



VOLTAS

A **TATA** Enterprise

Annual Report
2009-2010

A
*Green
Evolution*



The 'green' evolution at Voltas

To meet today's urgent and critical need for conserving energy and protecting the ecology, Voltas offers a number of customised solutions. Ranging from 'Green' buildings to 'Star'-rated products, Voltas' expertise has made an impact in its markets... and in its world.

A commitment to conserve

Voltas' 'Green' solutions include specialised systems in • Heating, Ventilation, Air Conditioning & Refrigeration • Integrated Building Management Systems • Indoor Air Quality • Water Management & Treatment • Electricals – as deployed in these projects.



The **Changi Water Reclamation Plant**, Singapore: one of the world's largest projects for sewage treatment and water reclamation

Ferrari Experience,
Abu Dhabi: featuring
design innovations
to minimise the
cooling load, energy
consumption and
carbon footprint



**Rajiv Gandhi
International
Airport,** Hyderabad:
Asia's first airport
to be awarded LEED
Silver certification
for compliance with
'Green' norms

**Godrej Waterside
IT Park,** Kolkata:
designed for a
LEED Gold rating,
based on functional
efficiency and
energy-saving values





RMZ Millennia Business Park, Chennai: India's largest built-up area with LEED Gold certification



Thyagaraja Stadium, Delhi: India's first 'Green' stadium, built for the Commonwealth Games 2010

Fortis Hospital, New Delhi: multi-speciality healthcare facility built to TERI GRIHA standards of energy efficiency and resource conservation





BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	A. Soni (upto 22-4-2010) Sanjay Johri (w.e.f. 23-4-2010)
Directors	Nasser Munjee N. J. Jhaveri S. D. Kulkarni (upto 20-9-2009) Ravi Kant N. D. Khurody N. N. Tata J. S. Bilimoria S. N. Menon Nani Javeri (w.e.f. 29-10-2009)
General Manager - Taxation & Company Secretary	V. P. Malhotra

AUDIT COMMITTEE

Chairman	N. J. Jhaveri
	Nasser Munjee
	J. S. Bilimoria

REMUNERATION COMMITTEE

Nasser Munjee
N. J. Jhaveri
S. N. Menon

SHAREHOLDERS/INVESTORS

GRIEVANCE COMMITTEE

Chairman	N. N. Tata
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CORPORATE MANAGEMENT

Managing Director	Sanjay Johri
President (EMP&S)	A. K. Joshi
Executive Vice Presidents	M. M. Miyajiwala Shaukat Ali Mir M. Gopi Krishna Milind M. Shahane
Senior Vice Presidents	Anil J. Gole Pradeep Bakshi

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

Overseas

Emirates NBD Bank pjsc (UAE)
Union National Bank (UAE)
Abu Dhabi Commercial 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)

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 :
Monday, 16th August, 2010 at 3.30 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

