmed compliance with their respective Code of Conduct as on 31st March, 2012. A declaration to this effect, signed by the Managing Director of the Company is annexed hereto. Senior management comprises the Division/Department/Functional Heads, General Managers and the CFOs of the respective business clusters.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies (as on the date of the Directors' Report) are given below:

Name of Directors	Category	Board Meetings Attended during 2011-12	Attendance at the last AGM held on 16th August, 2011	Number of Directorships in other public limited companies (excluding directorship in associations, private/ Section 25/foreign companies)	Number of Committee positions held in other public companies#	
					Chairman	Member
Mr. Ishaat Hussain (Chairman)	Not Independent Non-Executive	7	Yes	14	3	6
Mr. Sanjay Johri (Managing Director)	Not Independent Executive	7	Yes	1	–	–
Mr. Nasser Munjee	Independent Non-Executive	6	Yes	14	4	4
Mr. Ravi Kant (upto 14-2-2012)	Not Independent Non-Executive	5	Yes	–	–	–
Mr. N. D. Khurody (upto 16-8-2011)	Not Independent Non-Executive	3	–	–	–	–
Mr. Noel N. Tata	Not Independent Non-Executive	6	Yes	8	–	2
Mr. Jimmy S. Bilimoria	Independent Non-Executive	2	Yes	9	4	3
Mr. S. N. Menon	Independent Non-Executive	4	Yes	7	–	4
Mr. Nani Javeri	Independent Non-Executive	7	Yes	3	–	1
Mr. R.N. Mukhija	Independent Non-Executive	7	Yes	3	–	–
Mr. Vinayak Deshpande (w.e.f. 14-2-2012)	Not Independent Non-Executive	1	N.A.	4	–	2

Comprises Chairmanship/Membership in Board Audit Committee and Shareholders'/Investors' Grievance Committee.

3. Audit Committee

(a) Composition, name of Members and Chairman

The Company has a Board Audit Committee comprising Non-Executive Independent Directors – Mr. Jimmy S. Bilimoria (a Chartered Accountant by qualification), Mr. Nasser Munjee, Mr. Nani Javeri and Mr. R. N. Mukhija. Mr. Jimmy S. Bilimoria is Chairman of the Board Audit Committee. All members of the Board Audit Committee are financially literate and have relevant finance and/or audit exposure. The Managing Director, the Executive Vice President – Corporate Affairs & CFO, the Chief Internal Auditor and the Statutory Auditors attend the meetings as Invitees. The Business Heads (COOs) and other Operating people also attend the Meetings, when required. The Cost Auditor attends the meetings at which Cost Audit related matters are discussed. The Company Secretary acts as the Secretary of the Board

Audit Committee. The Minutes of the Board Audit Committee Meetings are circulated and discussed at the Board Meetings.

(b) Meetings and attendance during the year

Five Board Audit Committee Meetings were held during the financial year 2011-12 on the following dates:

18th May, 2011; 29th July, 2011; 24th August, 2011; 9th November, 2011 and 10th February, 2012.

The attendance of each member of the Committee is given below:

Name of Members	No. of Meetings attended
Mr. Jimmy S. Bilimoria	2
Mr. Nasser Munjee	4
Mr. Nani Javeri	5
Mr. R. N. Mukhija	5

The quorum of Board Audit Committee Meetings is two members or one-third of the members, whichever is greater. The Chairman of the Board Audit Committee attended the last Annual General Meeting of the Company.

(c) Terms of reference and role of Audit Committee

The terms of reference, powers and role of Audit Committee are in accordance with Clause 49 II of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The broad terms of reference includes the following:

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    (i) Matters required to be included in the Directors' Responsibility Statement forming part of the Directors' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
    (ii) Changes, if any, in accounting policies and practices and reasons for the same.
    (iii) Major accounting entries involving estimates based on the exercise of judgement by management.
    (iv) Significant adjustments made in the financial statements arising out of audit findings.
    (v) Compliance with listing and other legal requirements relating to financial statements.
    (vi) Disclosure of related party transactions.
    (vii) Qualifications in the draft Audit Report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory, branch and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on significant audit findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors,

debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Board Audit Committee also reviews the following:

(i) Management Discussion and Analysis of financial condition and results of operations;

(ii) Related party transactions submitted by management on quarterly basis;

(iii) Management letters/letters of internal control weaknesses, if any, issued by the statutory auditors;

(iv) Internal audit reports relating to internal control weaknesses including major audit observations;

(v) Appointment, removal and terms of remuneration of the Chief Internal Auditor and Branch Auditors;

(vi) Concerns, if any, received under the Code of Conduct;

(vii) Discussions with Cost Auditor on cost audit related matters;

(viii) Performance of all major on-going projects in India and Abroad; and

(ix) Financial Statements of subsidiary companies, on a quarterly basis.

The Board Audit Committee also periodically reviews the progress on execution of major overseas projects and the risk ratings, Outstandings and Inventory levels including the action plan for its realization and other specific areas as requested by the Board, from time to time.

4. Subsidiary Companies

The Company has ten unlisted subsidiary companies, of which four are Indian subsidiaries. As defined in Clause 49 III of the Listing Agreement, none of the Indian subsidiaries falls under the category of 'material non-listed Indian subsidiary'. However, the financial statements of all subsidiary companies including investments made, if any, are periodically reviewed by the Board Audit Committee. The financial performance, Minutes of Board Meetings of these subsidiary companies and all significant transactions or arrangements entered into by the subsidiary companies are reviewed by the Board. The Business plans and annual targets of operating subsidiaries are also discussed at the Board Meetings of the Company.

5. Managerial Remuneration

(a) Remuneration Committee

The Remuneration Committee comprises 3 Non-Executive Independent Directors – Mr. Nasser Munjee, Mr. S. N. Menon and Mr. Nani Javeri. During 2011-12, two meetings were held on 19th May, 2011 and 13th July, 2011 which were attended by Mr. Nasser Munjee, Mr. S. N. Menon and Mr. Nani Javeri. The Non-Executive Chairman of the Board attends the Remuneration Committee Meeting by invitation. The Minutes of the Remuneration Committee Meetings are circulated and noted at the Board Meetings. Subsequent to the close of the financial year 2011-12, Mr. Ishaat Hussain, Non-Executive Chairman was nominated as a member of this Committee effective 22nd May, 2012.

(b) Remuneration Policy

The remuneration of the Managing Director is reviewed by the Remuneration Committee based on certain criterias such as industry benchmarks, Company's performance and the responsibilities shouldered by him. The remuneration of the Managing Director comprises salary, perquisites, allowances and benefits and incentive remuneration and/or commission. Annual salary increment, incentive remuneration or commission is decided by the Remuneration Committee within the overall ceilings prescribed under the Companies Act, 1956 and in line with the terms and conditions approved by the shareholders. The recommendation of the Remuneration Committee is placed before the Board for its approval. The retirement benefits payable to Managing Director is considered by the Remuneration Committee and thereafter recommended to the Board. Revision in pension amounts payable to the retired Managing Directors/Executive Directors from time to time, are also reviewed by the Committee and recommended to the Board for approval.

The remuneration of Non-Executive Directors, by way of commission is decided and approved by the Board of Directors and also discussed with the Remuneration Committee. The shareholders have, at the 55th Annual General Meeting of the Company held on

10th August, 2009, approved payment of commission to the Non-Executive Directors, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of five years commencing from 1st April, 2010. The commission for the financial year 2011-12 will be distributed amongst the Non-Executive Directors in accordance with the directives given by the Board. In addition to commission, the Non-Executive Directors of the Company are paid sitting fees for attending Board/Committee Meetings, as under:

- Board Meeting - ₹ 20,000
- Board Audit Committee Meeting - ₹ 20,000
- Remuneration Committee Meeting - ₹ 10,000
- Nomination Committee Meeting - ₹ 10,000
- Investment Committee Meeting - ₹ 10,000
- Shareholders'/Investors' Grievance Committee Meeting - ₹ 5,000

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2011-12 and their shareholding in the Company as on date are given below:

- **Non-Executive Directors**

Name of Directors	Commission for 2011-12* (₹ in Lakhs)	Sitting Fees paid in 2011-12 (₹ in Lakhs)	No. of Shares held
Mr. Ishaat Hussain	8.40	1.40	--
Mr. Nasser Munjee	6.70	2.20	--
Mr. Ravi Kant**	3.00	1.00	--
Mr. N. D. Khurody***	2.30	0.60	--
Mr. Noel N. Tata	5.70	1.30	--
Mr. J. S. Bilimoria	4.70	0.90	--
Mr. S. N. Menon	3.00	1.00	--
Mr. Nani Javeri	8.20	2.80	--
Mr. R. N. Mukhija	7.40	2.40	--
Mr. V. Deshpande****	0.60	0.20	--

* payable in 2012-13

** ceased to be Director with effect from 14th February, 2012

*** ceased to be Director with effect from 16th August, 2011

**** appointed as a Director with effect from 14th February, 2012

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during 2011-12, except as stated above.

- **Remuneration of Managing Director**

(₹ in Lakhs)

Name of Director	Salary	Perquisites and allowances including contribution to PF and Superannuation Fund	Commission for 2011-12*
Mr. Sanjay Johri	36.00	59.34	80.00

* payable in 2012-13

Notes:

(a) Mr. Sanjay Johri was appointed as the Managing Director for a period of five years with effect from 23rd April, 2010. As per the terms of appointment of Mr. Sanjay Johri, either party is entitled to terminate the agreement by giving not less than six months notice in writing to the other party or the Company paying six months remuneration in lieu of such notice. No severance fee is payable.

(b) The Company has not introduced any stock options for its Directors/ employees.

(c) Mr. Sanjay Johri does not hold any Equity Shares of the Company either singly or jointly.

6. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee, apart from reviewing the shares related activities, also looks into the redressal of shareholder and investor complaints, compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956. Mr. Noel N. Tata, Non-Executive Director is the Chairman of the Committee. The Shareholders'/Investors' Grievance Committee Meeting is attended by the Company Secretary and the Senior Manager - Shares. During the financial year 2011-12, two Meetings were held on 26th September, 2011 and 21st March, 2012. The Minutes of the Shareholders'/Investors' Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

During 2011-12, 14 complaints were received from SEBI/Stock Exchanges and the same have been suitably dealt with and closed. The number of transfers pending as on 31st March, 2012 was 16.

Mr. V. P. Malhotra, General Manager – Taxation & Company Secretary and Mr. A. H. Khilnani, Senior Manager - Shares, liaise with SEBI and other Regulatory authorities in the matter of investors complaints. The Board has nominated Mr. V. P. Malhotra as the Compliance Officer of the Company for monitoring the share transfer process and other related matters. His e-mail id is vpmalhotra@voltas.com.

7. Other Committees

In addition to the above Committees, the Board has constituted certain other Committees i.e. Board Committee, Investment Committee, Committee of Board, Nomination Committee and Ethics and Compliance Committee.

(a) The Board Committee comprising any two Directors is authorized to approve routine matters such as opening/closing and changes in the operation of bank accounts of the Company, to grant limited power of attorney to the officers of the Company and for authorizing executives for signing sales tax and excise forms, declarations, etc.

(b) The Investment Committee considers and takes appropriate decisions for deployment of surplus funds of the Company/investments in Mutual Funds. The Company has formulated an Investment Policy in consultation with the Investment Committee, which has been approved by the Board. Mr. Jimmy S. Bilimoria, Non-Executive Independent Director is the Chairman of the Investment Committee. The other members of the Investment Committee are Mr. Sanjay Johri, Managing Director, Mr. Nani Javeri, Non-Executive Independent Director and Mr. Anil George, Executive Vice President (Corporate Affairs) & Chief Financial Officer. During the year under review, two Meetings of Investment Committee were held on 18th May, 2011 and 30th March, 2012. The status of investments made in Mutual Funds and returns/ dividends earned are reported to the Investment Committee on a monthly basis and to the Board of Directors on a quarterly basis.

(c) A Committee of Board (COB) comprising Mr. Ishaat Hussain, Mr. Sanjay Johri and Mr. Noel N. Tata regularly meet to discuss and guide the Management on various strategic issues. During the year under review, 7 Meetings of COB were held.

(d) The Nomination Committee comprising Mr. Nasser Munjee (as the Chairman), Mr. Ishaat Hussain and Mr. Noel N. Tata has been constituted with the objective of identifying independent directors to be inducted to the Board and for reconstitution of the Board, as and when required. During the year under review, no meeting of the Nomination Committee was held.

(e) The Ethics and Compliance Committee was constituted comprising Mr. Nasser Munjee and Mr. N. D. Khurody to oversee the implementation of the Code of Conduct adopted by the Company for prevention of Insider Trading and Corporate Disclosure Practices formulated for Tata group companies in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Committee was reconstituted on 29th July, 2011 and Mr. R. N. Mukhija was nominated as a member of the Committee in place of Mr. N. D. Khurody. The Board has nominated Mr. Anil George as the Compliance Officer to ensure due compliance of the aforesaid Code. Mr. B. N. Garudachar, General Manager (Corporate Communications) has been nominated as the Public Spokesperson of the Company for Corporate Disclosures.

(f) The Directors have at the Board Meeting held on 24th May, 2012 constituted two more Committees:

(i) Project Committee comprising Mr. R. N. Mukhija (Chairman), Mr. Vinayak Deshpande and Mr. Sanjay Johri to review and monitor the overseas projects.

(ii) Committee for Safety-Health-Environment comprising Mr. R. N. Mukhija (Chairman), Mr. Vinayak Deshpande and Mr. Sanjay Johri to review and monitor the environmental, health and safety policies and activities of the Company.

8. General Body Meetings

The last three Annual General Meetings (AGMs) were held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020, as follows:

Date of AGM	Time	Special Resolutions passed	
		No.	Nature
55th AGM – 10th August, 2009	3.30 p.m.	2	- Commission to Non-Executive Directors - Place of keeping and inspection of Registers and Returns
56th AGM – 16th August, 2010	3.30 p.m.	--	None
57th AGM – 16th August, 2011	3.30 p.m.	--	None

No Special Resolutions are proposed to be passed through postal ballot at the ensuing Annual General Meeting.

No Extraordinary General Meeting was held during the financial year 2011-12.

9. Details of Directors seeking appointment/ reappointment as required under Clause 49 IV(G) of the Listing Agreement entered into with Stock Exchanges

As required under Clause 49 IV(G), particulars of Directors seeking appointment/reappointment are given in the Explanatory Statements annexed to the Notice of the Annual General Meeting to be held on 23rd August, 2012.

10. Disclosures

- During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No.39), there were no other related party transactions with the promoters, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large. The interest of Directors, if any, on transactions are disclosed at Board Meetings and the interested Director does not participate in the discussion or vote on such transactions. Details of transactions with related parties are placed before the Board Audit Committee on quarterly basis. All transactions with related parties were in the normal course of business during 2011-12.

- None of the Directors are related to each other.

- Mr. N. D. Khurody and Mr. Ravi Kant ceased to be Directors of the Company with effect from 16th August, 2011 and 14th February, 2012, respectively. Mr. Vinayak Deshpande was appointed as an Additional Director (Non-Executive Not Independent) of the Company with effect from 14th February, 2012. The notices for cessation/appointment of the Directors were given to the Stock Exchanges on the same day.

- During the last three years, there were no strictures or penalties imposed by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to capital markets.

- The Company has adopted a Whistle Blower Policy which enables the employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and provides direct access to the Chairman of the Board Audit Committee on concerns relating to financial accounting matters. For all other concerns, if they pertain to employees below the Vice-President level, the same gets referred to the Ethics Counsellor and for Vice Presidents and above, the same is referred to the Chairman of the Board Audit Committee. The Whistle Blower Policy has been communicated to the employees of the Company and its functioning is reviewed by the Board Audit Committee. Concerns received under the Tata Code of Conduct are also reported and discussed at the Audit Committee Meetings.

- Senior management has made the disclosure to the Board and confirmed that they had no material financial and commercial transactions that could have a potential conflict with the interest of the Company at large.

- In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed by the Central Government under the Companies (Accounting Standards) Rules, 2006.

- The Company has formulated a detailed Risk Management Policy to establish an effective and integrated framework for the Company's risk management process. After detailed discussions/ deliberations and workshops at Corporate as well as Divisional level, the Company has identified top ten corporate risks alongwith its mitigation measures which would be reviewed by the Board every six months. The

Divisional risks would also be reviewed by Corporate Management on a quarterly basis. The Strategic Business Plan of the respective Divisions would factor the risks associated with the businesses.

- The Company did not raise funds through public/rights/preferential issues during the financial year 2011-12.

- In line with the requirements of SEBI, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a firm of practicing Company Secretaries to confirm that the aggregate number of equity shares of the Company held in NSDL and CDSL and in physical form tally with the total number of issued/paid-up, listed and admitted capital of the Company.

- The Managing Director and Executive Vice President (Corporate Affairs) & CFO have in accordance with Clause 49 V of the Listing Agreement certified to the Board on matters pertaining to CEO/CFO certification during the financial year 2011-12.

- The Company has complied with the Mandatory requirements of Clause 49 of the Listing Agreement. As regards Non-mandatory requirements, the Company has constituted a Board Remuneration Committee, adopted a Whistle Blower Policy and has unqualified financial statements. The Non-Executive Directors freely interact with the Management on information that may be required by them. The Management also shares with the Board, changes/proposed changes in relevant laws and regulations and their implication on the Company. The performance of Non-Executive Directors is based on the contributions at Board/Committee Meetings as well as time spent on specific operational matters. The Company has not adopted the Non-mandatory requirements in regard to maintenance of Non-Executive Chairman's office and sending half-yearly financial results to the shareholders at their residence.

11. Means of Communication

- The quarterly and half-yearly results are published in widely circulated newspapers: Business Standard in English; Sakaal in Marathi and also displayed on the Company's website www.voltas.com shortly after its submission to the Stock Exchanges.

- As per the requirements of Clause 52 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual report, etc. were uploaded on Corporate Filing & Dissemination System (http://www.corpfiling.co.in).

- The financial results, official news releases and presentations, conference calls with the institutional investors or with the analysts are displayed on the Company's website www.voltas.com. Copies of Press Release are also sent to the Stock Exchanges.

12. **General Shareholders Information**

- **AGM: Date, time and venue**

Thursday, 23rd August, 2012 at 3.00 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020.

- **Financial Calendar**

(a) 1st April to 31st March

(b) First Quarter Results

– By 14th August, 2012

(c) Second Quarter Results

– By 12th November, 2012

(d) Third Quarter Results

– By 14th February, 2013

(e) Results for the year ending 31st March, 2013

– Before 30th May, 2013

- **Date of Book closure**

Friday, 3rd August, 2012 to Thursday, 23rd August, 2012 (both days inclusive).

- **Dividend Payment date**

Dividend would be paid on or after 25th August, 2012.

- **Listing on Stock Exchange**

BSE Limited
National Stock Exchange of India Limited

The Company has paid the listing fees to BSE and NSE for the year 2012-13.

- **Stock Code**

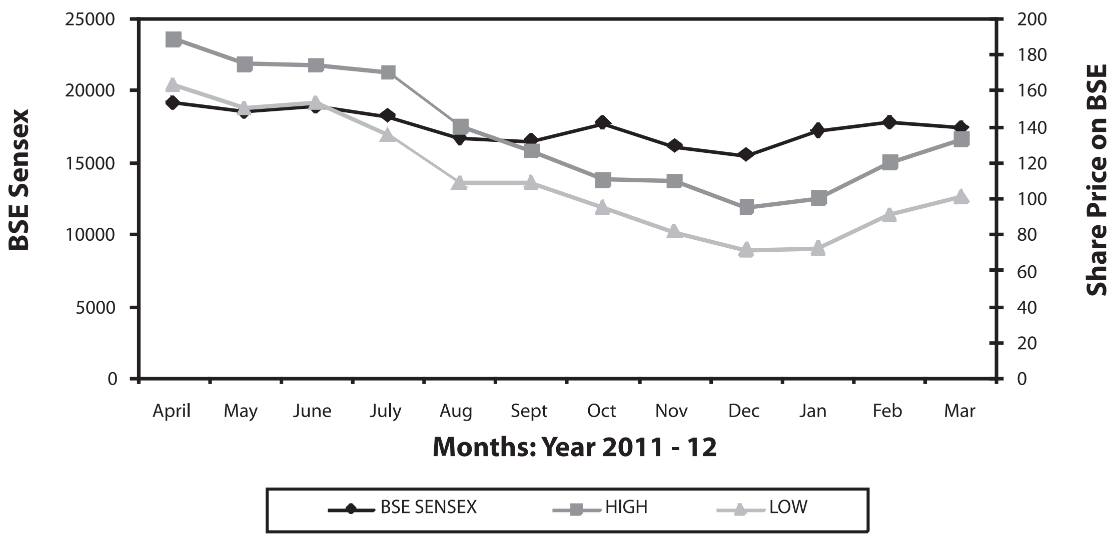
- NSE	:	VOLTAS
- BSE	:	500575
- ISIN Number for NSDL/CDSL	:	INE226A01021

- **Market Information**

  Market price data-monthly high/low and trading volumes during the last financial year on the BSE/NSE depicting liquidity of the Company's Equity Shares of Re.1 each on the said exchanges is given hereunder:

Month	BSE Sensex	BSE Ltd. (BSE)				National Stock Exchange of India Ltd.(NSE)			
		High ₹	Low ₹	No. of Shares Traded	Turnover ₹ in Lakhs	High ₹	Low ₹	No. of Shares Traded	Turnover ₹ In Lakhs
2011 April	19136	188.50	163.20	2609504	4650.87	188.65	163.00	19054931	33981.76
May	18503	174.60	150.00	3175237	5228.25	174.65	147.05	15019356	24627.40
June	18846	174.00	153.00	3949356	6343.41	170.70	153.00	12890156	20781.79
July	18197	169.80	135.25	4466425	7015.91	169.80	135.15	25537145	39441.18
August	16677	140.00	108.55	3362084	4232.31	140.05	108.15	27180238	34063.36
September	16454	126.40	108.80	2489426	2994.05	126.65	108.55	20532468	24660.59
October	17705	110.20	95.00	4357723	4420.35	108.95	94.80	26635430	27019.36
November	16123	109.45	81.50	3923261	3774.31	109.45	79.85	19689280	18757.44
December	15455	94.90	71.50	2518228	2041.96	94.95	71.65	16723618	13708.23
2012 January	17194	99.80	72.40	11380776	10066.81	100.00	72.25	47591196	42035.86
February	17753	120.00	90.75	28955505	31539.65	119.85	92.40	118111085	127965.67
March	17404	132.60	100.90	17729120	21155.04	132.90	103.50	89743106	106967.49

The performance of the Company's scrip (Equity Shares of ₹ 1 each) on the BSE as compared to the BSE sensex:



- **Distribution of shareholding as on 31st March, 2012**

No. of equity shares held	No. of shareholders	No. of Shares held	% of Issued Share Capital
Upto 5000	117984	44188222	13.35
5001 to 10000	1165	8289984	2.51
10001 to 20000	473	6721153	2.03
20001 to 30000	133	3325743	1.01
30001 to 40000	70	2438999	0.74
40001 to 50000	37	1693999	0.51
50001 to 100000	84	5985379	1.81
100001 and above	152	258241261	78.04
Total	**120098**	**330884740**	**100.00**
Physical Mode	**18617**	**13758328**	**4.16**
Electronic Mode	**101481**	**317126412**	**95.84**

- **Shareholding Pattern as on 31st March, 2012**

Category	No. of Shares held	% of Issued Share Capital
Tata Group of companies	99753480	30.15
Insurance companies (Government)	58719598	17.75
Insurance companies (others)	3499908	1.05
Mutual Funds and UTI	25657163	7.75
FIIs	66174636	20.00
Bodies Corporate	12343576	3.73
NRIs	2670672	0.81
Banks	648796	0.20
Foreign companies	89850	0.03
Public	61327061	18.53
Total	**330884740**	**100.00**

- **Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2012**

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	88131780	26.64
Life Insurance Corporation of India	29672394	8.97
Government Pension Fund Global	15955693	4.82
Tata Investment Corporation Ltd.	9462330	2.86
PCA India Infrastructure Equity Open Ltd.	6097930	1.84
LIC of India Market Plus 1 Growth Fund	5743702	1.74
General Insurance Corporation of India	4803100	1.45
Merrill Lynch Capital Markets Espana S.A.S.V.	4505920	1.36
The New India Assurance Company Ltd.	3918732	1.18
Franklin Templeton Investment Funds	3500000	1.06
British Columbia Investment Management Corporation A/c Emerging Markets Equity Fund	3433425	1.04
ICICI Prudential Discovery Fund	3337182	1.01

- **Registrar & Transfer Agent**

TSR Darashaw Limited

Unit : Voltas Limited

6-10, Haji Moosa Patrawala Industrial Estate,

20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011

Tel : 66568484

Fax : 66568494

e-mail : csg-unit@tsrdarashaw.com

- **Share Transfer System**

The transfers are processed and approved by the Share Transfer Committee on a fortnightly basis.

- **Dematerialisation of shares and liquidity**

95.84% of the share capital has been dematerialized as on 31st March, 2012.

- **Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

The Company has not issued GDRs/ADRs/Warrants or any Convertible instruments.

- **Plant locations**

The Company's Plants are located at:

(i) 2nd Pokhran Road,
Thane 400 601.

(ii) Shreenath Industrial Estate, C Building,
Survey No.197, Near Dadra Check Post,
Dadra 396 230.

(iii) Plot No.1-5, Sector 8,
I.I.E. Pantnagar Industrial Area,
Dist. Udham Singh Nagar. Rudrapur,
Uttarakhand 263 145.

- **Addresses for correspondence**

All correspondence relating to shares should be addressed to TSR Darashaw Limited, the Company's Registrar & Transfer Agent at the address mentioned aforesaid.

Shareholders holding shares in electronic mode should address their correspondence to the respective Depository Participants.

- **Unclaimed Dividends**

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred. Shareholders are advised to claim the un-cashed dividends lying in the unpaid dividend accounts of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Date of declaration/ payment of dividend	Dividend for the year	Due for transfer to the IEPF
29th August, 2005	2004-05	3rd October, 2012
7th August, 2006	2005-06	7th September, 2013
6th August, 2007	2006-07	10th September, 2014
28th July, 2008	2007-08	28th August, 2015
10th August, 2009	2008-09	10th September, 2016
16th August, 2010	2009-10	15th September, 2017
16th August, 2011	2010-11	15th September, 2018

- **Remittance of Dividend through NECS**

Members holding shares in physical form, desirous of receiving dividend by direct electronic deposit through National Electronic Clearing Service (NECS) Scheme of Reserve Bank of India to their bank accounts may authorize the Company with their NECS mandate. For details, kindly write to the Company's Registrar & Transfer Agent – TSR Darashaw Limited.

- **Bank details for Electronic Shareholding**

While opening Accounts with Depository Participants (DPs), you may have given your Bank Account details, which were used by the Company for ECS/printing on dividend warrants for remittance of dividend. However, pursuant to RBI notification, remittance of dividend through ECS has been replaced by NECS. NECS operates on the new and unique bank account number allotted by banks, post implementation of Core Banking Solutions (CBS). In order to facilitate the Company remit the dividend amount through NECS, please furnish your new bank account number allotted to you by your bank after implementation of CBS to your Depository Participants (DP), along with photocopy of cheque pertaining to your bank account.

- **Bank details for Physical Shareholding**

In order to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide, if not provided earlier, their bank Account numbers, names and addresses of the Bank, quoting Folio numbers to the Company's Registrar & Transfer Agent – TSR Darashaw Limited to incorporate the same on the dividend warrants.

- **Dematerialisation of Shares**

Shares held in demat form helps the investors/shareholders to get immediate transfer of shares. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries, loss of certificates in transit, get eliminated. Shareholders presently holding shares in physical form should convert their physical holding into demat holding.

- **Nomination facility**

Shareholders should register their nominations in case of physical shares with the Company's Registrar & Transfer Agent – TSR Darashaw Limited. In case of dematerialized shares, nomination should be registered by the shareholders with their DP. Nomination would help the nominees to get the shares transmitted in their favour in a smooth manner without much documentation/legal requirements.

- **Receipt of Balance Sheet/other documents through Electronic mode**

The Ministry of Corporate Affairs has taken a 'Green Initiative' in the Corporate Governance by allowing service of documents to shareholders, including the Notice for Annual General Meeting, Balance Sheet, Statement of Profit and Loss, etc. through electronic mail who have registered their e-mail address for the purpose. In case any shareholder desires/opts to receive such documents including Annual Report in electronic form, he/she should register his/her e-mail address with the Company's Registrar & Transfer Agent – TSR Darashaw Limited.

- **Exchange of new Share Certificates on sub-division of shares**

The Company had in September 2006 sub-divided its Equity Shares of ₹ 10 each into Equity Shares of ₹ 1 each. Upon sub-division, shares of ₹ 10 each stand cancelled and are not tradable in the market. Shareholders who have still not surrendered the share certificates of ₹ 10 each for exchange of new share certificates of ₹ 1 each should approach the Company's Registrar & Transfer Agent – TSR Darashaw Limited for the same.

DECLARATION BY THE MANAGING DIRECTOR ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management personnel have as on 31st March, 2012 affirmed compliance of their respective Codes of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Mumbai,
24th May, 2012

Sanjay Johri
Managing Director

AUDITORS' CERTIFICATE

To the Members of VOLTAS LIMITED

We have examined the compliance of conditions of Corporate Governance by **VOLTAS LIMITED** ("the Company") for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
24th May, 2012

AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of **VOLTAS LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. Without qualifying our report, we draw attention to Note 26(a) of the Financial Statements with respect to uncertainties related to variations to be claimed and costs to come with regard to a major project.

4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in paragraph 3 above and Annexure referred to in paragraph 4 above, we report that:

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

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

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

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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

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

6. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
24th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/result/transactions etc., clauses (x), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

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

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

(c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

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

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loan aggregating ₹ 2000 lakhs to one party during the year. At the year-end, the outstanding balance of such loan was ₹ 2000 lakhs and the maximum amount involved during the year was ₹ 2000 lakhs.

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

(c) The principal was not due for repayment and interest has been regular as per stipulations.

(v) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(vi) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vii) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

(viii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.

(ix) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.

(x) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax and Excise Duty which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	**Nature of Dues**	**Forum where Dispute is pending**	**Period to which the amount relates**	**Amount involved (₹ in lakhs)**
Income Tax Act, 1961	Income Tax	High Court	1973-1975	1.32
The Central Excise Act, 1944	Excise Duty	Supreme Court	1993-1996	45.74
		High Court	1986-1987	7.95
		Commissioners/ Adjudicating Authority	1975, 1982, 1984, 1985-1991, 1992-1995, 1997-2009	1944.48
Finance Act, 1994 and Service Tax Laws	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1998– 2011	855.89
		Commissioner of Central Excise (Appeals)	2003-2008	1511.54
		Commissioners/ Adjudicating Authority	1998-2011	709.93
Central Sales Tax Act and Value Added Tax Act of various States	CST , VAT, GST and Entry Tax (including penalty and interest)	Supreme Court	1993-1994, 1996-2001	543.71
		High Courts	1988-1993, 1995-1996, 1997-1998, 1999-2000, 2001-2006, 2009-2011	2374.81
		Appellate Tribunals	1986-1988, 1989-1992, 1994-1998, 1999-2007, 2008-2010	944.80
		Commissioner (Appeals)	1985-2011	3030.63
		Deputy Commissioner (Appeals)	1986-1993, 2004-2009	248.76
		Assessing Authority	1986-1988, 1991-1992, 1994-2000, 2003-2004, 2006-2008, 2010-2011	262.79

(xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
24th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

			Note	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
I.	**EQUITY AND LIABILITIES**				
	1.	**Shareholders' funds**			
		(a) Share capital	2	**3307.44**	3307.43
		(b) Reserves and surplus	3	**133059.44**	123866.48
				136366.88	127173.91
	2.	**Non-current liabilities**			
		(a) Other long-term liabilities	4	**1915.70**	1149.20
		(b) Long-term provisions	5	**7435.38**	6257.83
				9351.08	7407.03
	3.	**Current liabilities**			
		(a) Short-term borrowings	6	**17779.41**	9390.55
		(b) Trade payables	7	**135222.75**	132398.36
		(c) Other current liabilities	7	**61190.81**	80528.09
		(d) Short-term provisions	5	**17419.92**	22826.92
				231612.89	245143.92
	TOTAL EQUITY AND LIABILITIES			**377330.85**	379724.86
II.	**ASSETS**				
	1.	**Non-current assets**			
		(a) Fixed assets			
		(i) Tangible assets	8	**15331.08**	17103.38
		(ii) Intangible assets	9	**1064.11**	1250.42
		(iii) Capital work-in-progress		**403.30**	60.86
				16798.49	18414.66
		(b) Non-current investments	10	**24607.49**	17561.57
		(c) Deferred tax assets (net)	11	**2614.63**	1696.36
		(d) Long-term loans and advances	12	**10780.15**	7461.49
		(e) Other non-current assets	13	**10357.55**	9972.15
				65158.31	55106.23
	2.	**Current assets**			
		(a) Current investments	10	**22133.34**	21785.59
		(b) Inventories	14	**75376.51**	75475.74
		(c) Trade receivables	15	**100731.26**	90655.30
		(d) Cash and bank balances	16	**20538.15**	42506.46
		(e) Short-term loans and advances	12	**19714.92**	18397.64
		(f) Other current assets	13	**73678.36**	75797.90
				312172.54	324618.63
	TOTAL ASSETS			**377330.85**	379724.86
	Summary of significant accounting policies		1		
	See accompanying notes forming part of the financial statements.		1-42		

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 24th May, 2012

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 24th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Note	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
I.	**Revenue from operations (Gross)**	17	**520301.60**	518289.11
	Less: Excise duty		**3325.27**	3449.14
	Net Revenue from operations		**516976.33**	514839.97
II.	**Other Income**	18	**11080.64**	6019.73
III.	**Total Revenue (I + II)**		**528056.97**	520859.70
IV.	**EXPENSES**			
	(a) Consumption of raw materials, cost of jobs and services	19	**249132.11**	228744.88
	(b) Purchase of traded goods	20	**142717.14**	156620.19
	(c) (Increase) / Decrease in finished goods, work-in-progress and stock-in-trade	21	**(1952.70)**	(12603.05)
	(d) Employee benefits expenses	22	**55196.92**	51450.36
	(e) Finance costs	23	**2590.40**	1308.11
	(f) Depreciation and amortisation expense	24	**2857.33**	1645.46
	(g) Other expenses	25	**41685.85**	45947.51
	Total Expenses (IV)		**492227.05**	473113.46
V.	**Profit before exceptional items and tax (III - IV)**		**35829.92**	47746.24
VI.	**Exceptional Items**	26	**(15095.27)**	4480.09
VII.	**Profit before tax (V + VI)**		**20734.65**	52226.33
VIII.	**Tax Expense**			
	(1) Current tax			
	(i) Current tax		**6432.00**	16900.31
	(ii) Provision for taxation of earlier years provided / (written back)		**33.86**	(234.42)
	(2) Deferred tax		**(918.27)**	207.11
	Total tax expense		**5547.59**	16873.00
IX.	**Profit after tax (VII - VIII)**		**15187.06**	35353.33
X.	**Earnings per equity share:**	32		
	Earnings Per Share - Basic and Diluted (Face value ₹ 1 per share)		**4.59**	10.68
	Summary of significant accounting policies	1		
	See accompanying notes forming part of the financial statements.	1-42		

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**
Mumbai, 24th May, 2012	

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 24th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ in Lakhs	₹ in Lakhs	2010-11 ₹ in Lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before Tax		**20734.65**	52226.33
	Add - Adjustments for :			
	Depreciation / Amortisation	**2857.33**		1645.46
	Provision for doubtful debts and advances	**194.51**		207.01
	Unrealised exchange loss	**605.70**		112.89
	Exchange difference on translation of foreign currency cash and cash equivalents	**(294.71)**		90.89
	Provision for Diminution in value of Investments written back	**(136.05)**		Nil
	(Profit) on Sale/Retirement of Fixed Assets (Net)	**(4417.44)**		(4096.41)
	Gain on Sale of Non Trade Current Investments (Net)	**(8.14)**		(43.77)
	Interest Paid	**2590.40**		1308.11
	Interest Received	**(770.29)**		(1118.38)
	Income from Investments	**(3888.18)**		(1920.61)
	Provision for Employee Benefits	**594.61**		1056.00
	(Profit) on Sale of Materials Handling Business	**(7934.69)**		Nil
	Provision for Trade Guarantees	**(2158.16)**		4417.77
			(12765.11)	1658.96
	Operating Profit before Working Capital changes		**7969.54**	53885.29
	Less - Adjustments for:			
	(Increase)/Decrease in Inventories	**99.23**		(44161.07)
	(Increase)/Decrease in Trade and Other Receivables	**(10572.69)**		(15718.88)
	(Increase)/Decrease in Loans and Advances and Other Current Assets	**4691.76**		(1720.72)
	(Decrease)/Increase in Advances from Customers	**(14974.38)**		7141.72
	(Decrease)/Increase in Trade Payables	**(1511.28)**		19180.15
			(22267.36)	(35278.80)
	Cash generated from / (used in) operations		**(14297.82)**	18606.49
	Less: Taxes paid		**9948.99**	17740.21
	NET CASH FROM / (USED IN) OPERATING ACTIVITIES		**(24246.81)**	866.28

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

		₹ in Lakhs	₹ in Lakhs	2010-11 ₹ in Lakhs
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	**(2634.69)**		(4196.51)
	Sale of Fixed Assets	**5187.41**		4337.17
	Purchase of Investments	**(192438.95)**		(219282.43)
	Investment in Subsidiaries	**(2500.00)**		(1996.61)
	Sale of Investments	**187903.88**		216696.58
	Interest Received	**514.88**		1106.16
	Proceeds from Sale of Materials Handling Business	**7934.69**		Nil
	Income from Investments	**3976.40**		1832.39
	Loans and advances given to Subsidiary companies	**(201.91)**		(504.17)
	Loans and advances realised from Subsidiary companies	**3000.00**		Nil
	Loans and advances given to Joint Ventures	**(332.43)**		Nil
	Loans and advances given to related parties	**(2000.00)**		Nil
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**8409.28**	(2007.42)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Share Capital (Calls in Arrears)	**0.01**		0.06
	Securities Premium (Calls in Arrears)	**0.06**		0.33
	Increase in other Borrowings	**8388.86**		7482.49
	Interest Paid	**(2569.06)**		(1309.11)
	Decrease in unpaid Deposits and interest thereon	**(1.98)**		(4.38)
	Dividend paid including dividend tax	**(7636.63)**		(7678.13)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(1818.74)**	(1508.74)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(17656.27)**	(2649.88)
	CASH AND CASH EQUIVALENTS AS AT 1st April, 2011		**37690.37**	40340.25
	CASH AND CASH EQUIVALENTS AS AT 31st March, 2012		**20034.10**	37690.37
	Cash and Cash Equivalents consist of:			
	Cash and Bank balances (refer note 16)		**20183.36**	37544.92
	Add : Unrealised Loss / (Gain) included in Cash and Cash Equivalents		**(149.26)**	145.45
			20034.10	37690.37

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 24th May, 2012

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 24th May, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. NATURE OF BUSINESS

Voltas Limited, a premier Air-Conditioning and Engineering company was established in the year 1954. It is a Tata Group company in the field of air conditioning, refrigeration, in the business of electro-mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore), and also in the business of engineering product services for mining, water management and treatment, construction equipments and textile industry.

1A. SIGNIFICANT ACCOUNTING POLICIES :

(i) The Financial Statements are prepared on historical cost convention on accrual basis of accounting and comply with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 of the Companies Act, 1956.

The preparation of the Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) REVENUE RECOGNITION

(a) Sales exclude sales tax, value added tax and works contract tax but include excise duty. Commission earned on consignment sales is accounted for as part of revenue from operations.

(b) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of contract. Service revenue is recognised on rendering of services.

(c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Other Current Liabilities" in the balance sheet.

(d) Long-term annual maintenance contracts

The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Unexpired Service Revenue.

In case of Mining Equipment, the revenue from such contracts is recognised in proportion to the cost actually incurred during the year in terms of the total estimated cost for such contracts, as repairs and maintenance of such machineries depends on its utilisation and wear and tear which varies from year to year. The excess of billings over cost is deferred and accounted for as "Unexpired Service Revenue".

(e) Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(iii) JOINT VENTURES

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

(iv) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation / impairment.

The cost of an tangible fixed asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Own manufactured goods are capitalised at cost excluding interest but including excise duty net of CENVAT, octroi duty and receiving / installation charges. Interest on borrowed money allocated to and utilised for qualifying fixed assets pertaining to the period upto the date of capitalisation is added to the cost of the assets.

Interest on borrowed money allocated to and utilised for qualifying fixed assets pertaining to the period upto the date of capitalisation is added to the cost of the assets.

(v) INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(vi) IMPAIRMENT OF ASSETS

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

(vii) DEPRECIATION / AMORTISATION

Depreciation on tangible assets has been provided on the Straight Line Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956, except Depreciation on furniture and fittings, which has been provided on the Written Down Value Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 and on assets acquired specifically for a Project which are charged off over the period of the Project.

Intangible assets are amortised on the Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how have been amortised over 72 months and Software is amortised over 60 months.

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

(viii) PROVISION FOR TRADE GUARANTEES / WARRANTIES

The estimated liability for product warranties is recorded when products are sold / project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise - being typically upto five years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

(ix) PROVISIONS AND CONTINGENCIES

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in Notes to Accounts.

(x) INVESTMENTS

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(xi) INVENTORIES

Inventories including Work-in-Progress (other than Construction Contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

(xii) TAXES ON INCOME

Current Tax is the tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(xiii) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

(a) The foreign branches of the Company have been classified as "integral foreign operations". Revenue transactions (other than depreciation) of the foreign branches are incorporated in the Company's Financial Statements at the average exchange rate during the year, fixed assets are incorporated at the spot rate of the date of acquisition and monetary assets and liabilities are translated at the rates of exchange prevailing on the date of the Balance Sheet. Depreciation is translated at the average rate.

(b) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and the difference in translation and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Statement of Profit and Loss over the period of the contract.

(c) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

(d) Forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

(a) The cost of Voluntary Retirement Scheme/Retrenchment Compensation, including ex-gratia and additional gratuity liability arising there from, is charged to the Statement of Profit and Loss in the month of separation of employees.

(b) The Present Value of future payments to employees opting for Early Separation Scheme (ESS) and the additional gratuity liability arising there from are charged to the Statement of Profit and Loss in the month of separation of employees.

(xv) LEASES

(a) Finance Leases

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

(b) Operating Leases

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

(xvi) EMPLOYEE BENEFITS

(a) Defined Contribution Plans

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

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 provident funds and pension fund set up as irrevocable trusts by the Company or to 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 or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

(b) Defined Benefit Plans

The Company's liabilities towards gratuity and post retirement medical benefit 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 at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Compensated Absences

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

(xvii) SEGMENT REPORTING

The accounting policies used in the preparation of the financial statements of the Company are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income/expenses".

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

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

(xix) CASH FLOW STATEMENT

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

2. Share Capital

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
Authorised:		
– 60,00,00,000 (31-3-2011: 60,00,00,000) Equity Shares of ₹ 1 each	**6000 .00**	6000.00
– 40,00,000 (31-3-2011: 40,00,000) Preference Shares of ₹ 100 each	**4000.00**	4000.00
	10000 .00	10000.00
Issued, Subscribed and Paid up:		
– 33,08,84,740 (31-3-2011: 33,08,84,740) Equity Shares of ₹ 1 each	**3308.85**	3308.85
Less : Calls-in-Arrears [(1,40,570 shares (31-3-2011: 1,41,720 shares)] [refer note 2(d)]	**1.41**	1.42
	3307.44	3307.43

2. (a) Equity Shares: The Company has one class of equity shares having a par value of ₹ 1 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 in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference shares (if issued).

2. (b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

			As at 31-3-2011	
Particulars	**Equity Shares**		Equity Shares	
	Numbers	**₹ in Lakhs**	Numbers	₹ in Lakhs
Shares outstanding at the beginning of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85
Shares outstanding at the end of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85

2. (c) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held in the Company:

				As at 31-3-2011	
Name of Shareholder	**Class of Shares**	**No. of Shares held**	**% of holding**	No. of Shares held	% of holding
Tata Sons Limited	Equity	**8,81,31,780**	**26.64**	8,81,31,780	26.64
Life Insurance Corporation of India	Equity	**2,96,54,894**	**8.96**	1,93,14,499	5.84

2. (d) As per records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2012 (31-3-2011 : Nil).

3. Reserves and Surplus

		₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(1)	Capital Reserve		
	As per last Balance Sheet	**155.52**	155.52
(2)	Capital Redemption Reserve		
	As per last Balance Sheet	**125.70**	125.70
(3)	Securities Premium Account		
	As per last Balance Sheet	**627.04**	626.71
	Calls-in-Arrears received during the year	**0.06**	0.33
	Closing Balance	**627.10**	627.04
(4)	General Reserve		
	As per last Balance Sheet	**114182.83**	87182.83
	Transfer from Statement of Profit and Loss	**2000.00**	27000.00
	Closing Balance	**116182.83**	114182.83
(5)	Staff Welfare Reserve		
	As per last Balance Sheet	**1.00**	1.00
(6)	Foreign Exchange Translation Reserve		
	As per last Balance Sheet	**(93.23)**	(82.15)
	Add / (Less) : Effect of foreign exchange rate variations during the year on net investment in non-integral operations	**158.84**	(11.08)
	Closing Balance	**65.61**	(93.23)
(7)	Surplus in the Statement of Profit and Loss		
	As per last Balance Sheet	**8867.62**	8205.54
	Add : Net Profit for the current year	**15187.06**	35353.33
	Deductions :		
	General Reserve	**2000.00**	27000.00
	Proposed Dividend	**5294.16**	6617.69
	Tax on Dividend	**858.84**	1073.56
	Sub-total Deductions	**8153.00**	34691.25
	Closing Balance	**15901.68**	8867.62
		133059.44	123866.48

4. Other long-term Liabilities

A.	**Trade Payables**	**1847.25**	1075.88
	(Due on account of goods purchased and services rendered)		
B.	**Others**		
	Other Payables		
	- Unexpired Service Contracts	**68.45**	73.32
		1915.70	1149.20

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

5. Provisions

				₹ in Lakhs			As at 31-3-2011 ₹ in Lakhs
		Long Term	**Short Term**	**Total**	Long Term	Short Term	Total
(a)	**Provision for employee benefits**						
(i)	Retiring gratuity	**2822.23**	**187.95**	**3010.18**	1848.15	566.52	2414.67
(ii)	Pension obligations	**1233.82**	**116.23**	**1350.05**	1182.47	115.59	1298.06
(iii)	Provision for compensated absences	**Nil**	**2966.88**	**2966.88**	Nil	2935.48	2935.48
(iv)	Post retirement medical benefits	**749.97**	**31.25**	**781.22**	801.62	29.08	830.70
(v)	Provision for employee separation compensation	**66.50**	**13.19**	**79.69**	79.69	34.83	114.52
(b)	**Others**						
(i)	Provision for Trade Guarantees [(refer footnote 5 (a)]	**2562.86**	**4962.28**	**7525.14**	2345.90	7337.40	9683.30
(ii)	Provision for other Contingencies [(refer footnote 5 (b)]						
	- Contingency for Tax matters	**Nil**	**1125.00**	**1125.00**	Nil	1125.00	1125.00
(iii)	Provision for taxation (net of advance tax)	**Nil**	**1864.14**	**1864.14**	Nil	2991.77	2991.77
(iv)	Provision for Proposed Equity dividend	**Nil**	**5294.16**	**5294.16**	Nil	6617.69	6617.69
(v)	Provision for Dividend Tax on proposed dividend	**Nil**	**858.84**	**858.84**	Nil	1073.56	1073.56
		7435.38	**17419.92**	**24855.30**	6257.83	22826.92	29084.75

Footnotes :

		Opening Balance	**Additions**	**Utilisation**	**Reversed**	**Closing Balance** ₹ in Lakhs
5.(a)	Provision for Trade Guarantees	**9683.30**	**7746.39**	**5768.50**	**4136.05**	**7525.14**
		(5265.53)	(10644.36)	(4882.11)	(1344.48)	(9683.30)
(b)	Provision for other Contingencies					
	- Contingency for Tax matters	**1125.00**	**Nil**	**Nil**	**Nil**	**1125.00**
		(1125.00)	(Nil)	(Nil)	(Nil)	(1125.00)

The provision for trade guarantees is expected to be utilised for warranty expenses within the period of 1 to 5 years depending on the contractual obligations.