		2009-10	2008-09	2007-08	2006-07	2005-06
1.	SALES AND SERVICES	Rs. 456508	407025	308617	245078	190418
2.	OTHER INCOME	Rs. 7561	9416	4632	3071	2431
3.	COST OF SALES AND SERVICES (incl. Excise Duty)	Rs. 320547	299802	227671	186100	145162
4.	OPERATING, ADMINISTRATION AND OTHER EXPENSES	Rs. 98597	83107	57811	46537	35899
5.	Staff Expenses (included in 3 & 4)	Rs. (48698)	(42860)	(27685)	(24008)	(17623)
	Number of Employees (including Contract Staff)	Nos. 8608	9594	7378	5848	5390
6.	OPERATING PROFIT	Rs. 44925	33532	27767	15512	11788
7.	EXCEPTIONAL INCOME/(EXPENSES)	Rs. 3639	3201	2987	6771	(2619)
8.	PROFIT/(LOSS) BEFORE TAXATION	Rs. 48564	36733	30754	22283	9169
	Percentage to Sales	% 10.6	9.0	10.0	9.1	4.8
	Percentage to Total Assets	% 47.9	42.8	52.5	48.1	29.3
9.	TAXATION	Rs. 14142	11474	9917	3675	2120
10.	PROFIT/(LOSS) AFTER TAXATION	Rs. 34422	25259	20837	18608	7049
	Percentage to Sales	% 7.54	6.2	6.8	7.6	3.7
	Percentage to Shareholders' Funds	% 34.6	34.6	38.7	48.9	29.2
11.	RETAINED PROFIT	Rs. 26705	19065	15610	14737	4785
12.	DIVIDEND ON EQUITY CAPITAL	Rs. 6618	5294	4467	3309	1985
	Percentage	% 200	160	135	100	60
13.	FIXED ASSETS (AT COST)	Rs. 31399	30358	28178	24493	28074
14.	DEPRECIATION	Rs. 13931	13053	12228	11506	14592
15.	INVESTMENTS	Rs. 33997	23580	26793	13741	6103
16.	NET CURRENT ASSETS	Rs. 48062	42700	13813	16594	9089
17.	DEFERRED TAX ASSET (NET)	Rs. 1903	2158	2043	2967	2668
18.	DEFERRED REVENUE EXPENDITURE	Rs. —	—	—	—	—
19.	TOTAL ASSETS	Rs. 101430	85743	58599	46289	31342
20.	SHARE CAPITAL	Rs. 3307	3307	3307	3307	3306
21.	RESERVES AND SURPLUS	Rs. 96215	69592	50525	34768	20835
22.	SHAREHOLDERS' FUNDS	Rs. 99522	72899	53832	38075	24141
	Equity per Share	Rs.† *30.08	*22.03	*16.27	*11.50	72.96
	Earnings per Share	Rs.† *10.40	*7.63	*6.30	*5.62	21.3
	Number of Shareholders	Nos. 98788	119549	81371	96312	52365
	Share Prices on Stock Exchange - High	Rs.† *190	*197	*267	*120	1088
	- Low	Rs.† *46	*31	*79	*75	218
23.	BORROWINGS	Rs. 1908	12844	4767	8214	7201
	Debt/Equity Ratio	% 2	18	9	22	30
	(Percentage to Shareholders' Funds)					

Note: All amounts are Rupees in lakhs except those marked †

* Face Value of Re. 1 each



										Rs. in Lakhs	
2004-05	2003-04	2002-03	2001-02	2000-01	1994-95	1984-85	1974-75	1964-65	1954-55		
144143	132994	123041	94066	85372	81089	26607	15934	4223	991		1
1953	1688	1413	1243	1211	759	150	40	5	2		2
108570	100562	101926	74302	66223	60368	21080	13856	3468	815		3
32264	30422	20122	19190	18641	19225	5556	1955	522	153		4
(14435)	(12619)	(12573)	(10982)	(10030)	(9997)	(3170)	(1031)	(363)	(109)		5
5747	4484	5147	5096	5314	10667	8147	7252	5082	2324		
5262	3698	2406	1817	1719	2255	121	163	238	25		6
504	989	499	(146)	(1147)	(78)	—	—	—	—		7
5766	4687	2905	1671	572	2177	121	163	238	25		8
4.0	3.5	2.4	1.8	0.7	2.7	0.5	1.0	5.9	2.5		
19.2	17.2	11.5	5.9	2.0	5.0	1.1	4.6	18.3	6.5		
725	784	347	(12)	14	5	Nil	83	141	11		9
5041	3903	2558	1683	558	2172	121	80	97	14		10
3.5	2.9	2.1	1.8	0.6	2.7	0.5	0.5	2.3	1.4		
26.1	20.6	15.9	9.0	3.6	13.2	4.1	6.7	17.6	9.1		
3155	2783	1624	1088	120	997	23	5	59	6		11
1654	993	827	596	397	1158	98	75	38	8		12
50	30	25	18	12	35	10	12	15	5.5		
24858	24751	23987	23140	26328	30651	5014	1232	447	53		13
16615	12491	11799	10500	12097	10718	1580	642	82	3		14
4622	4547	3626	3139	3127	8245	512	132	67	—		15
14974	9396	7107	6241	5962	14230	6583	2859	867	336		16
2153	1021	1375	1169	—	—	—	—	—	—		17
—	—	899	5317	5634	720	—	—	—	—		18
29992	27224	25195	28506	28954	43128	10529	3581	1299	386		19
3305	3305	3305	3305	3305	3428	978	623	255	150		20
16046	15595	12811	15496	12202	13048	2002	570	295	4		21
19351	18900	16116	18801	15507	16476	2980	1193	550	154		22
58.48	57.12	48.7	56.8	46.9	49.5	305	191	216	1027		
15.2	11.8	7.7	5.1	1.7	6.8	12	13	38	93		
53674	60622	72174	76512	83615	84180	45237	14395	7356	150		
248	159	66	57	60	176	470	211	276			
88	50	42	31	26	92	356	125	183			
10641	8324	9079	9705	13447	26652	7549	2388	749	232		23
55	44	56	52	87	162	253	200	136	151		