Figures in brackets are of the previous year.

6. Short term Borrowings

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
Secured Borrowings		
- Repayable on Demand from Banks (refer footnote)	**17779.41**	9390.55
	17779.41	9390.55

Footnote :

Secured against assignment of Stocks, Book debts, contract dues and lien on Term Deposits.

7. Current Liabilities

			₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(A)	**Trade Payables**			
	Due on account of goods purchased and services rendered (includes acceptances of ₹ 9247.09 Lakhs (31-3-2011 : ₹ 11531.56 Lakhs) (refer footnote 7(A) below for dues to micro and small enterprises)		**135222.75**	132398.36
			135222.75	132398.36
(B)	**Other Current Liabilities**			
	(a)	Interest accrued but not due on borrowings	**27.52**	6.18
	(b)	Unpaid dividends (refer footnote 7(B))	**276.46**	221.84
	(c)	Unpaid matured deposits (unsecured) and interest accrued thereon (refer footnote 7(B))	**2.02**	4.01
	(d)	Advances received from customers / others	**45967.01**	60288.92
	(e)	Unexpired service contracts	**1938.84**	2586.44
	(f)	Billing in excess of contract revenue	**6807.72**	11544.10
	(g)	Statutory obligations	**5625.55**	5207.67
	(h)	Other liabilities	**545.69**	668.93
			61190.81	80528.09

Footnote 7(A)

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 :

(i)	(a)	Principal amount remaining unpaid to any supplier	**409.94**	408.49
	(b)	Interest on (i)(a) above	**11.88**	1.04
(ii)		The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2011-12	**97.97**	15.51
(iii)		Amount of interest due and payable on delayed payments	**46.51**	57.22
(iv)		Amount of further interest remaining due and payable for the earlier years	**8.24**	63.46
(v)		Total outstanding dues of Micro and Small Enterprises		
		- Principal	**409.94**	408.49
		- Interest	**66.63**	106.21

Footnote 7(B)

No amount was due for transfer as at 31st March. The actual amount to be transferred to Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

8. Tangible Assets

₹ in Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Office and EDP Equipments	Furniture and fixtures	Vehicles	Transferred to Investment property	Transferred to 'Assets held for sale'	Total Tangible Assets
Gross Block at Cost										
Cost at beginning of year	629.13	312.73	10700.08	10558.40	5718.23	2012.02	758.17	(1128.02)	(662.79)	28897.95
Additions	Nil	Nil	503.79	525.82	467.24	136.51	30.69	(61.35)	Nil	1602.70
Disposals	Nil	Nil	577.18	346.50	318.98	102.06	45.56	(27.87)	Nil	1362.41
Transfers in / (out)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(254.16)	Nil	(254.16)
Cost at end of year	**629.13**	**312.73**	**10626.69**	**10737.72**	**5866.49**	**2046.47**	**743.30**	**(1415.66)**	**(662.79)**	**28884.08**
Depreciation										
Depreciation at beginning of year	Nil	15.73	2541.73	5546.44	2714.58	1450.34	210.23	(403.75)	(280.73)	11794.57
Charge for the year	Nil	3.42	192.61	979.30	970.21	179.29	127.98	(27.76)	Nil	2425.05
Disposals	Nil	Nil	87.22	227.35	207.67	62.82	36.10	(15.82)	Nil	605.34
Transfers in / (out)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(61.28)	Nil	(61.28)
Depreciation at end of year	**Nil**	**19.15**	**2647.12**	**6298.39**	**3477.12**	**1566.81**	**302.11**	**(476.97)**	**(280.73)**	**13553.00**
Net book value at beginning of year	629.13	297.00	8158.35	5011.96	3003.65	561.68	547.94	(724.27)	(382.06)	17103.38
Net book value at end of year	**629.13**	**293.58**	**7979.57**	**4439.33**	**2389.37**	**479.66**	**441.19**	**(938.69)**	**(382.06)**	**15331.08**

Footnotes :

(a) Includes ₹ 0.41 Lakh (31-3-2011: ₹ 0.43 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

(b) In terms of agreement dated 30th September, 1998, Company's Refrigerators manufacturing facility at Nandalur was transferred on a running business/going concern basis to Electrolux Voltas Limited (EVL) on the close of the business hours on 31st March, 1999. In respect of land for the Nandalur Plant, Deed of Conveyance is pending completion.

(c) Effective 1st April, 2011, the Management revised estimated useful life of fixed assets, specifically acquired for use in execution of projects to depreciate these fixed assets over the contractual execution period. As a result of revision in estimated useful life, the depreciation charge for the year was higher by ₹ 916.60 Lakhs.

(d) Investment properties comprise book value of land of ₹ 14.19 Lakhs (31-3-2011: ₹14.19 Lakhs) and Building ₹ 924.50 Lakhs (31-3-2011: ₹ 710. 08 Lakhs).

(e) The Company had accounted the profit on transfer of development rights in respect of following properties for which agreement was executed and consideration received but for which conveyance formalities are pending completion :-

Location	**Year**	**₹ in Lakhs**
1. Lalbaug Property	1999-2000	734.12
2. Thane Property	2003-04	1735.95
3. Pune Property	2003-04	2145.53
4. Thane Property	2004-05	505.53
5. Upvan Land, Thane	2006-07	2070.00
6. Henkel Switchgear Limited approach land at Thane	2006-07	223.40
7. Land adjoining Simtools at Thane	2007-08	919.96
8. Nala Land at Thane	2009-10	238.18

9. Intangible Assets

	Manufacturing Rights & Technical Know-how	Software Costs	₹ in Lakhs Total Intangible Assets
Gross Block at Cost			
Cost at beginning of year	1030.90	2861.15	3892.05
Additions	Nil	219.02	219.02
Disposals	Nil	0.91	0.91
Cost at end of year	**1030.90**	**3079.26**	**4110.16**
Amortisation			
Depreciation at beginning of year	1006.68	1634.95	2641.63
Charge for the year	4.43	400.09	404.52
Disposals	Nil	0.10	0.10
Depreciation at end of year	**1011.11**	**2034.94**	**3046.05**
Net book value at beginning of year	24.22	1226.20	1250.42
Net book value at end of year	**19.79**	**1044.32**	**1064.11**

10. Investments

	No.	Currency	Face Value	₹ **in Lakhs**	As at 31-3-2011 ₹ in Lakhs
(A) Non-current investments					
(a) Investment Property (net of accumulated depreciation) [(refer footnote 10 (c)]				**938.69**	724.27
(b) Investments in Equity Instruments					
1. TRADE INVESTMENTS					
Fully paid Equity Shares of					
Subsidiaries :					
UNQUOTED:					
Auto Aircon (India) Ltd. (#)	1,13,00,000	₹	10	**565.00**	565.00
Simto Investment Company Ltd.	14,62,087	₹	10	**204.14**	204.14
Agro Foods Punjab Ltd. [(refer footnote 10 (a)] (Beneficial rights transferred pending transfer of shares)	2,80,000	₹	100	**Nil**	Nil
Westerwork Engineers Ltd. (Under Liquidation) (#)	9,600	₹	100	**109.29**	109.29
Weathermaker Ltd., UAE	4,08,441	US$	1	**307.20**	307.20
Voltas Netherlands B.V. (Formerly known as VIL Overseas Enterprises B.V.)	13,635	EURO	45.38	**265.21**	265.21
Universal Comfort Products Ltd.	2,76,42,000	₹	10	**1694.91**	1694.91
Rohini Industrial Electricals Ltd.	15,27,571	₹	10	**10685.11**	10685.11

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

10. Investments (contd.)

	No.	Currency	Face value	**₹ in Lakhs**	As at 31-3-2011 ₹ in Lakhs
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia (#)	15,860	SR	100	**17.90**	17.90
Lalbuksh Voltas Engineering Services and Trading, L.L.C, Muscat, Sultanate of Oman	50,000	RO	1	**8.14**	8.14
(20,000 shares received during the year)					
				13856.90	13856.90
Associates :					
UNQUOTED:					
Voltas Material Handling Private Ltd.	50,000	₹	10	**5.00**	Nil
(50,000 shares subscribed during the year)					
				5.00	Nil
Joint Ventures :					
UNQUOTED:					
Naba Diganta Water Management Ltd.	47,97,000	₹	10	**479.70**	479.70
Olayan Voltas Contracting Company Ltd., Saudi Arabia (50,000 shares subscribed during the year pending allotment)	50,000	SR	100	**710.70**	Nil
Universal Weathermaker Factory L.L.C., Abu Dhabi	2,695	AED	1000	**298.09**	298.09
				1488.49	777.79
Others :					
UNQUOTED:					
Lakshmi Ring Travellers (Coimbatore) Ltd.	1,20,000	₹	10	**3.00**	3.00
Terrot GmbH, Germany	1	EURO	24000	**147.62**	140.43
Agrotech Industries Ltd. (#)	3,67,500	US$	1	**115.42**	115.42
Tata International Ltd. (5,000 shares subscribed during the year)	5,000	₹	1000	**565.00**	65.00
Tata Services Ltd.	448	₹	1000	**4.48**	4.48
Industrial Estates Private Ltd. (#)	24	₹	1000	**0.23**	0.23
Tata Industries Ltd.	13,05,720	₹	100	**2071.50**	2071.50
Tata Projects Ltd.	1,35,000	₹	100	**26.25**	26.25
Premium Granites Ltd. (#)	4,91,220	₹	10	**49.77**	49.77
OMC Computers Ltd. (#)	4,04,337	₹	10	**44.37**	44.37
Rujuvalika Investments Ltd.	1,83,333	₹	10	**30.00**	30.00
Avco Marine S.a.S, France (#)	1,910	EURO	10	**7.97**	7.97
QUOTED:					
Lakshmi Automatic Loom Works Ltd. (#)	6,15,200	₹	10	**110.03**	110.03
Tata Chemicals Ltd.	2,00,440	₹	10	**93.91**	93.91
Lakshmi Machine Works Ltd.	6,00,000	₹	10	**600.48**	600.48
Reliance Industries Ltd. (#) [(refer footnote 10 (b)]	2,640	₹	10	**4.55**	4.55
Total Trade Investments				**3874.58**	3367.39

10. Investments (contd.)

	No	Currency	Face value	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
2. OTHER INVESTMENTS					
UNQUOTED:					
Voltas Employees Consumers Co-operative Society Ltd.	750	₹	10	**0.08**	0.08
Saraswat Co-operative Bank Ltd.	10	₹	10	**	**
Brihat Trading Private Ltd.	2	₹	10	***	***
Super Bazar Co-operative Stores Ltd.	500	₹	10	**0.05**	0.05
Total Other Investments				**0.13**	0.13
				19225.10	18002.21
(c) Investments in Preference Shares					
Fully paid Preference Shares of Subsidiaries :					
UNQUOTED (Trade Investments) :					
Rohini Industrial Electricals Ltd.	25,00,000	₹	100	**2500.00**	Nil
0.01% Cumulative Redeemable Preference Shares					
(25,00,000 preference shares subscribed during the year)					
Others :					
UNQUOTED:					
Lakshmi Automatic Loom Works Ltd.	5,50,000	₹	100	*	*
6% Cumulative Redeemable Preference Shares					
				2500.00	Nil
(d) Investments in Government or Trust securities					
Government Securities - UNQUOTED				**0.05**	0.05
				0.05	0.05
(e) Investments in Debentures or Bonds					
QUOTED:					
11.50% Tata Steel Limited Perpetual Bonds	292	₹	1000000	**2972.56**	Nil
(292 bonds purchased during the year)					
				2972.56	Nil
Gross Non-current investments				**25636.40**	18726.53
Less: Provision for diminution in value (#)				**1028.91**	1164.96
(A) Total Non - Current Investments including Investment Properties				**24607.49**	17561.57
Aggregate amount of quoted investments : Cost				**3781.53**	808.97
Aggregate amount of quoted investments : Market Value				**13192.28**	14075.89
Aggregate amount of Unquoted investments : Cost				**20916.18**	17193.29
Aggregate provision for diminution in value of investments :				**1028.91**	1164.96

* Cost ₹ 1 (31-3-2011, ₹ 1)

** Cost ₹ 100 (31-3-2011, ₹ 100)

*** Cost ₹ 20 (31-3-2011, ₹ 20)

Abbreviation for currencies:

₹	: Indian Rupees	AED	: United Arab Emirates Dirhams	SR	: Saudi Riyal
US$	: United States Dollar	EURO	: European Union Currency	RO	: Omani Riyal

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

10. Investments (contd.)

Footnotes :

10 (a) Under a loan agreement for ₹ 60 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.

10 (b) In respect of the Company's investment in 2,640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur restraining the transfer of these shares. The share certificates are, however, in the possession of the Company. Pending disposal of the case, dividend on these shares has not been recognised.

(B) Current investments

	No.	Currency	Face Value	**₹ in Lakhs**	As at 31-3- 2011 ₹ in Lakhs
(a) Investments in Mutual Funds					
UNQUOTED:					
Birla Sun Life Cash Manager -I.P Daily Dividend Reinvestment (as on 31.03.2011 : 1,50,00,855 units)	20,00,143	₹	**10**	**2000.74**	1500.54
Birla Sun Life Floating Rate Fund STP IP Daily Dividend Reinvestment	25,14,094	₹	**10**	**2514.60**	Nil
Tata Fixed Maturity Plan Series 34 Scheme C - Growth	4,50,00,000	₹	**10**	**4500.00**	Nil
Reliance Money Manager Fund - IP - Daily Dividend Reinvestment (as on 31.03.2011 : 1,49,795 units)	4,54,259	₹	**10**	**4548.82**	1500.00
JM Money Manager Fund Regular Plan - Daily Dividend (as on 31.03.2011 : 4,70,04,673 units)	5,06,19,166	₹	**10**	**5067.58**	4705.73
Sundaram Money Fund - Super IP - Dly Dividend	3,46,85,432	₹	**10**	**3501.60**	Nil
Tata Floater Fund - Daily Dividend				**Nil**	1545.23
IDFC Fixed Maturity Monthly Series -30 Dividend				**Nil**	4500.00
DWS Money Plus Fund Institutional Daily Dividend Plan				**Nil**	3506.92
ICICI Prudential Blended Plan B-IP-Dividend Option II				**Nil**	4527.17
Total Current Investments				**22133.34**	21785.59

10. Investments (contd.)

Footnote :

10 (c) Investment Property

	Freehold Land	Buildings	Total
			₹ in Lakhs
Gross Block at Cost			
Cost at beginning of year	Nil	1128.02	1128.02
Additions	Nil	61.35	61.35
Disposals	Nil	27.87	27.87
Transfers in / (out)	14.19	239.97	254.16
Cost at end of year	**14.19**	**1401.47**	**1415.66**
Depreciation			
Depreciation at beginning of year	Nil	403.75	403.75
Charge for the year	Nil	27.76	27.76
Disposals	Nil	15.82	15.82
Transfers in / (out)	Nil	61.28	61.28
Depreciation at end of year	**Nil**	**476.97**	**476.97**
Net book value at beginning of year	Nil	724.27	724.27
Net book value at end of year	**14.19**	**924.50**	**938.69**

Note :

All the above assets are under operating lease.

11. Deferred Tax Assets (Net)

				As at 31-3-2011	
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
		Deferred Tax Assets	**Deferred Tax Liabilities**	Deferred Tax Assets	Deferred Tax Liabilities
(1)	Depreciation	**Nil**	**2555.08**	Nil	3027.32
(2)	Voluntary Retirement Scheme	**14.32**	**Nil**	21.02	Nil
(3)	Unpaid Statutory Liabilities	**429.89**	**Nil**	474.33	Nil
(4)	Provision for Doubtful Debts and Advances	**1508.60**	**Nil**	1445.48	Nil
(5)	Provision for Contingency	**365.06**	**Nil**	365.06	Nil
(6)	Provision for Employee Benefits	**2777.88**	**Nil**	2351.44	Nil
(7)	Others	**73.96**	**Nil**	66.35	Nil
		5169.71	**2555.08**	4723.68	3027.32
	Net Timing Differences				
	Deferred tax assets (Net)	**2614.63**		1696.36	
	Charge / (credit) for the year	**918.27**		(207.11)	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

12. Loans and Advances

			₹ in Lakhs			As at 31-3-2011 ₹ in Lakhs
	Long Term	**Short Term**	**Total**	Long Term	Short Term	Total
(a) Capital advances	**666.73**	**Nil**	**666.73**	257.56	Nil	257.56
(b) Security deposits	**186.59**	**985.94**	**1172.53**	176.11	1318.77	1494.88
(c) Advance with public bodies (Customs, Port Trust, etc.)	**Nil**	**916.06**	**916.06**	Nil	426.70	426.70
(d) Share Application money	**2460.54**	**Nil**	**2460.54**	2301.70	Nil	2301.70
(e) Loans and advances to related parties [(refer footnotes 12(a) and 12(b)]	**1789.53**	**2332.43**	**4121.96**	1587.62	3000.00	4587.62
(f) Other loans and advances						
(1) Advance payment of Taxes (Net)	**2697.65**	**Nil**	**2697.65**	342.16	Nil	342.16
(2) Loans to Employees (Secured)	**109.54**	**409.49**	**519.03**	56.34	411.88	468.22
(3) Deposits with Customers / Others	**850.13**	**48.46**	**898.59**	762.74	Nil	762.74
(4) Indirect Taxes recoverable	**3284.78**	**3674.58**	**6959.36**	3298.63	3139.82	6438.45
(5) Advance to Suppliers	**Nil**	**8854.74**	**8854.74**	Nil	7677.07	7677.07
(6) Others	**309.18**	**2493.22**	**2802.40**	263.39	2423.40	2686.79
Sub-Total	**7251.28**	**15480.49**	**22731.77**	4723.26	13652.17	18375.43
Gross Loans and advances	**12354.67**	**19714.92**	**32069.59**	9046.25	18397.64	27443.89
Less: Provision for bad and doubtful loans and advances						
(a) Share Application money	**1201.89**	**Nil**	**1201.89**	1201.89	Nil	1201.89
(b) Loans and advances to related parties	**89.53**	**Nil**	**89.53**	89.53	Nil	89.53
(c) Other loans and advances / deposits	**283.10**	**Nil**	**283.10**	293.34	Nil	293.34
Total provision for bad and doubtful loans and advances	**1574.52**	**Nil**	**1574.52**	1584.76	Nil	1584.76
Total Loans and advances	**10780.15**	**19714.92**	**30495.07**	7461.49	18397.64	25859.13
Gross Loans and advances						
Unsecured, considered good	**10780.15**	**19714.92**	**30495.07**	7461.49	18397.64	25859.13
Doubtful	**1574.52**	**Nil**	**1574.52**	1584.76	Nil	1584.76
	12354.67	**19714.92**	**32069.59**	9046.25	18397.64	27443.89

12. Loans and Advances (contd.)

Footnotes :

12.(a) Loans and advances to related parties

Name of the Related Party	Relation	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
Auto Aircon (India) Ltd.	Subsidiary	**84.68**	82.77
Saudi Ensas Company for Engineering Services W.L.L.	Subsidiary	**4.85**	4.85
Rohini Industrial Electricals Ltd.	Subsidiary	**1700.00**	1500.00
Universal Comfort Products Ltd.	Subsidiary	**Nil**	3000.00
Olayan Voltas Contracting Company Ltd.	Joint Venture	**332.43**	Nil
Tata Sons Ltd.	Promoter	**2000.00**	Nil
		4121.96	4587.62

12.(b) Loans and advances in nature of loans given to Subsidiaries and Associates etc. in view of Clause 32 of listing agreements

	Name of the Related Party	Relation	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs	Maximum balance during the year ₹ in Lakhs	Maximum balance during the year As at 31-3-2011 ₹ in Lakhs
(a)	Auto Aircon (India) Ltd. (*)	Subsidiary	**84.68**	82.77	**84.68**	82.77
(b)	Saudi Ensas Company for Engineering Services W.L.L. (*)	Subsidiary	**4.85**	4.85	**4.85**	4.85
(c)	Rohini Industrial Electricals Ltd.	Subsidiary	**1700.00**	1500.00	**4200.00**	1500.00
(d)	Universal Comfort Products Ltd.	Subsidiary	**Nil**	3000.00	**Nil**	3000.00
(e)	Saudi Ensas Company for Engineering Services W.L.L. (Share application money)(*)	Subsidiary	**2460.54**	2301.70	**2460.54**	2301.70
			4250.07	6889.32	**6750.07**	6889.32

* Loans and Advances shown in (a) (b) and (e) above to subsidiaries fall under the category of "Loans and Advances" in nature of Loans in terms of Clause 32 of the Listing Agreements. There is no repayment schedule and no interest is payable.

13. Other Assets

		Non-current	Current	₹ in Lakhs Total	As at 31-3-2011 ₹ in Lakhs Non-current	Current	Total
(a)	**Non-current Trade Receivables**						
	(including trade receivables on deferred credit terms)	**10031.07**	**Nil**	**10031.07**	9679.48	Nil	9679.48
	Classification of Non-current Trade Receivables						
	(1) Unsecured, considered good	**9927.23**	**Nil**	**9927.23**	9575.64	Nil	9575.64
	(2) Unsecured, considered doubtful	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
	Gross Non-current Trade receivables	**10031.07**	**Nil**	**10031.07**	9679.48	Nil	9679.48
	Less: Provision for bad and doubtful debts	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
	Net Non-current Trade receivables	**9927.23**	**Nil**	**9927.23**	9575.64	Nil	9575.64

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

13. Other Assets (contd.)

	Non-current	**Current**	**₹ in Lakhs Total**	Non-current	Current	As at 31-3-2011 ₹ in Lakhs Total
(b) Other Assets						
Unsecured, considered good						
(1) Dividend receivable from Subsidiaries	**Nil**	**Nil**	**Nil**	Nil	88.22	88.22
(2) Interest accrued on investments / deposits	**Nil**	**722.82**	**722.82**	Nil	467.41	467.41
(3) Contract Revenue in excess of Billing [(refer footnote 13(c)]	**Nil**	**72573.48**	**72573.48**	Nil	74860.21	74860.21
(4) Assets held for sale (valued at the lower of the estimated net realisable value and net book value)	**Nil**	**382.06**	**382.06**	Nil	382.06	382.06
(5) Others (Including restricted fixed deposits with maturity more than 12 months)	**430.32**	**Nil**	**430.32**	396.51	Nil	396.51
Total Other Assets	**430.32**	**73678.36**	**74108.68**	396.51	75797.90	76194.41
Total (a+b)	**10357.55**	**73678.36**	**84035.91**	9972.15	75797.90	85770.05

Footnote : 13(c)

Disclosure under Accounting Standard - 7 on Construction Contracts

Details of contract revenue and costs :	**₹ in Lakhs**	As at 31-3-2011 ₹ in Lakhs
(i) Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**690947.49**	625144.21
(ii) Advances received for such contracts in progress	**42617.34**	50411.30
(iii) The amount of retentions due for such contracts	**26190.00**	19023.58
(iv) The gross amount due from customers for such contracts	**72573.48**	74860.21
(v) The gross amount due to customers for such contracts	**6807.72**	11544.10

14. Inventories
(Valued at lower of Cost and net realisable value)

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(a) Raw materials and Components	**6876.47**	9147.05
(b) Work-in-progress	**24801.50**	24887.99
(c) Finished goods	**24879.25**	21665.43
(d) Stock-in-trade of goods acquired for trading	**18577.59**	19752.21
(e) Stores and spares	**241.70**	23.06
	75376.51	75475.74
The above includes goods-in-transit:		
(i) Raw materials and Components	**Nil**	349.03
(ii) Finished goods	**9085.25**	7326.40
	9085.25	7675.43

15. Trade Receivables

Current Trade Receivables	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total (₹ in Lakhs)	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total (As at 31-3-2011 ₹ in Lakhs)
Classification of Current Trade Receivables						
(1) Secured, considered good	**160.98**	**Nil**	**160.98**	124.84	Nil	124.84
(2) Unsecured, considered good	**75166.20**	**25404.08**	**100570.28**	65328.97	25201.49	90530.46
(3) Unsecured, considered doubtful	**Nil**	**4171.54**	**4171.54**	Nil	3966.79	3966.79
Gross Current Trade Receivables	**75327.18**	**29575.62**	**104902.80**	65453.81	29168.28	94622.09
Less: Provision for bad and doubtful debts	**Nil**	**4171.54**	**4171.54**	Nil	3966.79	3966.79
Net Current Trade Receivables	**75327.18**	**25404.08**	**100731.26**	65453.81	25201.49	90655.30

16. Cash and Bank Balances

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(A) Cash and cash equivalents		
(a) Cash in hand	**124.98**	114.38
(b) Cheques on hand	**3784.12**	5637.12
(c) Balances with banks		
(1) Current account	**15612.38**	24360.94
(2) Fixed deposits with maturity less than 3 months	**661.88**	7432.48
Total Cash and cash equivalents	**20183.36**	37544.92
(B) Other Bank balances		
(a) Fixed deposits with maturity more than 3 months but less than 12 months	**73.66**	4734.14
(b) Fixed deposits with maturity greater than12 months	**1.50**	1.50
(c) Balances with banks		
- Earmarked Balances	**279.63**	225.90
Total Other Bank balances	**354.79**	4961.54
Total Cash and Bank balances	**20538.15**	42506.46

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

17. Revenue from Operations

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Sale of products	**209498.98**	229754.03
(b)	Sale of services	**57034.04**	48087.44
(c)	Contract revenue	**252864.29**	239094.95
(d)	Other operating income		
	(1) Unclaimed credit balances write back	**324.21**	338.14
	(2) Sale of scrap	**498.46**	876.68
	(3) Others	**81.62**	137.87
		520301.60	518289.11

Footnote :

17.(a)	Sale of products comprises of		
	(1) Room Airconditioners including condensing units	**116195.26**	124220.97
	(2) Others	**93303.72**	105533.06
		209498.98	229754.03

18. Other Income

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Dividend Income		
	(1) From investment in subsidiaries	**1280.54**	88.22
	(2) From non-current investments	**479.33**	292.92
	(3) From current investments	**2128.30**	1125.44
(b)	Interest Income [(refer footnote 18(a)]		
	(1) On sundry advances, deposits, customers' balances etc	**637.80**	465.64
	(2) On deposits with banks	**126.22**	583.63
	(3) On Income-tax refunds	**6.26**	69.11
(c)	Net Gain / (Loss) on sale of investments		
	- On sale of non-current investments	**8.14**	43.77
(d)	Net foreign exchange gain / (loss)	**1884.34**	(806.01)
(e)	Rent income	**4172.94**	3493.31
(f)	Cash discount from suppliers	**269.58**	663.70
(g)	Other non-operating income (net of expenses directly attributable to such income)	**87.19**	Nil
		11080.64	6019.73

Footnote :

18.(a)	Interest income includes interest from		
	(1) Subsidiaries	**295.80**	450.96
	(2) Promoters	**171.30**	Nil
		467.10	450.96

19. Consumption of Raw Materials, Cost of Jobs and Services

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Opening stock	**9147.05**	7133.90
Add: Purchases and cost of jobs, manufacture and services	**246861.53**	230758.03
	256008.58	237891.93
Less: Closing stock	**6876.47**	9147.05
Cost of material consumed	**249132.11**	228744.88
Material consumed comprises:		
(1) Steel / Ferrous Metals	**3280.77**	3081.96
(2) Non - Ferrous Metals	**3338.56**	3059.20
(3) Compressors	**5768.88**	6104.71
(4) Others (Items individually not exceeding 10% of total)	**39303.45**	25876.08
Sub-total :	**51691.66**	38121.95
(5) Cost of jobs and services	**197440.45**	190622.93
	249132.11	228744.88

	Value ₹ in Lakhs	**%**	Value ₹ in Lakhs	%
Imported	**7543.47**	**14.59**	8218.64	21.56
Indigenous	**44148.19**	**85.41**	29903.31	78.44
	51691.66	**100.00**	38121.95	100.00

20. Purchase of Traded Goods

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a) Room Airconditioners including condensing units	**91576.18**	103380.76
(b) Others	**51140.96**	53239.43
	142717.14	156620.19

21. (Increase) / Decrease in Finished Goods, Work-in-Progress and Stock-in-Trade

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Inventories at the end of the year :		
(1) Finished Goods including stock-in-trade	**43456.83**	41417.64
(2) Work-in-progress	**24801.50**	24887.99
	68258.33	66305.63
Inventories at the beginning of the year :		
(1) Finished Goods including stock-in-trade	**41417.64**	33176.22
(2) Work-in-progress	**24887.99**	20526.36
	66305.63	53702.58
Net (increase) / decrease	**(1952.70)**	(12603.05)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

22. Employee Benefits Expenses

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Salaries and Wages, including Bonus	**51724.07**	47779.36
(b)	Contribution to Provident and other Funds	**1176.50**	1366.30
(c)	Staff Welfare expenses	**2296.35**	2304.70
		55196.92	51450.36

23. Finance Costs

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Interest expense on Borrowings	**2590.40**	1308.11
	2590.40	1308.11

24. Depreciation and Amortisation Expenses

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Depreciation on Tangible assets (refer note 8)	**2425.05**	1306.63
(b)	Depreciation on Intangible assets (refer note 9)	**404.52**	315.12
(c)	Depreciation on Investment Property [refer note 10(c)]	**27.76**	23.71
		2857.33	1645.46

25. Other Expenses

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Consumption of Stores and Spare parts	**339.04**	467.59
(b)	Power and Fuel	**293.00**	355.51
(c)	Rent	**5183.18**	4509.14
(d)	Repairs to Buildings	**95.94**	198.32
(e)	Repairs to Plant and Machinery	**538.80**	531.10
(f)	Insurance charges	**246.60**	642.00
(g)	Rates and Taxes	**198.86**	216.08
(h)	Travelling and Conveyance	**6737.27**	6094.02
(i)	Auditors' Remuneration [refer note 25(a)]	**201.64**	189.74
(j)	Audit fees payable to Branch Auditors [refer note 25(b)]	**Nil**	0.25
(k)	Legal and Professional charges	**2869.03**	2743.89
(l)	Bad and Doubtful Debts / Advances	**714.20**	2311.57
(m)	Loss on Sale of Fixed Assets (Net)	**83.82**	72.52
(n)	Other expenses		
	(1) Forwarding Charges (Net)	**2570.02**	3067.36
	(2) Commission other than to Sole Selling Agents, Rebates and Allowances	**2718.68**	3141.47
	(3) Advertising	**2515.72**	2448.99
	(4) Stationery, Postage, Fax and Telephone Expenses	**1793.22**	1896.70
	(5) Donations	**8.55**	7.55
	(6) Other General Expenses	**14578.28**	17053.71
		41685.85	45947.51

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
25. (a)	**Auditors' Remuneration**		
	Payments to the auditor as		
	(1) Auditor		
	(a) Audit Fees	**86.25**	75.00
	(b) Tax Audit Fees	**25.88**	16.50
	(2) for Taxation Matters	**3.00**	3.50
	(3) for Company Law Matters	**0.30**	0.30
	(4) for Other Services	**74.64**	86.72
	(5) for Reimbursement of Expenses	**11.57**	7.72
		201.64	189.74

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

25. (b)	**Remuneration to Branch Auditors**		
	For Reimbursement of Expenses	**Nil**	0.25

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
26.	**Exceptional Items**		
A.	**Exceptional Income**		
(1)	Profit on Sale of Property / Surrender of Tenancy Rights	**4501.26**	4168.93
(2)	Profit on transfer of Materials Handling business	**7934.69**	Nil
(3)	Reversal of provision for Diminution in value of investments	**140.43**	Nil
(4)	Net Surplus on Liquidation of a Subsidiary	**Nil**	414.03
	Sub-total : Exceptional Income	**12576.38**	4582.96
	Less :		
B.	**Exceptional Expenses**		
(1)	Cost of Voluntary Retirement Scheme / Early Separation Scheme	**8.69**	102.87
(2)	Onerous Contract [(refer footnote 26(a)]	**27662.96**	Nil
	Sub-total : Exceptional Expenses	**27671.65**	102.87
	Exceptional Items (Net)	**(15095.27)**	4480.09

Footnote:

26. (a) During the year, there had been a significant upward revision in the estimated costs in one of the major projects in Qatar, Sidra Medical & Research Centre Project, due to several impediments and constraints arising from delay in designs, frequent changes in architectural / interior layouts, ceiling height restrictions and

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

abortive engineering/rework. An extensive Techno Commercial review was carried out to assess the costs incurred/ to be incurred till completion of the project, and as per the requirements of Accounting Standard (AS) 7, the Company has accounted for the estimated costs on this project. However, uncertainties exist on variations to be claimed and costs to come till the completion of the project due to the complex nature of the 'design and build' project, changes in the designs still being made by the Client and delay in the completion of an evolving world-class hospital facility.

27. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 4748.18 Lakhs. (31-3-2011: ₹ 3511.10 Lakhs). Advance paid against such contracts: ₹ 666.72 Lakhs (31-3-2011: ₹ 233.99 Lakhs).

(b) On account of Other Commitments : (i) Foreign currency exposures (refer note 30)
(ii) Minimum future lease rental payable (refer note 31)

28. Contingent liabilities not provided for

(a) Guarantees on behalf of other companies :

Limits ₹ 22639.29 Lakhs (31-3-2011: ₹ 22024.65 Lakhs) against which amount outstanding was ₹ 14621.44 Lakhs (31-3-2011 : ₹ 10435.87 Lakhs).

(b) Claims against the Company not acknowledged as debts :

In respect of various matters aggregating ₹ 26898.56 Lakhs (31-3-2011 : ₹ 25691.90 Lakhs), net of tax ₹ 18171.32 Lakhs (31-3-2011 : ₹ 17157.05 Lakhs) against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2011 : ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 5086.36 Lakhs (31-3-2011 : ₹ 4928.10 Lakhs), the Company has a right to recover the same from a third party.

	₹ in Lakhs	2010-11 ₹ in Lakhs
Taxes, Cess and Duties (other than income tax)	**18396.58**	17260.62
Contractual matters in the course of business	**4347.31**	4615.31
Real Estate Disputes and Demands	**3519.76**	3519.76
Ex-employees matters	**248.63**	248.63
Others	**386.28**	47.58
	26898.56	25691.90

(c) Contractual matters under arbitration : Amount indeterminate.

(d) Income tax demands :

In respect of matters decided in Company's favour by appellate authorities where the department is in further appeal ₹ 1350.36 Lakhs (31-3-2011 : ₹ 1055.04 Lakhs).

In respect of matters decided against the Company and where Company has appealed amounted to ₹ 517.51 Lakhs (31-3-2011 : ₹ Nil) and in respect of others ₹ 941.03 Lakhs (31-3-2011 : ₹ Nil).

(e) Staff demands under adjudication : Amount indeterminate.

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

29. In respect of guarantees aggregating ₹ 147616.29 Lakhs (31-3-2011 : Rs.140683.39 Lakhs) issued by Banks at the request of the Company in favour of third parties, the Company has given security by way of hypothecation of a part of tangible movable assets, book debts and stocks.

30. Derivative Instruments

The Company has entered into the following derivative instruments :

(a) Forward Exchange Contracts (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward Exchange Contracts entered into by the Company :

Currency	**Amt. In Lakhs**	**Sell / Buy**	**Cross Currency**
US Dollar	**150.00**	**Buy**	**Rupees**
	(50.00)	Buy	Rupees

The difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to the Statement of Profit and Loss is Rs 0.38 Lakh. (2010-11 : ₹ Nil).

(b) The year end foreign currency exposures (estimated in US $) that have not been hedged by a derivative instrument or otherwise are given below :

(i) Amounts receivable in foreign currency on account of the following :

	₹ in Lakhs	**US $ in Lakhs**
Export of goods	**2280.54**	**44.61**
	(2347.93)	(52.54)
Overseas Operations	**121955.29**	**2390.74**
	(131939.71)	(2945.94)

(ii) Amounts payable in foreign currency on account of the following :

	₹ in Lakhs	**US $ in Lakhs**
Import of goods and services	**15966.36**	**312.33**
	(15790.07)	(353.43)
Overseas Operations	**98783.10**	**1948.30**
	(104949.97)	(2343.76)

Note : Figures in brackets are of the previous year

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

31. Assets under Operating Leases

(a) The Company has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 5226.26 Lakhs (2010-11 : ₹ 4559.62 Lakhs).

(i) The minimum future lease rentals payable in respect of non-cancellable leases are as under :

	₹ in Lakhs	2010-11 ₹ in Lakhs
Not later than one year	**1934.34**	3421.92
Later than one year but not later than five years	**1118.50**	2566.42
Later than five years	**33.54**	44.71

(b) The Company has given on operating lease certain assets. The total lease rent received on the same amounts to ₹ 3595.29 Lakhs (2010-11 : ₹ 3274.52 Lakhs), is included under Other Income.

(i) The minimum future lease rentals receivable in respect of non-cancellable leases are as under :

	₹ in Lakhs	2010-11 ₹ in Lakhs
Not later than one year	**2640.63**	3274.52
Later than one year but not later than five years	**7473.95**	6540.19
Later than five years	**125.96**	1690.64

(ii) The Original Cost, Depreciation for the year and Written Down Value are ₹ 1415.66 Lakhs, ₹ 27.76 Lakhs and ₹ 938.69 Lakhs (2010-11 : ₹ 1128.02 Lakhs, ₹ 23.71 Lakhs and Rs 724.27 Lakhs), respectively.

32. Earnings per share

Earnings per Share has been computed as under :

			2010-11
(1)	Profit for the year (₹ In Lakhs)	**15187.06**	35353.33
(2)	Weighted average number of Equity Shares Outstanding	**33,08,84,740**	33,08,84,740
(3)	Earnings Per Share (₹) Basic and Diluted (Face value ₹ 1/- per share)	**4.59**	10.68

33. Remittance in foreign currencies for dividends

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders which were declared during the year, are as under :

			2010-11
(i)	Number of non-resident shareholders	**1,938**	1,748
(ii)	Number of Equity shares held by them	**19,87,455**	33,09,025
(iii)	Gross amount of dividend (₹)	**3974910**	6618050
(iv)	Year ended to which the dividend related	**March-2011**	March-2010

34. Earnings in foreign exchange received in India

		₹ in Lakhs	2010-11 ₹ in Lakhs
(a)	F.O.B. Value of exports (including amounts invoiced against work-in-progress)	**2644.86**	4740.56
(b)	Service Commission (On Cash basis)	**1483.24**	1356.51
(c)	Other Income	**985.26**	504.38
(d)	Foreign Projects Profit (on accrual basis) at Branch Level	**9214.95**	21655.31
(e)	Warranty Recovery	**Nil**	55.02
(f)	Net Surplus on Liquidation of a Subsidiary	**Nil**	414.03
(g)	Dividend	**1280.54**	502.24

35. Expenditure (subject to deduction of tax wherever applicable) in foreign currency from India

		₹ in Lakhs	2010-11 ₹ in Lakhs
(a)	Royalty	**45.46**	20.26
(b)	Other matters	**486.94**	350.76

36. Value of Imports on C.I.F. basis

		₹ in Lakhs	2010-11 ₹ in Lakhs
(a)	Raw Materials	**3536.58**	2323.94
(b)	Finished Goods	**77428.67**	45153.94
(c)	Components and Spares	**46329.56**	21591.62
(d)	Capital Goods	**262.28**	34.78

37. Employee benefits expenses

(a) The Company makes contribution towards provident funds, defined benefit retirement plans, and towards superannuation fund. These funds are administered by the trustees appointed by the Company. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefits.

(b) The Company makes annual contributions to Gratuity Funds, which are funded defined benefit plans for qualifying employees. The schemes provide for lumpsum payment to vested employees at retirement, death while in employment, or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of 5 years of service.

The Company is also providing post retirement medical benefits to qualifying employees.

The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out as at 31st March, 2012. The present value of the defined benefit obligation and the related current service cost and past service cost, are measured using the projected unit credit method.

The following tables set out the funded status and the amounts recognised in the Company's financial statements as at 31st March, 2012 for the Defined Benefit Plans :

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

Defined Benefit Plans - As per Actuarial Valuation

			Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
			₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
I.	**Expense recognised in the Statement of Profit and Loss**					
	1.	Current Service Cost	**796.43**	**307.35**	**40.94**	**—**
			636.62	*292.28*	*86.39*	*—*
	2.	Interest Cost	**130.71**	**367.15**	**68.53**	**107.08**
			99.75	*347.53*	*63.33*	*65.09*
	3.	Expected return on plan assets	**—**	**(378.43)**	**—**	**—**
			—	*(321.56)*	*—*	*—*
	4.	Actuarial (Gains) / Losses	**(133.84)**	**(194.47)**	**(133.65)**	**60.50**
			33.10	*(80.77)*	*(82.55)*	*530.64*
	5.	Difference in exchange	**—**	**—**	**—**	**—**
			22.73	*—*	*—*	*—*
	6.	**Total expense**	**793.30**	**101.60**	**(24.18)**	**167.58**
			792.20	*237.48*	*67.17*	*595.73*
II.	**Net Liability recognised in the Balance Sheet**					
	1.	Present value of Defined Benefit Obligation	**3010.18**	**4331.66**	**781.22**	**1350.05**
			2414.67	*4450.26*	*830.70*	*1298.05*
	2.	Fair value of plan assets	**—**	**(4507.86)**	**—**	**—**
			—	*(4586.98)*	*—*	*—*
	3.	**Net (asset) / liability**	**3010.18**	**(176.20)**	**781.22**	**1350.05**
			2414.67	*(136.72)*	*830.70*	*1298.05*
III.	**Change in Obligation during the year**					
	1.	Present value of Defined Benefit Obligation at the beginning of the year	**2414.67**	**4450.26**	**830.70**	**1298.05**
			1977.24	*4344.10*	*791.63*	*813.68*
	2.	Current Service Cost	**796.43**	**307.35**	**40.94**	**—**
			636.62	*292.28*	*86.39*	*—*
	3.	Interest Cost	**130.71**	**367.15**	**68.53**	**107.08**
			99.75	*347.53*	*63.33*	*65.09*
	4.	Actuarial (Gains) / Losses	**(133.84)**	**(179.02)**	**(133.65)**	**60.50**
			33.10	*(17.86)*	*(82.55)*	*530.64*
	5.	Benefits Payments	**(562.20)**	**(614.08)**	**(25.30)**	**(115.58)**
			(304.19)	*(515.79)*	*(28.10)*	*(111.36)*
	6.	Difference in exchange	**364.41**	**—**	**—**	**—**
			(27.85)	*—*	*—*	*—*
	7.	**Present value of Defined Benefit Obligation at the end of the year**	**3010.18**	**4331.66**	**781.22**	**1350.05**
			2414.67	*4450.26*	*830.70*	*1298.05*

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
IV.	**Change in Assets during the year**				
1.	Plan assets at the beginning of the year	**—**	**4586.98**	**—**	**—**
		—	*4019.52*	*—*	*—*
2.	Expected return on plan assets	**—**	**378.42**	**—**	**—**
		—	*321.56*	*—*	*—*
3.	Contributions by employers	**—**	**141.08**	**25.30**	**115.58**
		304.19	*698.77*	*28.10*	*111.36*
4.	Actual benefits paid	**—**	**(614.08)**	**(25.30)**	**(115.58)**
		(304.19)	*(515.79)*	*(28.10)*	*(111.36)*
5.	Actuarial Gains / (Losses)	**—**	**15.46**	**—**	**—**
		—	*62.92*	*—*	*—*
6.	Plan assets at the end of the year	**—**	**4507.86**	**—**	**—**
		—	*4586.98*	*—*	*—*
7.	**Actual return on plan assets (2+5)**	**—**	**393.88**	**—**	**—**
		—	*384.48*	*—*	*—*
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**2414.67**	**(136.72)**	**830.70**	**1298.05**
		1977.24	*324.57*	*791.63*	*813.68*
2.	Expenses as above (I)	**793.30**	**101.60**	**(24.18)**	**167.58**
		792.20	*237.48*	*67.17*	*595.73*
3.	Employers Contribution	**(562.20)**	**(141.08)**	**(25.30)**	**(115.58)**
		(304.19)	*(698.77)*	*(28.10)*	*(111.36)*
4.	Difference in exchange	**364.41**	**—**	**—**	**—**
		(50.58)	*—*	*—*	*—*
5.	**Closing Net Liability**	**3010.18**	**(176.20)**	**781.22**	**1350.05**
		2414.67	*(136.72)*	*830.70*	*1298.05*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (LIC)	**1994-96**	**1994-96**	**1994-96**	**1996-98**
			(Ultimate)		
2.	Discount Rate	**5%**	**8.50%**	**8.50%**	**8.50%**
		5%	*8.25%*	*8.25%*	*8.25%*
3.	Increase in Salary/Health Care Cost/Pension	**5%**	**8.00%**	**5.00%**	**8.00%**
		5%	*8.00%*	*5.00%*	*7.00%*
4.	Rate of Return on Plan Assets	**—**	**8.50%**	**8.50%**	**8.50%**
		—	*8.25%*	*8.25%*	*8.25%*

Note : Figures in italics under I to VI are of the previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

VII.	**Categories of plan assets as a percentage of the fair value of total plan assets**	**Gratuity**	Gratuity 31-3-2011
		%	%
1.	Government of India Securities	**23**	24
2.	Corporate Bonds	**70**	69
3.	Special Deposit Scheme	**3**	3
4.	Others	**4**	4
		100	100

VIII. Effect of Change in Assumed Health Care Cost Trend Rate

			2010-11	
	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
	One percentage point increase	**One percentage point decrease**	One percentage point increase	One percentage point decrease
1. Effect on the aggregate of the service cost and interest cost	**106.50**	**101.70**	93.64	88.47
2. Effect on defined benefit obligation	**800.41**	**762.03**	851.14	810.25

(a) The Actuarial calculations used to estimate defined benefit commitments and expenses are based on the above assumptions which if changed would affect the defined benefit commitment's size, the funding requirement and expenses.

(b) The estimates of future salary increases, considered in the Actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) The disclosure of Present value of defined obligation, fair value of assets, surplus/(deficit) of assets and experience adjustments of current year and preceding four years are as under:

		2010-11	2009-10	2008-09	2007-08
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Present value of defined benefit obligation	**9473.11**	8993.70	7926.64	7079.43	5289.38
Fair value of Plan Assets	**4507.86**	4586.99	4019.52	3614.42	1824.47
Surplus or (Deficit) of the Plan	**4965.25**	4406.71	3907.12	3465.01	3464.91
Expenses Adjustments					
- On Plan Assets	**15.46**	62.92	72.09	48.93	14.99
- On Plan Liabilities	**(217.78)**	69.78	(11.32)	955.53	434.79
	(202.32)	132.70	60.77	1004.46	449.78

(c) The details of the Company's Defined Benefit Plans for its employees given above are certified by the actuary and relied upon by the auditors.

(d) Expected contribution of ₹ 600.00 Lakhs (2010-11 ₹ 589.25 Lakhs) to Defined Benefits Schemes for the next year.

(e) The Company has recognised the following amounts in the Statement of Profit and Loss under the head Company's Contribution to Provident and Other Funds :

		2010-11
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**811.61**	879.17
Superannuation Fund	**171.95**	191.46
	983.56	1070.63

38. Segmental Reporting

Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standards (AS-17) on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.