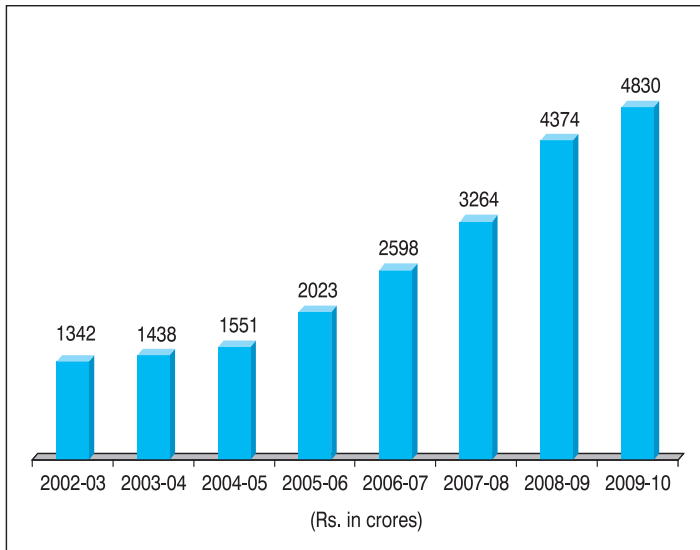
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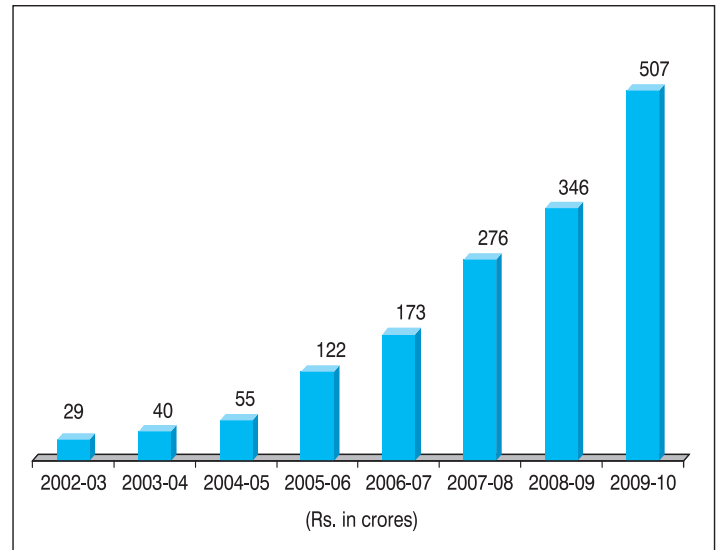


SIGNIFICANT TRENDS AT VOLTAS (CONSOLIDATED)