39. Related Party Disclosures

(a) List of Related Parties and Relationships

Party		**Relation**
A.	Simto Investment Company Ltd. Auto Aircon (India) Ltd . Metrovol FZE (upto 9-2-2011) Voltas Netherlands B.V. Lalbuksh Voltas Engineering Services & Trading L.L.C. (w.e.f. 31-3-2011) Voice Antilles N.V. Weathermaker Ltd. Saudi Ensas Company for Engineering Services W.L.L. Rohini Industrial Electricals Ltd. Universal Comfort Products Ltd. Voltas Oman L.L.C. (w.e.f. 27-3-2011) Voltas Material Handling Private Limited (Upto 30-4-2011) Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation)	Subsidiary
B.	Brihat Trading Private Ltd. Voltas Material Handling Private Limited (w.e.f. 1-5-2011)	Associate
C.	Universal Voltas L.L.C. Lalbuksh Voltas Engineering Services & Trading L.L.C. (upto 30-3-2011) Naba Diganta Water Management Ltd. Olayan Voltas Contracting Company Limited (w.e.f. 8-2-2012) Universal Weathermaker Factory L.L.C. AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
D.	Tata Sons Ltd.	Promoter holding together with its subsidiary more than 20%
E.	Mr. Sanjay Johri - Managing Director (w.e.f. 23-4-2010) Mr. A. Soni - Managing Director (upto 22-4-2010)	Key Management Personnel

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

39. (b) Related Party Transactions

₹ in Lakhs

Transactions		Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods	[Refer 39 (c) (1)]	**45323.15**	**2052.60**	—	—	**47375.75**
		(47876.79)	(1230.01)	(—)	(—)	(49106.80)
Sale of Products	[Refer 39 (c) (2)]	**29999.73**	**2133.04**	**0.28**	**0.59**	**32133.64**
		(25660.15)	(232.27)	(-)	(8.06)	(25900.48)
Service Income	[Refer 39 (c) (3)]	**16.53**	**1069.98**	**0.07**	**11.91**	**1098.49**
		(—)	(520.55)	(0.01)	(1.78)	(522.34)
Interest Income	[Refer 39 (c) (4)]	**295.81**	—	—	**171.26**	**467.07**
		(450.96)	(—)	(—)	(—)	(450.96)
Rental Income	[Refer 39 (c) (5)]	**68.93**	**259.23**	—	—	**328.16**
		(1.07)	(—)	(—)	(1.56)	(2.63)
Dividend Income	[Refer 39 (c) (6)]	**1280.55**	—	—	—	**1280.55**
		(88.22)	(54.57)	(—)	(—)	(142.79)
Net Surplus on Liquidation of a Subsidiary	[Refer 39 (c) (7)]	—	—	—	—	—
		(414.03)	(—)	(—)	(—)	(414.03)
Commission Received	[Refer39 (c) (8)]	**202.21**	—	—	—	**202.21**
		(95.22)	(—)	(—)	(—)	(95.22)
Remuneration Paid / Payable	[Refer 39 (c) (9)]	—	—	**175.34**	—	**175.34**
		(—)	(—)	(256.70)	(—)	(256.70)
Dividend Paid	[Refer 39 (c) (10)]	—	—	—	**1762.64**	**1762.64**
		(—)	(—)	(—)	(1762.64)	(1762.64)
Consulting charges paid	[Refer39 (c) (11)]	—	—	—	**10.63**	**10.63**
		(—)	(—)	(—)	(9.50)	(9.50)
Tata Brand Equity	[Refer39 (c) (12)]	—	—	—	**770.92**	**770.92**
		(—)	(—)	(—)	(767.87)	(767.87)
Other Expenses -Received/ Receivable	[Refer 39 (c) (13)]	**19.69**	**372.11**	—	—	**391.80**
		(25.59)	(0.82)	(—)	(—)	(26.41)
Other Expenses -Paid/Payable	[Refer39 (c) (14)]	**152.45**	**12.18**	—	**35.97**	**200.60**
		(19.16)	(—)	(—)	(72.33)	(91.49)
Purchase of Fixed Assets	[Refer 39 (c) (15)]	—	**10.02**	—	—	**10.02**
		(53.56)	(—)	(—)	(—)	(53.56)
Investments	[Refer39 (c) (16)]	**2500.00**	**715.70**	—	—	**3215.70**
		(1996.61)	(—)	(—)	(—)	(1996.61)
Advances given	[Refer 39 (c) (17)]	**1.91**	—	—	—	**1.91**
		(4.17)	(—)	(—)	(—)	(4.17)
Intercorporate Deposits Placed	[Refer 39 (c) (18)]	**2700.00**	—	—	**2000.00**	**4700.00**
		(1000.00)	(—)	(—)	(—)	(1000.00)

39 (b). Related Party Transactions (contd.)

₹ in Lakhs

Transactions		Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Refund of Intercorporate Deposits Placed	[Refer 39 (c) (19)]	**5500.00**	—	—	—	**5500.00**
		(500.00)	(—)	(—)	(—)	(500.00)
Deposit Received	[Refer39 (c) (20)]	—	**62.67**	—	—	**62.67**
		(—)	(—)	(—)	(—)	(—)
Provision for Dimunition in Value of Investment at year end	[Refer39 (c) (21)]	**17.90**	—	—	—	**17.90**
		(—)	(—)	(—)	(—)	(—)
Provision for Debts and Advances Due at year end	[Refer 39 (c) (22)]	**1286.57**	—	—	—	**1286.57**
		(1289.51)	(—)	(—)	(—)	(1289.51)
Advance Outstanding at year end	[Refer39 (c) (23)]	**84.68**	—	—	—	**84.68**
		(82.77)	(0.90)	(—)	(—)	(83.67)
Accrued Interest	[Refer 39 (c) (24)]	—	—	—	**50.55**	**50.55**
		(36.99)	(—)	(—)	(—)	(36.99)
Dividend Receivable	[Refer 39 (c) (25)]	—	—	—	—	—
		(88.22)	(—)	(—)	(—)	(88.22)
Advance Share Application Money at year end	[Refer 39 (c) (26)]	**2460.54**	—	—	—	**2460.54**
		(2301.70)	(—)	(—)	(—)	(2301.70)
Debit Balance Outstanding at year end	[Refer39 (c) (27)]	**288.05**	**673.76**	—	**5.49**	**967.30**
		(—)	(254.01)	(—)	(—)	(254.01)
Credit Balance Oustanding at year end	[Refer39 (c) (28)]	**1538.32**	**481.34**	—	**765.30**	**2784.96**
		(2831.56)	(513.31)	(—)	(764.09)	(4108.96)
Intercorporate Deposits at year end	[Refer 39 (c) (29)]	**1700.00**	—	—	**2000.00**	**3700.00**
		(4500.00)	(—)	(—)	(—)	(4500.00)

Note : Figures in brackets are of the previous year.

39. (c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party

₹ in Lakhs

	Name of Party	Transaction Value	Transaction Value 2010-11
1.	**Purchase of Goods**		
	Universal Comfort Products Ltd.	**43886.64**	47068.59
2.	**Sale of Products**		
	Universal Comfort Products Ltd.	**29964.01**	25597.36
3.	**Service Income**		
	Universal Voltas L.L.C.	**916.25**	417.37
	Universal Weathermaker Factory L.L.C.	—	87.01

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

39 (c). Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.)

₹ in Lakhs

	Name of Party	Transaction Value	Transaction Value 2010-11
4.	**Interest Income**		
	Rohini Industrial Electricals Ltd.	**262.93**	150.96
	Tata Sons Ltd.	**171.26**	—
	Universal Comfort Products Ltd.	**—**	300.00
5.	**Rental Income**		
	Rohini Industrial Electricals Ltd.	**68.93**	1.07
	Voltas Material Handling Private Ltd.	**259.23**	—
	Tata Sons Ltd.	**—**	1.56
6.	**Dividend Income**		
	Weathermaker Ltd.	**726.15**	—
	Voltas Netherlands B.V.	**200.72**	88.22
	Lalbuksh Voltas Engineering Services & Trading L.L.C.	**353.68**	54.57
7.	**Net Surplus on Liquidation of a Subsidiary**		
	Metrovol FZE	**—**	414.03
8.	**Commission Received**		
	Universal Comfort Products Ltd.	**202.21**	95.22
9.	**Remuneration Paid / Payable**		
	Mr. Sanjay Johri	**175.34**	175.42
	Mr. A.Soni	**—**	81.28
10.	**Dividend Paid**		
	Tata Sons Ltd.	**1762.64**	1762.64
11.	**Consulting Charges paid**		
	Tata Sons Ltd.	**10.63**	9.50
12.	**Tata Brand Equity**		
	Tata Sons Ltd.	**770.92**	767.87
13.	**Other Expenses -Received / Receivable**		
	Olayan Voltas Contracting L.L.C.	**315.44**	—
	Voltas Material Handling Private Ltd.	**56.67**	—
	Rohini Industrial Electricals Ltd.	**—**	3.51
	Universal Comfort Products Ltd.	**—**	22.08
14.	**Other Expenses -Paid / Payable**		
	Saudi Ensas Company for Engineering Services W.L.L.	**83.28**	17.35
	Universal Comfort Products Ltd.	**24.00**	—
	Weathermaker Ltd.	**33.95**	—
	Tata Sons Ltd.	**34.13**	72.33
15.	**Purchase of Fixed Assets**		
	Voltas Material Handling Private Ltd.	**10.02**	—
	Universal Comfort Products Ltd.	**—**	53.56
16.	**Investments**		
	Rohini Industrial Electricals Ltd.	**2500.00**	1996.61
	Olayan Voltas Contracting L.L.C.	**710.70**	—

39 (c). Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.)

₹ in Lakhs

Name of Party	Transaction Value	Transaction Value 2010-11
17. Advances given		
Auto Aircon (India) Ltd.	**1.91**	4.17
18. Intercorporate Deposits Placed		
Rohini Industrial Electricals Ltd.	**2700.00**	1000.00
Tata Sons Ltd.	**2000.00**	—
19. Refund of Intercorporate Deposits Placed		
Rohini Industrial Electricals Ltd.	**2500.00**	500.00
Universal Comfort Products Ltd.	**3,000.00**	—
20. Deposit Received		
Voltas Material Handling Private Ltd.	**62.67**	—
21. Provision for Dimunition in Value of Investment at year end		
Saudi Ensas Company for Engineering Services W.L.L.	**17.90**	—
22. Provision for Debts and Advances Due at year end		
Saudi Ensas Company for Engineering Services W.L.L.	**1201.89**	1206.74
23. Advance Outstanding at year end		
Auto Aircon (India) Ltd.	**84.68**	82.77
24. Accrued Interest		
Tata Sons Ltd.	**50.55**	—
Rohini Industrial Electricals Ltd.	**—**	36.99
25. Dividend Receivable		
Voltas Netherlands B.V.	**—**	88.22
26. Advance Share Application Money at year end		
Saudi Ensas Company for Engineering Services W.L.L.	**2460.54**	2301.70
27. Debit Balance Outstanding at year end		
Naba Diganta Water Management Ltd.	**258.93**	250.94
Olayan Voltas Contracting L.L.C.	**332.42**	—
Rohini Industrial Electricals Ltd.	**267.98**	—
28. Credit Balance Oustanding at year end		
Universal Comfort Products Ltd.	**1,197.64**	2223.25
Weathermaker Ltd.	**340.68**	496.89
Tata Sons Ltd.	**765.30**	764.09
Universal Weathermaker Factory L.L.C.	**481.34**	—
29. Intercorporate Deposits at year end		
Tata Sons Ltd.	**2000.00**	—
Rohini Industrial Electricals Ltd.	**1700.00**	1500.00
Universal Comfort Products Ltd.	**—**	3000.00

40. Transfer of Materials Handling business

During the year, the Company has on 1st May, 2011, upon satisfaction / deferral of certain precedent conditions, transferred the Materials Handling (MH) business, which forms part of the Engineering Products and Services Segment, to Voltas Material Handling Private Limited (VMHPL). Accordingly, all identified tangible assets, including current assets, liabilities, movable assets (excluding immovable assets), intangible assets, business contracts, certain employees, etc have been transferred to VMHPL. The Revenue and Results of the MH business do not have any material impact on the Company's overall operations.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

41. In compliance with the accounting standard 27- 'Financial Reporting of interest in joint Ventures' (AS 27) as notified by the Companies (Accounting Standard rules, 2006), the Company has interests in the following jointly controlled entities and operations:

₹ in Lakhs

Name of the Joint Venture/Operations	Country of Incorporation	% of holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenses
*Universal Weathermaker Factory L.L.C.	United Arab Emirates	**49.00**	**1121.04** (1166.05)	**667.84** (611.65)	**8.79** Nil	**NIL** (91.78)	**1334.44** (1257.39)	**1290.82** (1210.89)
* Universal Voltas L.L.C.	United Arab Emirates	**49.00**	**6626.77** (5826.30)	**3076.38** (4697.62)	**2839.42** (2934.03)	**2558.09** (4820.33)	**8848.25** (7789.37)	**6424.17** (6641.87)
NDIA Package 19 Project	Qatar	**77.08**	**5969.57** (5743.03)	**5013.01** (5934.98)	**Nil** (2793.95)	**Nil** Nil	**12270.10** (4894.47)	**11121.85** (5387.48)
Sidra Medical & Research Centre Project	Qatar	**51.08**	**18048.54** (24759.04)	**32262.41** (24641.96)	**Nil** (19156.80)	**Nil** Nil	**56689.95** (21337.26)	**88944.98** (22437.43)
ETA-Voltas Hitachi Plant	United Arab Emirates	**37.50**	**13731.25** (11081.07)	**11420.96** (8972.78)	**Nil** (4169.56)	**Nil** Nil	**1044.31** (3512.12)	**1139.98** (3718.11)
Naba Diganta Water Management Limited	India	**26.00**	**1386.65** (1300.28)	**765.52** (848.37)	**Nil** Nil	**6.63** Nil	**42.14** (36.30)	**183.23** (55.83)

* As the accounting year of these companies end on 31st December, 2011, the figures are as of that date.

Note: Figures in brackets are of the previous year.

42. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of the financial statements.This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 24th May, 2012

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner
Mumbai, 24th May, 2012

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Voltas Limited

1. We have audited the attached Consolidated Balance Sheet of **VOLTAS LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total net assets of ₹ 24837.51 lakhs as at 31st March, 2012, total revenues of ₹ 18225.35 lakhs and net cash inflows amounting to ₹ 106.94 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Without qualifying our report, we draw attention to Note 25(a) of the Financial Statements with respect to uncertainties related to variations to be claimed and costs to come with regard to a major project.

6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

B. P. Shroff
Partner
Membership No. 34382

Mumbai,
24th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

					Note	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
I.	**EQUITY AND LIABILITIES**						
	1.	**Shareholders' funds**					
		(a)	Share capital		2	**3307.44**	3307.43
		(b)	Reserves and surplus		3	**144476.88**	132864.30
						147784.32	136171.73
	2.	**Minority interest**				**1700.58**	1961.89
	3.	**Non-current liabilities**					
		(a)	Long-term borrowings		4	**762.87**	931.24
		(b)	Deferred tax liabilities (net)		5	**190.34**	175.30
		(c)	Other long-term liabilities		6	**2032.53**	1419.10
		(d)	Long-term provisions		7	**8596.55**	7390.62
						11582.29	9916.26
	4.	**Current liabilities**					
		(a)	Short-term borrowings		4	**21581.17**	12741.23
		(b)	Trade payables		8	**147299.04**	144990.87
		(c)	Other current liabilities		8	**66601.92**	84426.66
		(d)	Short-term provisions		7	**19306.40**	24234.97
						254788.53	266393.73
	TOTAL EQUITY AND LIABILITIES					**415855.72**	414443.61
II.	**ASSETS**						
	1.	**Non-current assets**					
		(a)	Fixed assets				
			(i)	Tangible assets	9	**18964.40**	20845.18
			(ii)	Intangible assets	10	**1078.95**	1260.31
			(iii)	Capital work-in-progress		**403.30**	60.86
			(iv)	Intangible assets under development		**53.70**	36.63
						20500.35	22202.98
		(b)	Goodwill on consolidation			**8895.44**	8940.25
		(c)	Non-current investments		11	**8826.80**	4386.61
		(d)	Deferred tax assets (net)		5	**2614.63**	1696.36
		(e)	Long-term loans and advances		12	**11565.68**	6829.42
		(f)	Other non-current assets		13	**12025.85**	11414.50
						64428.75	55470.12
	2.	**Current assets**					
		(a)	Current investments		11 A	**22334.09**	22472.10
		(b)	Inventories		14	**83339.88**	82146.12
		(c)	Trade receivables		15	**116680.09**	106534.84
		(d)	Cash and bank balances		16	**27104.87**	48897.66
		(e)	Short-term loans and advances		12	**20892.35**	17389.29
		(f)	Other current assets		13	**81075.69**	81533.48
						351426.97	358973.49
	TOTAL ASSETS					**415855.72**	414443.61
	Summary of significant accounting policies				1		
	See accompanying notes forming part of the financial statements.				1-37		

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 24th May, 2012

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

B. P. Shroff
Partner

Mumbai, 24th May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Note	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
I.	**Revenue from operations (Gross)**	17	**521900.49**	522596.72
	Less: Excise duty		**3326.86**	3458.92
	Net Revenue from operations		**518573.63**	519137.80
II.	**Other Income**	18	**9849.68**	5848.69
III.	**Total Revenue (I + II)**		**528423.31**	524986.49
IV.	**EXPENSES**			
	(a) Consumption of raw materials, cost of jobs and services	19	**309034.23**	292012.59
	(b) Purchase of traded goods		**70381.65**	88340.90
	(c) (Increase) / Decrease in finished goods, work in progress and stock-in-trade	20	**(1419.94)**	(12276.74)
	(d) Employee benefits expenses	21	**59952.08**	55625.77
	(e) Finance costs	22	**3141.94**	1653.51
	(f) Depreciation and amortisation expenses	23	**3395.82**	2101.71
	(g) Other expenses	24	**46978.67**	49142.66
	Total Expenses (IV)		**491464.45**	476600.40
V.	**Profit before exceptional items and tax (III - IV)**		**36958.86**	48386.09
VI.	**Exceptional Items**	25	**(15045.88)**	4018.59
VII.	**Profit before tax (V + VI)**		**21912.98**	52404.68
VIII.	**Tax Expense**			
	(1) Current tax			
	(i) Current tax		**7251.72**	17536.98
	(ii) Provision for taxation of earlier years provided / (written back)		**9.67**	(234.42)
	(2) Deferred tax		**(903.23)**	502.68
	(3) MAT Credit Entitlement		**(646.36)**	(559.00)
	Total tax expense		**5711.80**	17246.24
IX.	**Profit after tax (VII - VIII)**		**16201.18**	35158.44
X.	**Share of profit / (loss) of associates**		**(5.00)**	Nil
XI.	**Minority Interest in (profit) / loss**		**9.39**	565.97
XII.	**Profit for the year (IX + X + XI)**		**16205.57**	35724.41
XIII.	**Earnings per share**	31		
	Basic and Diluted (Face value ₹ 1 per share)		**4.90**	10.80
	Summary of significant accounting policies	1		
	See accompanying notes forming part of the financial statements.	1-37		

For and on behalf of the Board

	Chairman	**Ishaat Hussain**
	Managing Director	**Sanjay Johri**
	Directors	**N. N. Tata**
In terms of our report attached.		**J. S. Bilimoria**
		Nani Javeri
For **Deloitte Haskins & Sells**		**R. N. Mukhija**
Chartered Accountants		**Vinayak Deshpande**
	Executive Vice President - Corporate Affairs & CFO	**Anil George**
B. P. Shroff	*General Manager - Taxation*	
Partner	*& Company Secretary*	**V. P. Malhotra**
Mumbai, 24th May, 2012	*Mumbai, 24th May, 2012*	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

			2010-11
	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax		**21912.98**	52404.68
Add - Adjustments for :			
Depreciation and Amortisation	**3395.82**		2101.71
Provision for doubtful debts and advances	**1060.60**		163.39
Unrealised exchange loss	**605.70**		112.89
Exchange difference on translation of foreign currency cash and cash equivalents	**(294.71)**		90.89
Provision for Diminution in value of Investments Written back	**(170.40)**		41.30
(Profit) on Sale/Retirement of Fixed Assets (Net)	**(4479.95)**		(4098.94)
Gain on Sale of Non Trade Current Investments (Net)	**(41.24)**		(76.32)
Interest Paid	**3141.94**		1653.51
Interest Received	**(608.52)**		(810.73)
Income from Investments	**(2694.56)**		(1457.75)
Impairment of Fixed Assets	**Nil**		47.47
Provision for Employee Benefits	**844.42**		1158.65
(Profit) on Sale of Materials Handling business	**(7934.69)**		Nil
Provision for Trade Guarantees	**(2021.19)**		4543.80
		(9196.78)	3469.87
Operating Profit before Working Capital changes		**12716.20**	55874.55
Less - Adjustments for:			
(Increase)/Decrease in Inventories	**(1193.76)**		(47374.20)
(Increase)/Decrease in Trade Receivables	**(11511.22)**		(14877.09)
(Increase)/Decrease in Loans and Advances and Other Current Assets	**5138.98**		(10890.85)
(Decrease)/Increase in Advances from Customers	**(13719.03)**		4381.51
(Decrease)/Increase in Trade Payables and Other Current Liabilities	**(1599.30)**		26730.97
Adjustment of translation differences on working capital	**1511.15**		(28.36)
		(21373.18)	(42058.02)
Cash generated from / (used in) operations		**(8656.98)**	13816.53
Less: Taxes paid		**11986.64**	18751.94
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		**(20643.62)**	(4935.41)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

		₹ in Lakhs	₹ in Lakhs	2010-11 ₹ in Lakhs
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets	**(2998.46)**		(4458.20)
	Sale of Fixed Assets	**5315.13**		4423.53
	Purchase of Investments	**(192694.43)**		(219968.93)
	Investment in Subsidiaries (net of cash acquired)	**Nil**		(2436.70)
	Sale of Investments	**188813.31**		217263.88
	Interest Received	**569.02**		835.49
	Income from Investments	**2694.56**		1457.75
	Proceeds from Sale of Materials Handling business	**7934.69**		Nil
	Loans and advances given to Joint Ventures	**(166.21)**		Nil
	Loans and advances given to related parties	**(2000.00)**		Nil
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**7467.61**	(2883.18)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Share Capital (Calls in Arrears)	**0.01**		0.06
	Securities Premium (Calls in Arrears)	**0.06**		0.33
	Increase in other Borrowings	**8843.78**		10295.94
	Repayment of Long Term Borrowings	**(135.25)**		Nil
	Proceeds from minority shareholder	**234.08**		Nil
	Interest Paid	**(3165.62)**		(1654.51)
	Decrease in unpaid Deposits and interest thereon	**(1.99)**		(4.38)
	Dividend paid including dividend tax	**(8476.98)**		(7678.13)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(2701.91)**	959.31
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(15877.92)**	(6859.28)
	CASH AND CASH EQUIVALENTS AS AT 1st April, 2011		**41089.45**	46945.41
	CASH ACQUIRED ON ACQUISITION OF SUBSIDIARY		**Nil**	1003.32
	CASH AND CASH EQUIVALENTS AS AT 31st March, 2012		**25211.53**	41089.45
	Cash and Cash Equivalents consist of:			
	Cash and Bank balances (refer note 16)		**25360.79**	40944.00
	Add : Unrealised Loss / (Gain) included in Cash and Cash Equivalents		**(149.26)**	145.45
			25211.53	41089.45

For and on behalf of the Board

	Chairman	**Ishaat Hussain**
	Managing Director	**Sanjay Johri**
	Directors	**N. N. Tata**
In terms of our report attached.		**J. S. Bilimoria**
		Nani Javeri
For **Deloitte Haskins & Sells**		**R. N. Mukhija**
Chartered Accountants		**Vinayak Deshpande**
	Executive Vice President - Corporate Affairs & CFO	**Anil George**
B. P. Shroff	*General Manager - Taxation & Company Secretary*	**V. P. Malhotra**
Partner		
Mumbai, 24th May, 2012	*Mumbai, 24th May, 2012*	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

I. NATURE OF BUSINESS :

Voltas Limited, a premier Air-Conditioning and Engineering company was established in the year 1954. It is a Tata Group company in the field of air conditioning, refrigeration, in the business of electro-mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore), and also in the business of engineering product services for mining, water management and treatment, construction equipments and textile machinery.

II. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Voltas Limited ("the Company") and its subsidiary companies and jointly controlled entities. The Company, its Subsidiaries and the jointly controlled entities, constitute the "Group". The Consolidated Financial Statements have been prepared on the following basis:

(i) The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 - Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006.

(ii) Foreign subsidiaries and jointly controlled entities of the Company have been classified as "Non Integral Foreign Operations". Revenue items of such entities are converted at the average rate prevailing during the year and Assets and Liabilities are converted at the rates prevailing at the end of the year. All resulting exchange differences have been accumulated in a Foreign Exchange Translation Reserve.

(iii) Interests in jointly controlled entities have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures notified under the Companies (Accounting Standards) Rules, 2006.

(iv) Investments in Associate companies have been accounted under the equity method as per (AS 23) -"Accounting for Investments in Associates in Consolidated Financial Statements".

(v) The Financial Statements of the subsidiaries, the jointly controlled entities and associates consolidated are drawn upto the same reporting date of the Company, i.e. 31st March, 2012 except Saudi Ensas Company for Engineering Services W.L.L., Weathermaker Limited, Universal Voltas L.L.C., Universal Weathermaker Factory L.L.C., Lalbuksh Voltas Engineering Services and Trading L.L.C, Voltas Oman L.L.C. and Voltas Material Handling Private Limited where the financial statements are drawn upto 31st December, 2011. Olayan Voltas Contracting Company Limited was incorporated on 8th February, 2012 whereas the reporting period followed is the calendar year.

(vi) The excess of the Company's portion of equity of the subsidiaries and jointly controlled entities as at the date of its investment over the cost of its investment is treated as Capital Reserve on Consolidation. The excess of cost to the Company of its investment in subsidiaries and jointly controlled entities over the Company's portion of equity as at the date of investment is treated as Goodwill on Consolidation.

(vii) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss through its reserves for the balance, based on available information.

(viii) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(ix) Minority interest in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to the minorities at the date on which investment in a subsidiary is made; and

(b) The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

(x) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.

III. The list of subsidiary companies, joint ventures and associates and the Company's holdings therein are as under :

Name of the Company	**Country of Incorporation**	**Ownership in % either directly or through Subsidiaries**	
			2010-11
Indian Subsidiaries :			
– Simto Investment Company Ltd.	India	**95.57**	95.57
– Auto Aircon (India) Ltd.	India	**100.00**	100.00
– Agro Foods Punjab Ltd. (under liquidation) [refer footnote (c) below]	India	**100.00**	100.00
– Westerwork Engineers Ltd. (under liquidation) [refer footnote (c) below]	India	**51.00**	51.00
– Universal Comfort Products Ltd.	India	**100.00**	100.00
– Rohini Industrial Electricals Ltd.	India	**83.67**	83.67
Foreign Subsidiaries :			
– Voltas Netherlands B.V.	The Netherlands	**100.00**	100.00
– Voice Antilles N.V.	Netherlands Antilles	**100.00**	100.00
– Weathermaker Ltd.	Isle of Man	**100.00**	100.00
– Saudi Ensas Company for Engineering Services W.L.L.	Saudi Arabia	**100.00**	100.00
– Lalbuksh Voltas Engineering Services and Trading L.L.C., Muscat (w.e.f. 31-3-2011)	Sultanate of Oman	**60.00**	60.00
– Voltas Oman L.L.C. (w.e.f. 27-3-2011)	Sultanate of Oman	**65.00**	65.00
Indian Joint Venture :			
– Naba Diganta Water Management Ltd.	India	**26.00**	26.00
Foreign Joint Ventures :			
– Agrotech Industries Ltd. (under closure) [refer footnote (b) below]	Isle of Man	**49.00**	49.00
– AVCO Marine S.a.S. (under liquidation) [refer footnote (b) below]	France	**50.00**	50.00
– Universal Voltas L.L.C.	United Arab Emirates	**49.00**	49.00
– ETA-Voltas-Hitachi Plant (Jointly Controlled Operations)	United Arab Emirates	**37.50**	37.50
– NDIA Package 19 Project (Jointly Controlled Operations)	Qatar	**77.08**	77.08
– Sidra Medical & Research Centre Project (Jointly Controlled Operations)	Qatar	**51.08**	51.08
– Universal Weathermaker Factory L.L.C.	United Arab Emirates	**49.00**	49.00
– Olayan Voltas Contracting Company Ltd. (w.e.f. 8-2-2012) [refer footnote (d) below]	Saudi Arabia	**50.00**	—
Associates :			
– Brihat Trading Private Ltd. [refer footnote (a) below]	India	**33.33**	33.33
– Voltas Material Handling Private Ltd. (w.e.f. 1-5-2011)	India	**33.33**	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

Footnotes :

(a) The financial statements of Brihat Trading Private Limited an associate company were not available for consolidation. The operations of this company have no significant impact on the revenue, expenses, assets and liabilities of the consolidated financial statements.

(b) The financial statements of Agrotech Industries Limited and AVCO Marine S.a.S. joint ventures have not been consolidated as they are under closure and liquidation, respectively and the investments in the books of the Company are fully provided.

(c) The financial statements of Agro Foods Punjab Limited and Westerwork Engineers Limited, subsidiaries, have not been consolidated as they are under liquidation and the investments in the books of the Company are fully provided.

(d) The financial statements of Olayan Voltas Contracting Company Limited has not been considered for consolidation since it was incorporated on 8th February, 2012 whereas the reporting period followed is the calendar year.

1. SIGNIFICANT ACCOUNTING POLICIES

(i) The Financial Statements are prepared on historical cost convention on accrual basis of accounting and comply with the Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 of the Companies Act, 1956.

The audited Financial Statements of certain foreign subsidiaries, joint ventures and associates used for the purpose of the Consolidated Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards (IFRS). The differences in accounting policies of the Company and its subsidiaries, joint ventures and associates are not material and there are no material transactions from 1st January, 2012 to 31st March, 2012 in respect of subsidiaries, joint ventures and associates having financial year ended 31st December, 2011.

The preparation of the Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including the contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) REVENUE RECOGNITION

(a) Sales exclude sales tax, value added tax and works contract tax but include excise duty. Commission earned on consignment sales is accounted for as part of revenue from operations.

(b) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of contract. Service revenue is recognised on rendering of services.

(c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Other Current Liabilities" in the balance sheet.

(d) Long-Term Annual Maintenance Contracts :

The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Unexpired Service Revenue.

In case of Mining Equipment, the revenue from such contracts is recognised in proportion to the cost actually incurred during the year in terms of the total estimated cost for such contracts, as repairs and maintenance of such machineries depends on its utilisation and wear and tear which varies from year to year. The excess of billings over cost is deferred and accounted for as "Unexpired Service Revenue".

(e) Other income :

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(iii) LEGAL RESERVE

In case of some foreign joint ventures and subsidiaries, an amount equal to 10% of the annual net profit is transferred to Legal Reserve in compliance with requirements of local laws. This reserve is not available for distribution.

(iv) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation / impairment.

The cost of an tangible fixed asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Own manufactured goods are capitalised at cost excluding interest but including excise duty net of CENVAT, octroi duty and receiving / installation charges. Interest on borrowed money allocated to and utilised for qualifying fixed assets pertaining to the period upto the date of capitalisation is added to the cost of the assets.

Interest on borrowed money allocated to and utilised for qualifying fixed assets pertaining to the period upto the date of capitalisation is added to the cost of the assets.

(v) INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(vi) IMPAIRMENT OF ASSETS

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

(vii) DEPRECIATION / AMORTISATION

(a) Depreciation on tangible assets of the Company has been provided on the Straight Line Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956, except as under:

(i) Depreciation on furniture and fittings has been provided on the Written Down Value Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(ii) Intangible assets are amortised on the Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how have been amortised over 72 months and Software is amortised over 60 months.

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

(iv) Assets acquired specifically for a Project are charged off over the period of the Project.

(b) In some subsidiaries, depreciation on tools, furniture, fixtures and office equipment is provided for over a period of four years and for motor vehicles over a period of three years.

(c) In one of the subsidiaries, depreciation on all Fixed Assets has been provided for on Written Down Value Basis.

(d) In some foreign subsidiaries and foreign joint ventures, the cost of assets including intangible assets has been depreciated using the Straight Line Basis over their estimated useful lives.

(e) In one subsidiary, depreciation on Computers and Vehicles has been charged at 20% and on furniture at the rate prescribed in Schedule XIV to the Companies Act, 1956 on the Straight Line Basis.

(viii) PROVISION FOR TRADE GUARANTEES

The estimated liability for product warranties is recorded when products are sold / project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise - being typically upto five years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(ix) PROVISIONS AND CONTINGENCIES

A provision is recognised when the Group has a present legal obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present values and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in Notes to Accounts.

(x) INVESTMENTS

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

Cost of investments includes acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

(xi) INVENTORIES

(a) Inventories including Work-in-Progress (other than Construction Contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

(b) In one subsidiary, cost of inventories is determined on First-In-First-Out (FIFO) basis and comprises invoice value plus applicable landing charges.

(xii) TAXES ON INCOME

Current Tax is the tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable tax laws.

Deferred Tax is recognised on timing differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability.

(xiii) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

(a) The foreign branches of the Company have been classified as "integral foreign operations". Revenue transactions (other than depreciation) of the foreign branches are incorporated in the Company's financial statements at the average exchange rate during the year, fixed assets are incorporated at the spot rate of the date of acquisition and monetary assets and liabilities are translated at the rates of exchange prevailing on the date of the Balance Sheet. Depreciation is translated at the average rate.

(b) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and the difference in translation and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Statement of Profit and Loss over the period of the contract.

(c) Foreign operations are classified as either 'integral' or 'non-integral' operations. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve until the disposal of the net investment, at which time they are recognised as income or as expenses.

(d) Forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

(a) The cost of Voluntary Retirement Schemes / Retrenchment Compensation, including ex-gratia and additional gratuity liability arising there from, is charged to the Statement of Profit and Loss in the month of separation of employees.

(b) The Present Value of future payments to employees opting for Early Separation Scheme (ESS) and the additional gratuity liability arising there from are charged to the Statement of Profit and Loss in the month of separation of employees.

(xv) LEASES

(a) Finance Leases

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

(b) Operating Leases

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

(xvi) EMPLOYEE BENEFITS

(a) Defined Contribution Plans

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

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 provident funds and pension fund set up as irrevocable trusts by the Company or to 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 or pension and recognises such contributions and shortfall, if any, as an expense in the year incurred.

(b) Defined Benefit Plans

The Group's liabilities towards gratuity and post retirement medical benefit 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 actuarial 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 at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Compensated Absences

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

(xvii) SEGMENT REPORTING

The accounting policies used in the preparation of the financial statements of the Group are also applied for Segment Reporting. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income / expenses".

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

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

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

(xix) CASH FLOW STATEMENT

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

2. Share Capital

		As at 31-3-2011
	₹ in Lakhs	₹ in Lakhs
Authorised:		
– 60,00,00,000 (31-3-2011: 60,00,00,000) Equity Shares of ₹ 1each	**6000 .00**	6000 .00
– 40,00,000 (31-3-2011: 40,00,000) Preference Shares of ₹ 100 each	**4000 .00**	4000 .00
	10000.00	10000.00
Issued, Subscribed and Paid up:		
– 33,08,84,740 (31-3-2011: 33,08,84,740) Equity Shares of ₹ 1 each	**3308.85**	3308.85
Less : Calls-in-Arrears [1,40,570 shares (31-3-2011: 1,41,720 shares)] [refer note 2(d)]	**1.41**	1.42
	3307.44	3307.43

2. (a) Equity Shares: The Company has one class of equity shares having a par value of ₹ 1 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 in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference shares (if issued).

2. (b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

			As at 31-3-2011	
Particulars	**Equity Shares**		Equity Shares	
	Numbers	**₹ in Lakhs**	Numbers	₹ in Lakhs
Shares outstanding at the beginning of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85
Shares outstanding at the end of the year	**33,08,84,740**	**3308.85**	33,08,84,740	3308.85

2. (c) Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held in the Company:

				As at 31-3-2011	
Name of Shareholder	**Class of Shares**	**No. of Shares held**	**% of holding**	No. of Shares held	% of holding
Tata Sons Limited	Equity	**8,81,31,780**	**26.64**	8,81,31,780	26.64
Life Insurance Corporation of India	Equity	**2,96,54,894**	**8.96**	1,93,14,499	5.84

2. (d) As per records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2012 (31-3-2011 : Nil).

3. Reserves and Surplus

			As at 31-3-2011
		₹ in Lakhs	₹ in Lakhs
(1)	Capital Reserve		
	As per last Balance Sheet	**155.52**	155.52
	Additions during the year	**317.26**	Nil
	Deduction towards depreciation for the year	**6.94**	Nil
	Closing Balance	**465.84**	155.52
(2)	Capital Redemption Reserve		
	As per last Balance Sheet	**125.70**	125.70
(3)	Securities Premium Account		
	As per last Balance Sheet	**627.04**	626.71
	Calls-in-arrears received during the year	**0.06**	0.33
	Closing Balance	**627.10**	627.04
(4)	Capital Reserve on Consolidation		
	As per last Balance Sheet	**1623.30**	1840.16
	Addition on foreign exchange fluctuations	**86.00**	Nil
	Deduction during the year	**Nil**	216.86
	Closing Balance	**1709.30**	1623.30
(5)	General Reserve		
	As per last Balance Sheet	**115815.48**	88963.74
	Addition on foreign exchange fluctuations	**246.51**	(7.96)
	Transfer from Statement of Profit and Loss	**2000.00**	27112.62
	Less : Liquidation of a subsidiary	**Nil**	252.92
	Closing Balance	**118061.99**	115815.48
(6)	Staff Welfare Reserve		
	As per last Balance Sheet	**1.00**	1.00
(7)	Foreign Exchange Translation Reserve		
	As per last Balance Sheet	**5.33**	439.02
	Add / (Less) : Net translation difference on non-integral operations	**216.08**	(433.69)
	Closing Balance	**221.41**	5.33
(8)	Special Reserve		
	As per last Balance Sheet	**498.50**	483.26
	Transfer from Statement of Profit and Loss	**31.43**	15.24
	Closing Balance	**529.93**	498.50
(9)	Legal Reserve		
	As per last Balance Sheet	**80.04**	77.85
	Add / (Less): Foreign exchange fluctuations	**33.70**	(2.37)
	Transfer from Statement of Profit and Loss	**50.80**	4.56
	Closing Balance	**164.54**	80.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

3. Reserves and Surplus (contd).

		As at 31-3-2011
	₹ in Lakhs	₹ in Lakhs
(10) Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	**13932.39**	12496.53
Additions :		
Net Profit for the current year	**16205.57**	35724.41
Reserve and Surplus of Metrovel FZE transfered on liquidation	**Nil**	490.56
Add / (Less) : Foreign Exchange Translation difference on opening balance	**667.34**	44.56
Deductions :		
Proposed Dividend	**5294.16**	6617.69
Tax on Dividend	**858.84**	1073.56
Legal Reserve	**50.80**	4.56
Special Reserve	**31.43**	15.24
General Reserve	**2000.00**	27112.62
Closing Balance	**22570.07**	13932.39
	144476.88	132864.30

4. Borrowings

	Long Term	Current maturities of Long-term	Short Term	Total	Long Term	Current maturities of Long-term	Short Term	As at 31-3-2011 Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A. Secured Borrowings								
(a) Term Loans (refer footnote 1and 2) From Banks	**400.06**	**172.21**	**Nil**	**572.27**	544.87	135.25	Nil	680.12
(b) Repayable on Demand Repayable on Demand from Banks (refer footnote 1)	**Nil**	**Nil**	**20953.60**	**20953.60**	Nil	Nil	12113.66	12113.66
	400.06	**172.21**	**20953.60**	**21525.87**	544.87	135.25	12113.66	12793.78
B. Unsecured Borrowings								
(a) Term Loans From others (refer footnote 3)	**362.81**	**Nil**	**Nil**	**362.81**	386.37	Nil	Nil	386.37
(b) Other Loans	**Nil**	**Nil**	**627.57**	**627.57**	Nil	Nil	627.57	627.57
	362.81	**Nil**	**627.57**	**990.38**	386.37	Nil	627.57	1013.94
Total (A+B)	**762.87**	**172.21**	**21581.17**	**22516.25**	931.24	135.25	12741.23	13807.72

Footnotes :

1. Secured against assignment of Fixed assets, Stocks, Book debts, contract dues and lien on Term Deposits.
2. The repayment schedule of Long Term Borrowings are as follows:

		As at 31-3-2011	
	₹ in Lakhs	₹ in Lakhs	Repayment Schedule
- Long term borrowings (including current maturity of long term borrowings)	**401.75**	479.75	Quarterly instalment for four years
- Long term borrowings (including current maturity of long term borrowings)	**170.52**	200.37	Half yearly instalment for two years

3. No repayment schedule is determined for unsecured long term borrowings.

5. Deferred Tax Asset / Liability

(a) Major components of Deferred Tax Liability (Net) :

		Deferred Tax Assets	**Deferred Tax Liabilities**	As at 31-3-2011 Deferred Tax Assets	As at 31-3-2011 Deferred Tax Liabilities
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
(1)	Depreciation	**Nil**	**191.92**	Nil	189.72
(2)	Provision for Employee Benefits	**1.58**	**Nil**	0.99	Nil
(3)	Others	**Nil**	**Nil**	13.43	Nil
		1.58	**191.92**	14.42	189.72
	Net Timing Differences				
	Deferred Tax Liability (a)	**(190.34)**		(175.30)	

(b) Major components of Deferred Tax Asset (Net) :

		Deferred Tax Assets	**Deferred Tax Liabilities**	As at 31-3-2011 Deferred Tax Assets	As at 31-3-2011 Deferred Tax Liabilities
		₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs
(1)	Depreciation	**Nil**	**2555.08**	Nil	3027.32
(2)	Voluntary Retirement Scheme	**14.32**	**Nil**	21.02	Nil
(3)	Unpaid Statutory Liabilities	**429.89**	**Nil**	474.33	Nil
(4)	Provision for Doubtful Debts and Advances	**1508.60**	**Nil**	1445.48	Nil
(5)	Provision for Contingency	**365.06**	**Nil**	365.06	Nil
(6)	Provision for Employee Benefits	**2777.88**	**Nil**	2351.44	Nil
(7)	Others	**73.96**	**Nil**	66.35	Nil
		5169.71	**2555.08**	4723.68	3027.32
	Net Timing Differences				
	Deferred Tax Asset (b)	**2614.63**		1696.36	
	Charge / (credit) for the year	**903.23**		(502.68)	

6. Other Long-term Liabilities

			As at 31-3-2011
		₹ in Lakhs	₹ in Lakhs
A.	**Trade Payables**	**1934.90**	1345.78
	(Due on account of goods purchased and services rendered)		
B.	**Others**		
	Other Payables		
	(1) Unexpired Service Contracts	**68.45**	73.32
	(2) Others	**29.18**	Nil
		2032.53	1419.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

7. Provisions

				As at 31-3-2011		
	Long Term	**Short Term**	**Total**	Long Term	Short Term	Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(a) Provision for employee benefits						
(i) Retiring gratuity	**3983.40**	**204.33**	**4187.73**	2900.20	578.85	3479.05
(ii) Pension obligations	**1233.82**	**116.23**	**1350.05**	1263.21	34.84	1298.05
(iii) Provision for compensated absences	**Nil**	**3375.95**	**3375.95**	Nil	3207.90	3207.90
(iv) Post retirement medical benefits	**749.97**	**31.25**	**781.22**	801.62	29.08	830.70
(v) Provision for employee separation compensation	**66.50**	**13.19**	**79.69**	79.69	34.83	114.52
(b) Others						
(i) Provision for Trade Guarantees [refer footnote 7 (b)]	**2562.86**	**5556.20**	**8119.06**	2345.90	7794.35	10140.25
(ii) Provision for other Contingencies [refer footnote 7 (b)]						
– Contingency for Tax matters	**Nil**	**1125.00**	**1125.00**	Nil	1125.00	1125.00
(iii) Provision for taxation (net of advance tax)	**Nil**	**2731.25**	**2731.25**	Nil	3738.87	3738.87
(iv) Provision for Proposed Equity dividend	**Nil**	**5294.16**	**5294.16**	Nil	6617.69	6617.69
(v) Provision for Dividend Tax on proposed dividend	**Nil**	**858.84**	**858.84**	Nil	1073.56	1073.56
	8596.55	**19306.40**	**27902.95**	7390.62	24234.97	31625.59

Footnotes :

					₹ in Lakhs
	Opening Balance	**Additions**	**Utilisation**	**Reversed**	**Closing Balance**
7. (a) Provisions for Trade Guarantees	**10140.25**	**7895.82**	**5780.97**	**4136.04**	**8119.06**
	(5596.45)	(10845.29)	(4953.15)	(1348.34)	(10140.25)
7. (b) Provision for other Contingencies – Contingency for Tax matters	**1125.00**	**Nil**	**Nil**	**Nil**	**1125.00**
	(1125.00)	(Nil)	(Nil)	(Nil)	(1125.00)

The provision for trade guarantees is expected to be utilised for warranty expenses within the period of 1 to 5 years depending on the contractual obligations.

Figures in brackets are of the previous year.

8. Current Liabilities

		₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(A)	**Trade Payables**		
	Due on account of goods purchased and services rendered (includes acceptances of ₹ 9247.09 Lakhs (31-3-2011 ₹ 12609.97 Lakhs)	**147299.04**	144990.87
(B)	**Other Current Liabilities**		
(a)	Current maturities of long-term debt (refer note 4)	**172.21**	135.25
(b)	Interest accrued but not due on borrowings	**32.14**	55.82
(c)	Creditors for capital goods	**9.69**	7.66
(d)	Unpaid dividends	**296.40**	242.57
(e)	Unpaid matured deposits (unsecured) and interest accrued thereon	**2.02**	4.01
(f)	Advances received from customers / others	**49231.59**	62644.59
(g)	Unexpired service contracts	**1938.84**	2586.44
(h)	Billing in excess of contract revenue	**7908.38**	12231.89
(i)	Statutory obligations	**5806.41**	5633.82
(j)	Other liabilities	**1204.24**	884.61
		66601.92	84426.66

9. Tangible Assets

₹ in Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Office and EDP Equipments	Furniture and fixtures	Vehicles	Transferred to Investment property	Transferred to 'Assets held for sale'	Total Tangible Assets
Gross Block at Cost										
Cost at beginning of year	793.54	568.98	13549.52	15036.10	6109.89	2214.99	1848.69	(1128.02)	(2059.55)	36934.14
Additions	Nil	Nil	522.26	602.02	508.27	175.53	174.64	(61.35)	Nil	1921.37
Disposals	Nil	Nil	624.80	363.37	335.70	114.49	161.37	(27.87)	(47.62)	1524.24
Transfers in / (out)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(254.16)	Nil	(254.16)
Exchange differences on consolidation	Nil	Nil	89.64	405.04	42.08	16.54	166.87	Nil	Nil	720.17
Cost at end of year	**793.54**	**568.98**	**13536.62**	**15679.79**	**6324.54**	**2292.57**	**2028.83**	**(1415.66)**	**(2011.93)**	**37797.28**
Depreciation										
Depreciation at beginning of year	Nil	27.07	3237.35	8171.72	3001.52	1588.17	1133.72	(403.75)	(666.84)	16088.96
Charge for the year	Nil	6.23	311.87	1232.11	1014.12	200.51	226.45	(27.76)	Nil	2963.53
Disposals	Nil	Nil	95.23	242.15	222.72	74.84	130.47	(15.81)	(8.01)	741.59
Transfers in / (out)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(61.28)	Nil	(61.28)
Exchange differences on consolidation [refer footnote (a)]	Nil	Nil	42.32	336.13	35.90	15.70	153.21	Nil	Nil	583.26
Depreciation at end of year	**Nil**	**33.30**	**3496.31**	**9497.81**	**3828.82**	**1729.54**	**1382.91**	**(476.98)**	**(658.83)**	**18832.88**
Net book value at beginning of year	793.54	541.91	10312.17	6864.38	3108.37	626.82	714.97	(724.27)	(1392.71)	20845.18
Net book value at end of year	**793.54**	**535.68**	**10040.31**	**6181.98**	**2495.72**	**563.03**	**645.92**	**(938.68)**	**(1353.10)**	**18964.40**

Footnotes :

(a) Exchange Differences on consolidation above relate to the opening balances.