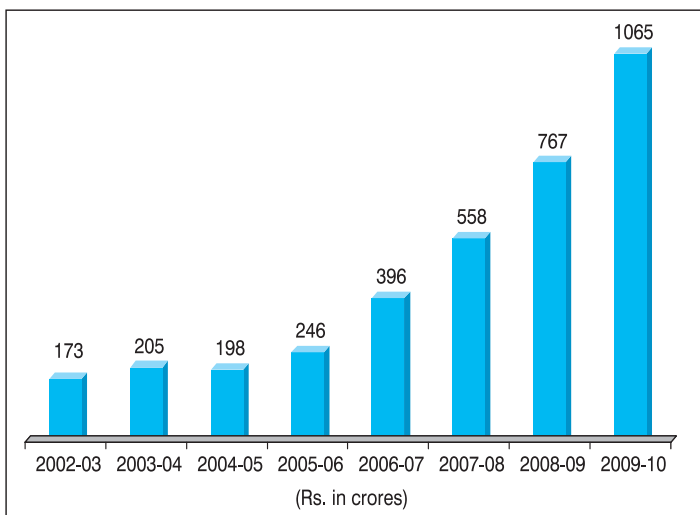
SALES AND SERVICES



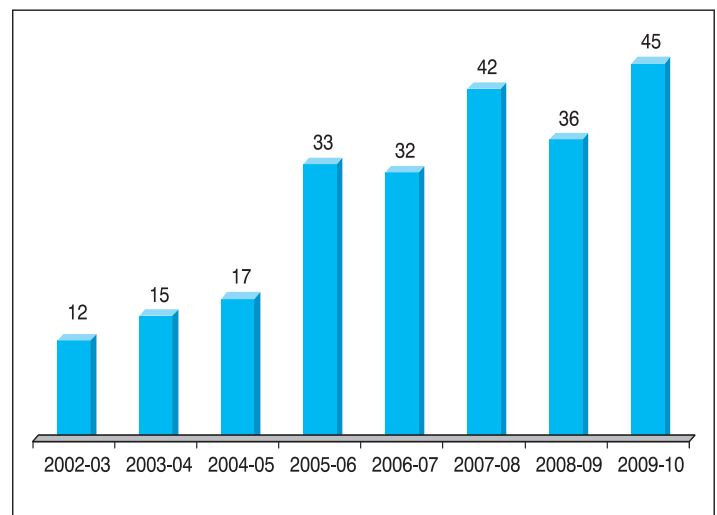
OPERATING PROFIT



NET WORTH

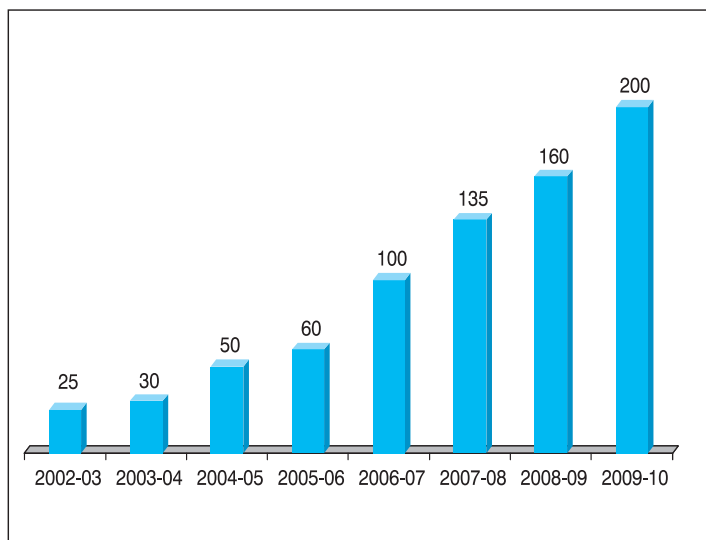


RETURN ON CAPITAL EMPLOYED %

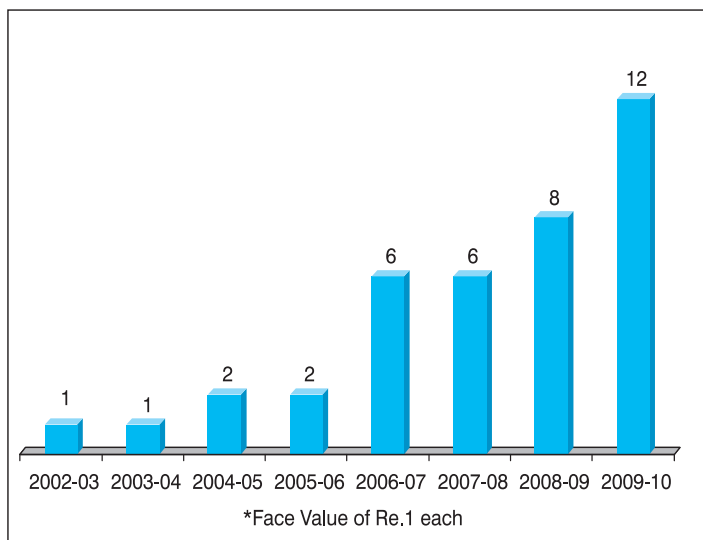


SIGNIFICANT TRENDS AT VOLTAS (CONSOLIDATED)