(b) Includes factory building of ₹ 132.94 Lakhs (31-3-2011: ₹ 109.66 Lakhs) (original cost) and ₹ 2.21 Lakhs (31-3-2011: ₹ 2.71 Lakhs) (net book value) constructed on leasehold land, the lease period being fifteen years with a renewal option.

(c) Capital Work-in-Progress is net of Government Subsidy received.

(d) Effective 1st April, 2011, the Management revised estimated useful life of fixed assets, specifically acquired for use in execution of projects to depreciate these fixed assets over the contractual execution period. As a result of revision in estimated useful life, the depreciation charge for the year was higher by ₹ 916.60 Lakhs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

10. Intangible Assets

	Manufacturing Rights & Technical Know-how	Software Costs	₹ in Lakhs Total Intangible Assets
Gross Block at Cost			
Cost at beginning of year	1030.90	2942.75	3973.65
Additions	Nil	231.00	231.00
Disposals	Nil	13.37	13.37
Cost at end of year	**1030.90**	**3160.38**	**4191.28**
Amortisation			
Depreciation at beginning of year	1006.68	1706.66	2713.34
Charge for the year	4.43	407.04	411.47
Disposals	Nil	12.51	12.51
Exchange differences on consolidation	Nil	0.03	0.03
Depreciation at end of year	**1011.11**	**2101.22**	**3112.33**
Net book value at beginning of year	24.22	1236.09	1260.31
Net book value at end of year	**19.79**	**1059.16**	**1078.95**

11. Non-current Investments

		₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(i)	Investment Property [refer footnote (d)] (net of accumulated depreciation)	**938.69**	724.27
(ii)	Investment in associates [refer footnote (c)]	**Nil**	Nil
(iii)	Equity Instruments		
	- Subsidiary Companies [refer footnote (a)]	**119.63**	119.63
	- Quoted [refer footnote (b)]	**1427.63**	1492.44
	- Unquoted	**3074.41**	2567.22
(iv)	Government or Trust Securities	**0.05**	0.05
(v)	Debentures and Bonds	**3737.99**	Nil
(vi)	Mutual Funds	**Nil**	125.00
(vii)	Others	**0.49**	0.49
		9298.89	5029.10
	Less : Provision for diminution in value	**472.09**	642.49
		8826.80	4386.61
	Aggregate amount of quoted investments : Cost	**5165.62**	1492.44
	Aggregate amount of quoted investments : Market Value	**16423.98**	16605.75
	Aggregate amount of Unquoted investments : Cost	**3194.58**	2812.39

Footnotes :

(a) Includes shares with a ₹ Nil value (Previous Year : ₹ Nil) in a subsidiary where there is an undertaking given not to dispose off the investments, but the beneficial rights have been transferred in the year 1998-99.

(b) Includes shares costing ₹ 4.55 Lakhs (Previous Year : ₹ 4.55 Lakhs) under dispute, pursuant to an injunction order passed by the Court in Kanpur, the Company has not recognised dividend on this investment.

(c) Movement in associate investments (Voltas Material Handling Private Limited)

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
Opening Balance	**Nil**	Nil
Add: Equity Instruments purchased	**5**	Nil
Add / (Less) : Share of Loss	**(5)**	Nil
Closing Balance	**Nil**	Nil

Footnotes (contd.)

(d) Investment Property

	Freehold Land (incl Roads)	Freehold Buildings	₹ in Lakhs Total Investment Property
Gross Block at Cost			
Cost at beginning of year	Nil	1128.02	1128.02
Additions	Nil	61.35	61.35
Disposals	Nil	27.87	27.87
Transfers in / (out)	14.19	239.97	254.16
Cost at end of year	**14.19**	**1401.47**	**1415.66**
Depreciation			
Depreciation at beginning of year	Nil	403.75	403.75
Charge for the year	Nil	27.76	27.76
Disposals	Nil	15.82	15.82
Transfers in / (out)	Nil	61.28	61.28
Depreciation at end of year	**Nil**	**476.97**	**476.97**
Net book value at beginning of year	Nil	724.27	724.27
Net book value at end of year	**14.19**	**924.50**	**938.69**

11. (A) Current Investments

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
Mutual Funds	**22334.09**	22472.10

12. Loans and Advances

	Long Term ₹ in Lakhs	**Short Term ₹ in Lakhs**	**Total ₹ in Lakhs**	As at 31-3-2011 Long Term ₹ in Lakhs	Short Term ₹ in Lakhs	Total ₹ in Lakhs
(a) Capital advances	**684.82**	**Nil**	**684.82**	257.56	Nil	257.56
(b) Security deposits	**189.96**	**1023.76**	**1213.72**	176.11	1469.49	1645.60
(c) Advance with public bodies (Customs, Port Trust, etc.)	**Nil**	**1071.94**	**1071.94**	Nil	429.08	429.08
(d) Loans and advances to related parties	**Nil**	**2166.21**	**2166.21**	Nil	Nil	Nil
(e) Other loans and advances						
(1) Advance payment of Taxes (Net)	**4432.53**	**569.86**	**5002.39**	686.30	598.46	1284.76
(2) MAT Credit Entitlement	**1505.21**	**Nil**	**1505.21**	858.85	Nil	858.85
(3) Loans to Employees (Secured)	**109.54**	**409.49**	**519.03**	56.34	411.88	468.22
(4) Deposits with Customers / Others	**850.13**	**89.02**	**939.15**	994.68	Nil	994.68
(5) Indirect Taxes recoverable	**4081.44**	**3798.30**	**7879.74**	4095.29	3448.87	7544.16
(6) Advance to Suppliers	**Nil**	**9158.32**	**9158.32**	Nil	7846.70	7846.70
(7) Others	**Nil**	**2638.13**	**2638.13**	Nil	3184.81	3184.81
Sub-Total	**10978.85**	**16663.12**	**27641.97**	6691.46	15490.72	22182.18
Gross Loans and advances	**11853.63**	**20925.03**	**32778.66**	7125.13	17389.29	24514.42
Less: Provision for bad and doubtful loans and advances	**287.95**	**32.68**	**320.63**	295.71	Nil	295.71
Total Loans and advances	**11565.68**	**20892.35**	**32458.03**	6829.42	17389.29	24218.71
Gross Loans and advances						
Unsecured, considered good	**11565.68**	**20892.35**	**32458.03**	6829.42	17389.29	24218.71
Doubtful	**287.95**	**32.68**	**320.63**	295.71	Nil	295.71
	11853.63	**20925.03**	**32778.66**	7125.13	17389.29	24514.42

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

13. Other Assets

						As at 31-3-2011
	Non-current	**Current**	**Total**	Non-current	Current	Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(a) Non-current Trade Receivables						
(including trade receivables on deferred credit terms)	**11006.68**	**Nil**	**11006.68**	10616.79	Nil	10616.79
Classification of Non-current Trade Receivables						
(1) Unsecured, considered good	**10902.84**	**Nil**	**10902.84**	10512.95	Nil	10512.95
(2) Unsecured, considered doubtful	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
Gross Non-current Trade Receivables	**11006.68**	**Nil**	**11006.68**	10616.79	Nil	10616.79
Less: Provision for bad and doubtful debts	**103.84**	**Nil**	**103.84**	103.84	Nil	103.84
Net Non-current Trade Receivables	**10902.84**	**Nil**	**10902.84**	10512.95	Nil	10512.95
(b) Other Assets						
Unsecured, considered good						
(1) Interest accrued on investments / deposits	**Nil**	**498.48**	**498.48**	Nil	458.98	458.98
(2) Contract Revenue in excess of Billing [refer footnote 13(a)]	**Nil**	**79166.28**	**79166.28**	Nil	79681.79	79681.79
(3) Assets held for sale (valued at the lower of the estimated net realisable value and net book value)	**Nil**	**1353.10**	**1353.10**	Nil	1392.71	1392.71
(4) Others (Including restricted fixed deposits with maturity more than 12 months)	**1123.01**	**57.83**	**1180.84**	901.55	Nil	901.55
Total Other Assets	**1123.01**	**81075.69**	**82198.70**	901.55	81533.48	82435.03
Total (a+b)	**12025.85**	**81075.69**	**93101.54**	11414.50	81533.48	92947.98

Footnote : 13(a)

Disclosure under Accounting Standard - 7 on Construction Contracts

Details of contract revenue and costs :

		As at 31-3-2011
	₹ in Lakhs	₹ in Lakhs
(i) Aggregate amount of costs incurred and net recognised profits (less recognised losses)	**724087.96**	656747.19
(ii) Advances received for such contracts in progress	**45391.25**	52453.38
(iii) The amount of retentions due for such contracts	**27361.73**	20116.27
(iv) The gross amount due from customers for such contracts	**79166.28**	79681.79
(v) The gross amount due to customers for such contracts	**7908.38**	11968.49

14. Inventories
(Valued at lower of cost and net realisable value)

			As at 31-3-2011
		₹ in Lakhs	₹ in Lakhs
(a)	Raw materials and Components	**14634.00**	15416.54
(b)	Work-in-progress	**24844.97**	24973.10
(c)	Finished goods	**24436.99**	21253.62
(d)	Stock-in-trade of goods acquired for trading	**18844.50**	20479.80
(e)	Stores and spares	**579.42**	23.06
		83339.88	82146.12
The above includes goods-in-transit:			
(i)	Raw materials and Components	**Nil**	349.03
(ii)	Finished goods	**9085.25**	7326.40
(iii)	Stock-in-trade of goods acquired for trading	**Nil**	Nil
		9085.25	7675.43

15. Trade Receivables

				As at 31-3-2011		
	Others	**Outstanding for a period exceeding six months from the date they were due for payment**	**Total**	Others	Outstanding for a period exceeding six months from the date they were due for payment	Total
	₹ in Lakhs	**₹ in Lakhs**	**₹ in Lakhs**	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Classification of Current Trade Receivables						
(1) Secured, considered good	**165.11**	**127.57**	**292.68**	124.85	127.57	252.42
(2) Unsecured, considered good	**83319.92**	**33067.49**	**116387.41**	61553.47	44728.95	106282.42
(3) Unsecured, considered doubtful	**Nil**	**5738.20**	**5738.20**	Nil	4702.52	4702.52
Gross Current Trade Receivables	**83485.03**	**38933.26**	**122418.29**	61678.32	49559.04	111237.36
Less: Provision for bad and doubtful debts	**Nil**	**5738.20**	**5738.20**	Nil	4702.52	4702.52
Net Current Trade Receivables	**83485.03**	**33195.06**	**116680.09**	61678.32	44856.52	106534.84

16. Cash and Bank balances

		As at 31-3-2011
	₹ in Lakhs	₹ in Lakhs
(A) Cash and cash equivalents		
(a) Cash in hand	**162.93**	139.66
(b) Cheques on hand	**3784.12**	5645.76
(c) Balances with banks		
(1) Current account	**17495.64**	24928.95
(2) Fixed deposits with maturity less than 3 months	**3918.10**	10229.63
Total Cash and cash equivalents	**25360.79**	40944.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

16. Cash and Bank balances (contd.)

	₹ in Lakhs	As at 31-3-2011 ₹ in Lakhs
(B) Other Bank balances		
(a) Fixed deposits with maturity more than 3 months but less than 12 months	**931.76**	1517.59
(b) Fixed deposits with maturity greater than 12 months	**380.10**	5399.34
(c) Balances with banks		
(1) Earmarked balances	**299.58**	246.63
(2) Margin money	**132.64**	790.10
Total Other Bank balances	**1744.08**	7953.66
Total Cash and Bank balances	**27104.87**	48897.66

17. Revenue from Operations

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a) Sale of products	**190129.89**	193377.14
(b) Sale of services	**59324.43**	50615.20
(c) Contract revenue	**271374.70**	277149.97
(d) Other operating income		
(1) Unclaimed credit balances write back	**386.48**	357.00
(2) Sale of scrap	**602.91**	937.00
(3) Others	**82.08**	160.41
	521900.49	522596.72

18. Other Income

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a) Dividend Income		
(1) From non-current investments	**546.63**	299.02
(2) From current investments	**2147.93**	1158.73
(b) Interest Income		
(1) On sundry advances, deposits, customers' balances, etc	**343.16**	Nil
(2) On deposits with banks	**202.01**	637.92
(3) On Income-tax refunds	**6.26**	70.17
(4) Others	**57.09**	102.64
(c) Net Gain / (Loss) on sale of investments		
- On sale of non-current investments	**41.24**	76.32
(d) Net foreign exchange gain / (loss)	**1909.04**	(794.94)
(e) Rent income	**4104.01**	3492.83
(f) Cash discount from suppliers	**339.59**	806.00
(g) Other non-operating income (net of expenses directly attributable to such income)	**152.72**	Nil
	9849.68	5848.69

19. Consumption of Raw Materials, Cost of Jobs and Services

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Opening stock	**15416.54**	11252.86
Add: Purchases and cost of jobs, manufacture and services	**308251.69**	296176.27
	323668.23	307429.13
Less: Closing stock	**14634.00**	15416.54
	309034.23	292012.59

20. (Increase) / Decrease in Finished Goods, Work-in-Progress and Stock-in-Trade

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Inventories at the end of the year :		
(1) Finished Goods including stock-in-trade	**43281.49**	41733.42
(2) Work-in-progress	**24844.97**	24973.10
	68126.46	66706.52
Inventories at the beginning of the year :		
(1) Finished Goods including stock-in-trade	**41733.42**	33757.87
(2) Work-in-progress	**24973.10**	20671.91
	66706.52	54429.78
Net (increase) / decrease	**(1419.94)**	(12276.74)

21. Employee Benefits Expenses

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a) Salaries and Wages, including Bonus	**56214.16**	51818.50
(b) Contribution to Provident and other Funds	**1207.95**	1450.59
(c) Staff Welfare expenses	**2529.97**	2356.68
	59952.08	55625.77

22. Finance Costs

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
Interest expense on Borrowings	**3141.94**	1653.51

23. Depreciation and Amortisation Expenses

	₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a) Depreciation on Tangible assets (refer note 9)	**2963.52**	1753.32
(b) Depreciation on Intangible assets (refer note 10)	**411.47**	324.68
(c) Depreciation on Investment Property (refer note 11)	**27.76**	23.71
Sub-total	**3402.75**	2101.71
(d) Less: Transfer through Capital Reserve	**6.93**	Nil
	3395.82	2101.71

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

24. Other Expenses

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(a)	Consumption of Stores and Spare parts	**456.01**	559.25
(b)	Power and Fuel	**453.08**	433.44
(c)	Rent	**5892.33**	5104.80
(d)	Repairs to Buildings	**112.00**	209.23
(e)	Repairs to Plant and Machinery	**769.28**	649.68
(f)	Insurance charges	**322.25**	741.96
(g)	Rates and Taxes	**219.26**	226.12
(h)	Travelling and Conveyance	**7415.41**	6795.62
(i)	Auditors' Remuneration (refer note 24)	**342.72**	298.08
(j)	Legal and Professional charges	**2969.89**	2850.55
(k)	Bad and Doubtful Debts / Advances	**1456.62**	1854.41
(l)	Loss on Sale of Fixed Assets (Net)	**70.70**	69.99
(m)	Other expenses		
	(1) Forwarding Charges (Net)	**2745.22**	3336.55
	(2) Commission other than to Sole Selling Agents, Rebates and Allowances	**2724.41**	3181.15
	(3) Advertising	**2535.90**	2461.06
	(4) Stationery, Postage, Fax and Telephone expenses	**1971.37**	2087.27
	(5) Donations	**8.55**	7.55
	(6) Other General expenses	**16513.67**	18275.95
		46978.67	49142.66

24. (a) Auditors' Remuneration

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
(1)	Audit Fees (including Tax Audit fees)	**199.92**	160.52
(2)	Payment for Other Services	**124.64**	129.31
(3)	Expenses and incidentals	**18.16**	8.25
		342.72	298.08

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

25. Exceptional Items

		₹ in Lakhs	Year ended 31-3-2011 ₹ in Lakhs
A.	**Exceptional Income**		
(1)	Profit on Sale of Property / Surrender of Tenancy Rights	**4550.65**	4168.93
(2)	Profit on transfer of Materials Handling business	**7934.69**	Nil
(3)	Reversal of provision for Diminution in value of investments	**140.43**	Nil
	Sub-total : Exceptional Income	**12625.77**	4168.93
	Less :		
B.	**Exceptional Expenses**		
(1)	Cost of Voluntary Retirement Scheme / Early Separation Scheme	**8.69**	102.87
(2)	Impairment of Fixed Assets	**Nil**	47.47
(3)	Onerous Contract [refer footnote 25(a)]	**27662.96**	Nil
	Sub-total : Exceptional Expenses	**27671.65**	150.34
Exceptional Items (Net)		**(15045.88)**	4018.59

Footnote

25(a) During the year, there had been a significant upward revision in the estimated costs in one of the major projects in Qatar, Sidra Medical & Research Centre Project, due to several impediments and constraints arising from delay in designs, frequent changes in architectural / interior layouts, ceiling height restrictions and abortive engineering / rework. An extensive Techno Commercial review was carried out to assess the costs incurred / to be incurred till completion of the project, and as per the requirements of Accounting Standard (AS) 7, the Company has accounted for the estimated costs on this project. However, uncertainties exist on variations to be claimed and costs to come till the completion of the project due to the complex nature of the 'design and build' project, changes in the designs still being made by the Client and delay in the completion of an evolving world-class hospital facility.

26. Contingent liablities not provided for

(a) Claims against the Group not acknowledged as debts :

In respect of various matters aggregating ₹ 28458.20 Lakhs (31-3-2011 : ₹ 27104.80 Lakhs), against which a provision has been made for contingencies ₹ 1125 Lakhs (31-3-2011 : ₹ 1125 Lakhs). In respect of a contingent liability of ₹ 5086.36 Lakhs (31-3-2011 : ₹ 4928.10 Lakhs), the Group has a right to recover the same from a third party.

(b) Contractual matters under arbitration : Amount indeterminate.

(c) (i) Income tax demands decided in Group's favour by Appellate Authorities where the Department is in further appeal - ₹ 1377.53 Lakhs (31-3-2011 : ₹ 1075.53 Lakhs).

(ii) Income tax demands decided against the Group and where Group has appealed amounted to ₹ 517.51 Lakhs (31-3-2011 : ₹ Nil) and in respect of others ₹ 941.03 Lakhs (31-3-2011 : ₹ Nil).

(d) Staff demands under adjudication : Amount indeterminate.

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

27. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹ 7338.51 Lakhs. (31-3-2011 : ₹ 8423.21 Lakhs). Advance paid against such contracts: ₹ 684.82 Lakhs (31-3-2011 : ₹ 233.99 Lakhs).

(b) On account of Other Commitments : (i) Foreign currency exposures (refer note 29)
(ii) Minimum future lease rental payable [refer note 30 (a)]

28. In respect of guarantees aggregating ₹ 159269.77 Lakhs (31-3-2011 : ₹ 144347.46 Lakhs) issued by Banks at the request of the Group in favour of third parties, the Company has given security by way of hypothecation of a part of tangible movable assets, book debts and stocks.

29. Derivative Instruments

The Company has entered into the following derivative instruments :

Forward Exchange Contracts (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward Exchange Contracts entered into by the Company :

Currency	**Amt. In Lakhs**	**Sell / Buy**	**Cross Currency**
US Dollar	**150.00**	**Buy**	**Rupees**
	(50.00)	Buy	Rupees

The difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to Statement of Profit and Loss in future is ₹ 0.38 Lakh (2010-11 : ₹ Nil).

Note: Figure in bracket is of the previous year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

30. Assets under Operating Leases

(a) The Group has taken on operating lease certain assets. The total lease rent paid on the same amounts to ₹ 5284.49 Lakhs (2010-11 : ₹ 4631.12 Lakhs)

(i) The minimum future lease rentals payable in respect of non-cancellable leases are as under :

		2010-11
	₹ in Lakhs	₹ in Lakhs
Not later than one year	**1945.57**	3431.04
Later than one year but not later than five years	**1163.40**	2602.90
Later than five years	**133.89**	131.20

(b) The Group has given on operating lease certain assets. The total lease rent received on the same amounts to ₹ 3595.29 Lakhs (2010-11 : ₹ 3274.52 Lakhs), is included under Other Income.

(i) The minimum future lease rentals receivable in respect of non-cancellable leases are as under :

		2010-11
	₹ in Lakhs	₹ in Lakhs
Not later than one year	**2640.63**	3274.52
Later than one year but not later than five years	**7473.95**	6540.19
Later than five years	**125.96**	1690.64

(ii) The Original Cost, Depreciation for the year and Written Down Value are ₹ 1415.66 Lakhs, ₹ 27.76 Lakhs and ₹ 938.69 Lakhs (2010-11: ₹ 1128.02 Lakhs, ₹ 23.71 Lakhs and ₹ 724.27 Lakhs), respectively.

31. Earnings per share

		2010-11
Earnings per Share has been computed as under :		
(1) Profit for the year (₹ In Lakhs)	**16205.57**	35724.41
(2) Weighted average number of Equity Shares Outstanding	**33,08,84,740**	33,08,84,740
(3) Earnings Per Share (₹) - Basic and Diluted (Face value ₹ 1 per share)	**4.90**	10.80

32. Employee benefits expenses

(a) The Company makes contribution towards provident funds, defined benefit retirement plans, and towards superannuation fund. These funds are administered by the trustees appointed by the Company. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefits.

(b) The Company makes annual contributions to Gratuity Funds, which are funded defined benefit plans for qualifying employees. The schemes provide for lumpsum payment to vested employees at retirement, death while in employment, or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of 5 years of service.

The Company is also providing post retirement medical benefits to qualifying employees.

The most recent actuarial valuations of plan assets and the present values of the defined benefit obligations were carried out as at 31st March, 2012. The present value of the defined benefit obligation and the related current service cost and past service cost, are measured using the projected unit credit method.

The following tables set out the funded status and the amounts recognised in the Company's financial statements as at 31st March, 2012 for the Defined Benefit Plans :

Defined Benefit Plans - As per Actuarial Valuation

			Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
			₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
I.	**Expense recognised in the Statement of Profit and Loss**					
	1.	Current Service Cost	**797.49**	**326.40**	**40.94**	**—**
			637.26	*320.61*	*86.39*	*—*
	2.	Interest Cost	**130.98**	**378.97**	**68.53**	**107.08**
			100.33	*364.92*	*63.33*	*65.09*
	3.	Expected return on plan assets	**—**	**(381.60)**	**—**	**—**
			—	*(324.73)*	*—*	*—*
	4.	Actuarial (Gains) / Losses	**(133.83)**	**(275.05)**	**(133.65)**	**60.50**
			32.89	*(184.29)*	*(82.55)*	*530.64*
	5.	Difference in exchange	**—**	**—**	**—**	**—**
			22.73	*—*	*—*	*—*
	6.	**Total expense**	**794.64**	**48.72**	**(24.18)**	**167.58**
			793.21	*176.51*	*67.17*	*595.73*
II.	**Net Liability recognised in the Balance Sheet**					
	1.	Present value of Defined Benefit Obligation	**3013.74**	**4363.96**	**781.22**	**1350.05**
			2416.89	*4606.60*	*830.70*	*1298.05*
	2.	Fair value of plan assets	**—**	**(4536.01)**	**—**	**—**
			—	*(4648.10)*	*—*	*—*
	3.	**Net (asset) / liability**	**3013.74**	**(172.05)**	**781.22**	**1350.05**
			2416.89	*(41.50)*	*830.70*	*1298.05*
III.	**Change in Obligation during the year**					
	1.	Present value of Defined Benefit Obligation at the beginning of the year	**2416.89**	**4606.60**	**830.70**	**1298.05**
			1989.25	*4558.84*	*791.63*	*813.68*
	2.	Current Service Cost	**797.49**	**326.40**	**40.94**	**—**
			637.26	*320.61*	*86.39*	*—*
	3.	Interest Cost	**130.98**	**378.97**	**68.53**	**107.08**
			100.33	*364.92*	*63.33*	*65.09*
	4.	Actuarial (Gains)/Losses	**(133.83)**	**(259.53)**	**(133.65)**	**60.50**
			32.89	*(119.21)*	*(82.55)*	*530.64*
	5.	Benefits Payments	**(562.20)**	**(688.48)**	**(25.30)**	**(115.58)**
			(315.00)	*(518.56)*	*(28.10)*	*(111.36)*
	6.	Difference in exchange	**364.41**	**—**	**—**	**—**
			(27.84)	*—*	*—*	*—*
	7.	**Present value of Defined Benefit Obligation at the end of the year**	**3013.74**	**4363.96**	**781.22**	**1350.05**
			2416.89	*4606.60*	*830.70*	*1298.05*
IV.	**Change in Assets during the year**					
	1.	Plan assets at the beginning of the year	**—**	**4648.10**	**—**	**—**
			—	*4069.16*	*—*	*—*
	2.	Expected return on plan assets	**—**	**381.59**	**—**	**—**
			—	*324.73*	*—*	*—*
	3.	Contributions by employers	**—**	**179.27**	**25.30**	**115.58**
			315.00	*707.68*	*28.10*	*111.36*

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

		Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
4.	Actual benefits paid	**—**	**(688.48)**	**(25.30)**	**(115.58)**
		(315.00)	*(518.56)*	*(28.10)*	*(111.36)*
5.	Actuarial Gains / (Losses)	**—**	**15.54**	**—**	**—**
		—	*65.08*	—	—
6.	Plan assets at the end of the year	**—**	**4536.02**	**—**	**—**
		—	*4648.10*	—	—
7.	**Actual return on plan assets (2+5)**	**—**	**397.13**	**—**	**—**
		—	*389.81*	—	—
V.	**Amount Recognised in the Balance Sheet**				
1.	Opening Liability	**2416.89**	**(41.50)**	**830.70**	**1298.05**
		1989.25	*489.67*	*791.63*	*813.68*
2.	Expenses as above (I)	**794.64**	**48.72**	**(24.18)**	**167.58**
		793.21	*176.51*	*67.17*	*595.73*
3.	Employers Contribution	**(562.20)**	**(179.27)**	**(25.30)**	**(115.58)**
		(315.00)	*(707.68)*	*(28.10)*	*(111.36)*
4.	Difference in exchange	**364.41**	**—**	**—**	**—**
		(50.57)	—	—	—
5.	**Closing Net Liability**	**3013.74**	**(172.05)**	**781.22**	**1350.05**
		2416.89	*(41.50)*	*830.70*	*1298.05*
VI.	**Actuarial Assumptions**				
1.	Mortality Table (LIC)	**1994-96**	**1994-96 (Ultimate)**	**1994-96**	**1996-98**
2.	Discount Rate	**5%**	**8.50%**	**8.50%**	**8.50%**
		5%	*8.25%*	*8.25%*	*8.25%*
3.	Increase in Salary/Health Care Cost/Pension	**5%**	**8.00%**	**5.00%**	**8.00%**
		5%	*8.00%*	*5.00%*	*7.00%*
4.	Rate of Return on Plan Assets	**—**	**8.50%**	**8.50%**	**8.50%**
		—	*8.25%*	*8.25%*	*8.25%*

Note : Figures in italics under I to VI are of the previous year.

		Gratuity	Gratuity 31-3-2011
VII.	**Categories of plan assets as a percentage of the fair value of total plan assets**	**%**	%
1.	Government of India Securities	**23**	24
2.	Corporate Bonds	**70**	69
3.	Special Deposit Scheme	**3**	3
4.	Others	**4**	4
		100	100

VIII. Effect of Change in Assumed Health Care Cost Trend Rate

			2010-11	
	₹ in Lakhs		₹ in Lakhs	
	One percentage point increase	**One percentage point decrease**	One percentage point increase	One percentage point decrease
1. Effect on the aggregate of the service cost and interest cost	**106.50**	**101.70**	93.64	88.47
2. Effect on defined benefit obligation	**800.41**	**762.03**	851.14	810.25

(a) The Actuarial calculations used to estimate defined benefit commitments and expenses are based on the above assumptions which if changed would affect the defined benefit commitment's size, the funding requirement and expenses.

(b) The estimates of future salary increases, considered in the Actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) The disclosure of Present value of defined obligation, fair value of assets, surplus/(deficit) of assets and experience adjustments of current year and preceding four years are as under:

		2010-11	2009-10	2008-09	2007-08
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
1. Present value of defined benefit obligation	**9508.97**	9152.26	8153.41	7247.36	5403.85
2. Fair value of Plan Assets	**4536.01**	4648.11	4069.15	3645.93	1848.98
3. Surplus or (Deficit) of the Plan	**4972.96**	4504.15	4084.26	3601.43	3554.87
4. Expenses Adjustments					
– On Plan Assets	**15.54**	65.08	72.09	49.66	14.99
– On Plan Liabilities	**(296.46)**	(16.99)	(11.32)	1020.18	437.05
	(280.92)	48.09	60.77	1069.84	452.04

(d) The details of the Company's Defined Benefit Plans for its employees given above are certified by the actuary and relied upon by the auditors.

(e) Expected contribution of ₹ 613.56 Lakhs (2010-11 : ₹ 621.50 Lakhs) to Defined Benefits schemes for the next year.

(f) The Company has recognised the following amounts in the Statement of Profit and Loss under the head Company's Contribution to Provident and Other Funds :

		2010-11
	₹ in Lakhs	₹ in Lakhs
Provident Fund	**854.44**	949.07
Superannuation Fund	**171.95**	191.46
	1026.39	1140.53

(g) The Company has not disclosed information related to defined benefits as required under AS-15 on Employee benefits notified under the Companies (Accounting Standards) Rules, 2006 for foreign subsidiaries and joint ventures. However, these companies are not material in relation to the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

33. Related Party Disclosures

(a) List of Related Parties and Relationships

Party		Relation
A.	Brihat Trading Private Ltd. Voltas Material Handling Private Limited (w.e.f. 1-5-2011)	Associate
B.	Universal Voltas LLC Lalbuksh Voltas Engineering Services & Trading L.L.C. (upto 30-3-2011) Naba Diganta Water Management Ltd. Olayan Voltas Contracting Company Limited (w.e.f. 8-2-2012) Universal Weathermaker Factory L.L.C. AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
C.	Tata Sons Ltd.	Promoter holding together with its subsidiary more than 20%
D.	Mr. Sanjay Johri - Managing Director (w.e.f. 23-4-2010) Mr. A. Soni - Managing Director (upto 22-4-2010)	Key Management Personnel

33. (b) Related Party Transactions

₹ in Lakhs

Transactions	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 33 (c) (1)]	**1493.98**	—	—	**1493.98**
	(652.84)	(—)	(—)	(652.84)
Sale of Products [Refer 33 (c) (2)]	**2133.04**	**0.28**	**0.59**	**2133.91**
	(171.88)	(—)	(8.06)	(179.94)
Service Income [Refer 33 (c) (3)]	**1015.31**	**0.07**	**11.91**	**1027.29**
	(62.03)	(0.01)	(1.78)	(63.82)
Interest Income [Refer 33 (c) (4)]	—	—	**171.26**	**171.26**
	(—)	(—)	(—)	(—)
Rental Income [Refer 33 (c) (5)]	**259.23**	—	—	**259.23**
	(—)	(—)	(1.56)	(1.56)
Consulting Charges paid [Refer 33 (c) (6)]	—	—	**10.63**	**10.63**
	(—)	(—)	(9.50)	(9.50)
Remuneration Paid / Payable [Refer 33 (c) (7)]	—	**175.34**	—	**175.34**
	(—)	(256.70)	(—)	(256.70)
Dividend Paid [Refer33 (c) (8)]	—	—	**1762.64**	**1762.64**
	(—)	(—)	(1762.64)	(1762.64)
Tata Brand Equity [Refer 33 (c) (9)]	—	—	**770.92**	**770.92**
	(—)	(—)	(767.87)	(767.87)
Other Expenses - Received /Receivable [Refer 33 (c) (10)]	**372.11**	—	—	**372.11**
	(0.68)	(—)	(—)	(0.68)
Other Expenses -Paid/Payable [Refer 33 (c) (11)]	**12.18**	—	**35.97**	**48.15**
	(—)	(—)	(72.33)	(72.33)
Purchase of Fixed Assets [Refer 33 (c) (12)]	**10.02**	—	—	**10.02**
	(—)	(—)	(—)	(—)
Investments [Refer 33 (c) (13)]	**715.70**	—	—	**715.70**
	(—)	(—)	(—)	(—)

33. (b) Related Party Transactions (contd.)

₹ in Lakhs

Transactions	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Intercorporate Deposits Placed [Refer 33 (c) (14)]	—	—	**2000.00**	**2000.00**
	(—)	(—)	(—)	(—)
Deposit Received [Refer 33 (c) (15)]	**62.67**	—	—	**62.67**
	(—)	(—)	(—)	(—)
Accrued Interest [Refer33 (c) (16)]	—	—	**50.55**	**50.55**
	(—)	(—)	(—)	(—)
Advance Outstanding at year end [Refer 33 (c) (17)]	—	—	—	—
	(0.76)	(—)	(—)	(0.76)
Debit Balance Outstanding at year end [Refer 33 (c) (18)]	**606.65**	—	**5.49**	**612.14**
	(177.18)	(—)	(—)	(177.18)
Credit Balance Oustanding at year end [Refer 33 (c) (19)]	**302.86**	—	**765.30**	**1068.16**
	(369.87)	(—)	(764.09)	(1133.96)
Intercorporate Deposits at year end [Refer33 (c) (20)]	—	—	**2000.00**	**2000.00**
	(—)	(—)	(—)	(—)

Note: Figures in brackets are of the previous year.

33. (c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party

₹ in Lakhs

Name of Party	Transaction Value	Transaction Value 2010-11
1. Purchase of Goods		
Universal Voltas L.L.C.	**206.52**	359.19
Universal Weathermaker Factory L.L.C.	**518.40**	293.65
Voltas Material Handling Private Ltd.	**769.06**	—
2. Sale of Products		
Voltas Material Handling Private Ltd.	**2133.04**	—
Naba Diganta Water Management Ltd.	—	171.88
3. Service Income		
Universal Voltas L.L.C.	**916.25**	—
Naba Diganta Water Management Ltd.	—	11.97
Universal Weathermaker Factory L.L.C.	—	50.06
4. Interest Income		
Tata Sons Ltd.	**171.26**	—
5. Rental Income		
Voltas Material Handling Private Ltd.	**259.23**	—
Tata Sons Ltd.	—	1.56
6. Consulting Charges paid		
Tata Sons Ltd.	**10.63**	9.50
7. Remuneration Paid / Payable		
Mr. Sanjay Johri	**175.34**	175.42
Mr. A. Soni	—	81.28
8. Dividend Paid		
Tata Sons Ltd.	**1762.64**	1762.64
9. Tata Brand Equity		
Tata Sons Ltd.	**770.92**	767.87

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

33. (c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.)

₹ in Lakhs

Name of Party	Transaction Value	Transaction Value 2010-11
10. Other Expenses -Received/Receivable		
Olayan Voltas Contracting L.L.C	**315.44**	—
Voltas Material Handling Private Ltd.	**56.67**	—
Naba Diganta Water Management Ltd.	**—**	0.68
11. Other Expenses -Paid/Payable		
Voltas Material Handling Private Ltd.	**12.18**	—
Tata Sons Ltd.	**34.13**	72.33
12. Purchase of Fixed Assets		
Voltas Material Handling Private Ltd.	**10.02**	—
13. Investments		
Olayan Voltas Contracting L.L.C	**710.70**	—
14. Intercorporate Deposits Placed		
Tata Sons Ltd.	**2000.00**	—
15. Deposit Received		
Voltas Material Handling Private Ltd.	**62.67**	—
16. Accrued Interest		
Tata Sons Ltd.	**50.55**	—
17. Advance Outstanding at year end		
Naba Diganta Water Management Ltd.	**—**	0.76
18. Debit Balance Outstanding at year end		
Naba Diganta Water Management Ltd.	**191.82**	185.70
Olayan Voltas Contracting L.L.C	**332.42**	—
Voltas Material Handling Private Ltd.	**79.34**	—
19. Credit Balance Oustanding at year end		
Tata Sons Ltd.	**765.30**	764.09
Universal Weathermaker Factory L.L.C.	**302.86**	304.94
20. Intercorporate Deposits at year end		
Tata Sons Ltd.	**2000.00**	—

34. (A) Information about Consolidated Segments

	₹ in Lakhs	2010-11 ₹ in Lakhs
1. SEGMENT REVENUE		
(a) Segment - A (Electro - mechanical Projects and Services)	**318320.75**	304113.44
(b) Segment - B (Engineering Products and Services)	**41211.62**	56382.91
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**153879.70**	156075.13
(d) Others	**4271.11**	1261.74
Less : Inter segment revenue	**181.02**	149.83
Net Sales / Income from Operations	**517502.16**	517683.39
Add : Other operating income	**1071.47**	1454.41
Net Revenue from Operations (as per Statement of Profit and Loss)	**518573.63**	519137.80

34. (A) Information about Consolidated Segments (contd.)

		2010-11
	₹ in Lakhs	₹ in Lakhs
2. SEGMENT RESULTS		
(a) Segment - A (Electro - mechanical Projects and Services)	**(10420.04)**	23930.07
(b) Segment - B (Engineering Products and Services)	**6868.53**	10314.06
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**12982.82**	15989.42
(d) Others	**415.19**	159.42
Segment Total	**9846.50**	50392.97
Less : (i) Interest Paid	**3141.94**	1653.51
(ii) Other unallocable expenditure net of unallocable income	**(15208.42)**	(3665.22)
Profit before Tax	**21912.98**	52404.68

3. SEGMENT ASSETS AND LIABILITIES

	Segment Assets		**Segment Liabilities**	
		As at 31-3-2011		As at 31-3-2011
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	**237791.84**	225902.92	**159997.94**	179085.08
(b) Segment - B (Engineering Products and Services)	**17837.85**	20746.29	**9396.14**	12298.02
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**72666.53**	66744.91	**53639.80**	47665.07
(d) Others	**4686.04**	4011.70	**2281.56**	1808.65
Segment Total	**332982.26**	317405.82	**225315.44**	240856.82
Unallocated	**82873.46**	97037.79	**41055.38**	35453.17
	415855.72	414443.61	**266370.82**	276309.99

4. OTHER INFORMATION FOR SEGMENTS

	Capital Expenditure		**Depreciation**		**Non-Cash Expenses Other than Depreciation**	
		2010-11		2010-11		2010-11
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	**1232.54**	3217.89	**2157.55**	980.79	**2910.19**	6664.08
(b) Segment - B (Engineering Products and Services)	**322.93**	239.48	**150.36**	144.50	**81.22**	181.72
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	**104.65**	379.64	**342.00**	342.78	**665.29**	1222.48
(d) Others	**143.40**	25.87	**130.18**	52.03	**327.30**	411.92
Segment Total	**1803.52**	3862.88	**2780.09**	1520.10	**3984.00**	8480.20
Unallocated	**410.20**	2174.57	**615.73**	581.61	**Nil**	Nil
	2213.72	6037.45	**3395.82**	2101.71	**3984.00**	8480.20

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

34. (B) Information about Consolidated Secondary Business Segments

	₹ in Lakhs	2010-11 ₹ in Lakhs
Revenue by Geographical Market		
India	**332560.14**	346865.45
Middle East	**178913.06**	163171.46
Others	**6028.96**	7646.48
Total	**517502.16**	517683.39
Capital Expenditure		
India	**1090.11**	2958.00
Middle East	**708.59**	893.79
Others	**4.82**	11.09
Total	**1803.52**	3862.88
Carrying Amount of Segment Assets		
India	**202976.31**	192877.29
Middle East	**125177.94**	121812.31
Others	**4828.01**	2716.22
Total	**332982.26**	317405.82

35. The Group has consolidated the accounts of the following Joint Ventures as on 31st March, 2012 and its percentage holding is given below :

Name of the Joint Venture	% holding
Universal Voltas L.L.C.	49.00
Naba Diganta Water Management Ltd.	26.00
Universal Weathermaker Factory L.L.C.	49.00
ETA-Voltas-Hitachi Plant *	37.50
NDIA Package 19 Project*	77.08
Sidra Medical & Research Centre Project*	51.08

The proportionate share of assets, liabilities, income and expenditure of the above joint venture companies / operations included in these consolidated financial statements are given below :

	₹ in Lakhs	2010-11 ₹ in Lakhs
ASSETS		
Net Block (including Capital WIP)	**2131.23**	2420.32
Current Assets	**43935.23**	46713.38
Non Current Assets	**589.94**	233.77
LIABILITIES		
Reserves and Surplus	**(27436.21)**	1027.43
Current Liabilities	**50309.15**	43041.71
Non Current Liabilities	**1254.24**	1041.63
INCOME		
Revenue from Operations	**74598.96**	37021.26
Other Income	**407.24**	163.41
EXPENSES		
Cost of Sales, Services and Expenses	**72583.54**	37067.12
Depreciation	**596.80**	216.53
Interest	**1245.96**	510.74
TAXES	**Nil**	Nil
CONTINGENT LIABILITIES	**2848.21**	29054.34
CAPITAL COMMITMENTS	**2564.72**	4912.11

* Jointly controlled operations

36. Transfer of Materials Handling business

During the year, the Company has on 1st May, 2011, upon satisfaction / deferral of certain precedent conditions, transferred the Materials Handling (MH) business, which forms part of the Engineering Products and Services Segment, to Voltas Material Handling Private Limited (VMHPL). Accordingly, all identified tangible assets, including current assets, liabilities, movable assets (excluding immovable assets), intangible assets, business contracts, certain employees, etc. have been transferred to VMHPL. The Revenue and Results of the MH business do not have any material impact on the Company's overall operations.

37. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of the financial statements.This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

For and on behalf of the Board

Chairman	**Ishaat Hussain**
Managing Director	**Sanjay Johri**
Directors	**N. N. Tata**
	J. S. Bilimoria
	Nani Javeri
	R. N. Mukhija
	Vinayak Deshpande
Executive Vice President - Corporate Affairs & CFO	**Anil George**
General Manager - Taxation & Company Secretary	**V. P. Malhotra**

Mumbai, 24th May, 2012

DETAILS OF SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2012

The Company has opted for exemption granted vide Circular No.2/2011 related to not attaching the Balance Sheet of Subsidiaries under Section 212(8) of the Companies Act, 1956. The relevant details of Subsidiares as at 31st March, 2012, as required vide Circular No.2/2011 are as follows:

	Weathermaker Limited (WML) # @		Saudi Ensas Company for Engineering Services W.L.L. (Saudi Ensas) # @		Lalbuksh Voltas Engineering Services & Trading L.L.C. (LALVOL) # @		Voltas Oman L.L.C. (VOLLC) # @ *		Voltas Netherlands B.V. (VNBV) #		Voice Antilles N.V. (VANV) #		Simto Investment Company Limited (Simto)	Auto Aircon (India) Limited (AAIL)	Universal Comfort Products Limited (UCPL)	Rohini Industrial Electricals Limited (RIEL)
	AED	₹ in Lakhs	SR	₹ in Lakhs	OMR	₹ in Lakhs	OMR	₹ in Lakhs	EURO	₹ in Lakhs	USD	₹ in Lakhs	₹ in Lakhs	₹ In Lakhs	₹ in Lakhs	₹ in Lakhs
1. Capital	1500000	217.50	2600000	369.20	250000	345.50	500000	691.00	618729	422.28	400000	204.48	152.99	1130.00	2764.20	2682.58
2. Reserves & Surplus	19441278	2818.99	(2679369)	(380.47)	2455640	3393.69	(208025)	(287.49)	4559440	3111.82	5971450	3052.61	1459.69	(1210.20)	6084.18	(2401.89)
3. Total Assets	25644962	3718.52	8191287	1163.16	4784817	6612.61	346682	479.12	5201087	3549.74	7918281	4047.83	1633.62	37.16	14175.16	15071.83
4. Total Liabilities	4703684	682.03	8270656	1174.43	2079177	2873.42	54707	75.62	22918	15.64	1546831	790.74	20.94	117.36	5326.78	14791.14
5. Investments (excluding investment in subsidiary)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	101056	68.97	4864327	2486.64	1578.26	Nil	Nil	Nil
6. Turnover / Income	28637686	4152.46	4217852	598.93	3359379	4642.66	Nil	Nil	Nil	Nil	4940732	2525.70	177.36	Nil	48564.55	11738.62
7. Profit / (Loss) before Tax	2086106	302.49	(1677725)	(238.24)	306324	423.34	(208025)	(287.49)	2183867	1490.49	4927528	2518.95	166.39	(1.76)	3481.23	(2644.12)
8. Provision for Taxation	Nil	Nil	446488	63.40	27967	38.65	Nil	Nil	Nil	Nil	19247	9.84	9.26	Nil	67.72	(24.67)
9. Profit / (Loss) after Tax	2086106	302.49	(2124213)	(301.64)	278357	384.69	(208025)	(287.49)	2183867	1490.49	4908281	2509.11	157.13	(1.76)	3413.51	(2619.45)
10. Proposed Dividend	600000	87.00	Nil	Nil	750000	1036.50	Nil	Nil	309364	211.14	1500000	766.80	Nil	Nil	Nil	Nil

Notes:

\# The foreign currency figures of WML, Saudi Ensas, LALVOL, VOLLC, VNBV, VANV have been converted into Indian Rupees on the basis of appropriate exchange rates.

Exchange rate as on 31st March, 2012: 1 EURO = ₹ 68.25, 1 USD = ₹ 51.12.

@ Financials of WML, Saudi Ensas, LALVOL and VOLLC are for the year ended 31st December, 2011: 1 AED = ₹ 14.50, 1 OMR = ₹ 138.20, 1 SR = ₹ 14.20.

* Financials of VOLLC are for the period from 15th February, 2011 (date of incorporation).

Notes

Notes

PATH-BREAKING SOLUTIONS

Over half a century, Voltas has built a solid reputation in India and abroad, as an engineering solutions provider and projects specialist. Seen below are some of the latest additions to its exceptional portfolio.

National Textile Corporation

*Voltas' **largest ever order** in **spinning equipment**, for 1.4 lakh spindles: further proof of leadership in textile machinery.*

Hindustan Zinc

*In a feat of **extraordinary customer service** within the shortest possible time, Voltas chartered an Antonov – **the world's largest aircraft** – to fly in huge, heavy excavator parts.*

Etihad Towers, Abu Dhabi

A showcase for Voltas' full range of capabilities in integrating best-in-class MEP solutions.

Artist's impression

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Sidra Medical & Research Centre, Qatar

Voltas' largest ever international order: the complete MEP works for a US$ 3 bn. project to build the Mid-East's most advanced 7-star healthcare facility.

Mahindra & Mahindra Automobile Research Centre, Chennai

Voltas extends its reach and seizes new opportunities by displaying its capabilities in the growing automotive sector.

ESIC Hospital, Gulbarga

An exciting entry for Voltas into the healthcare market segment, which is rich in future business opportunities.

TCS IT Park, Chennai

Voltas won the honour of executing sophisticated energy-efficient HVAC systems and Indoor Air Quality for TCS' signature global IT facility – attesting to its commanding position in this demanding segment.

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A TATA Enterprise

*At the world-class **Buddh International F1 Circuit** in Noida, Voltas delivered electro-mechanical works of true global quality within a tight deadline.*

It was yet another notable performance in the domestic 'sporting venues' market, close on the heels of Voltas' HVAC works at 9 stadiums for the Commonwealth Games 2010.