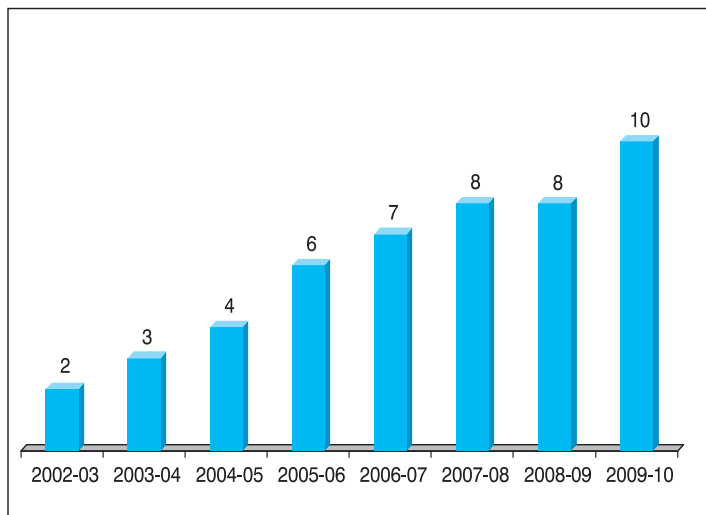
DIVIDEND % ON EQUITY CAPITAL



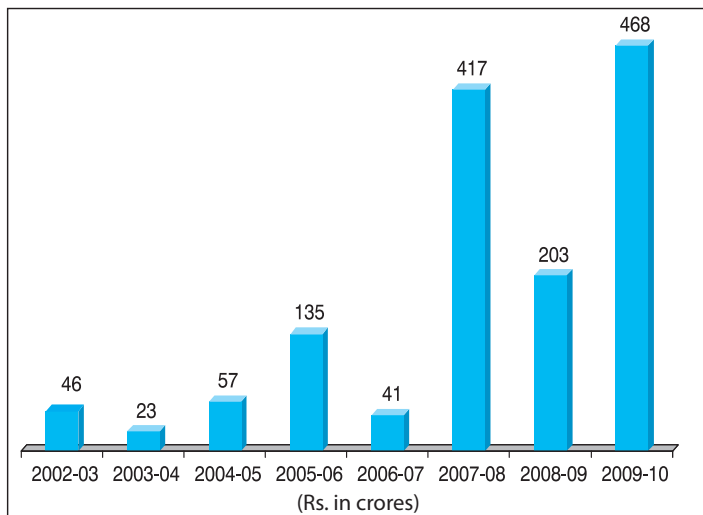
EARNINGS PER SHARE (RS.)*



PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX AS % TO TURNOVER



CASH GENERATED FROM OPERATIONS





REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors have pleasure in presenting their Fifty-Sixth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	Rs. in Crores			
	Stand-alone		Consolidated	
	2009-10	2008-09	2009-10	2008-09
2. Sales and Services	4565	4070	4830	4374
Profit for the year after meeting all expenses but before depreciation and exceptional items	465	352	528	367
Depreciation	16	17	21	21
Profit before exceptional items	449	335	507	346
Exceptional items	36	32	25	26
Profit before tax	485	367	532	372
Provision for taxation including deferred tax and MAT credit entitlement	141	115	147	117
Profit after tax	344	252	385	255
Minority Interest and Share of Loss of Associate	—	—	(4)	(3)
Profit after Minority Interest and Share of Loss of Associate	344	252	381	252
Adding thereto:				
- Balance brought forward from the previous year	62	59	71	73
- Amount transferred from Foreign Projects Reserve	3	3	3	3
- Foreign Exchange Translation Difference	—	—	(1)	3
Profit available for appropriations	409	314	454	331
Appropriations:				
- General Reserve	250	190	251	197
- Proposed Dividend	66	53	66	53
- Tax on Dividend	11	9	11	9
- Legal and Special Reserves	—	—	1	1
Leaving a balance to be carried forward	82	62	125	71

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. The Directors recommend a dividend of Rs.2 per equity share of Re.1 each (200%) for the year 2009-10 (2008-09: 160%).

OPERATIONS

4. The after-effects of the global slowdown of 2008, spilled over into the first half of the financial year 2009-10. Though there was an improvement in the domestic business environment in the latter half of the financial year, the emergence of the Dubai debt crisis again created some uncertainty about the pace and extent of the global economic recovery.

5. Against this backdrop, the Turnover of the Company grew by 12% to Rs.4565 crores and the Profit before Tax increased by over 32% to Rs.485 crores. The Earning per share for the year was Rs.10.40, an increase of 36%.

6. The growth of the Company was due to both external factors as well as the efforts of the Management. On the external front, as the general outlook improved and consumers resumed spending, there was a significant pick-up in the consumer durables sector and this benefited our Unitary Products Business. A planned expansion of the distribution channel, improved supply chain management and better product-mix and an aggressive advertising strategy fuelled growth of sales of both Room Air Conditioners as well as Refrigeration products in India.

7. The effective execution of projects by the Company's international electro-mechanical business also contributed significantly to the improved profitability of the Company. Your Company won laurels for its role in completing the Formula 1 Race Track in Abu Dhabi, a project of world-class quality that was implemented under very demanding time-lines. The Company also played a significant role in completing the electro-mechanical works on the iconic Burj Khalifa Tower in Dubai, the world's tallest building, in time for the opening in early-2010.

8. The general economic uncertainty did, however, lead to a slowdown in the award of new electro-mechanical projects, both domestically and overseas. An overhang of supply in the commercial buildings sector has slowed down

the pace of implementation of new projects. To mitigate this impact, your Company is making a deliberate move to take on more electro-mechanical projects in the industrial segment, including building up capabilities and requisite technical pre-qualifications. The Company's equity stake in Rohini Industrial Electricals Limited was in line with this strategy, enabling it to expand the domestic project offerings significantly into electrical contracting. The rising price of oil has also led to a sustained thrust by governments in the Middle East, particularly the GCC countries, to encourage construction projects and your Company has picked up some new contracts in 2010.

9. The Engineering Products and Services businesses have also seen a pick up in activity during the year, both in the textile machinery business as well as in mining and construction equipment business. Though the pace of activity is below the peak reached earlier, companies are again beginning to invest in capital goods and the trend is encouraging.

10. Your Company's management took several initiatives to mitigate the volatility in global metal prices as well as currency fluctuations, entering into advance contracts where feasible. There was also a conscious thrust to evolve a leaner cost structure and this enabled the Company to improve its performance.

FINANCE

11. The Company's policies in respect of finances and foreign exchange helped the Company steer through a challenging environment.

12. The Company's cash flow for the year has been good and in line with profitability. With continued good working capital management, the amount and number of days of receivables have declined. Most of the excess stock has been liquidated. At the end of the year, the Company held liquid investments in excess of Rs.200 crores as against Rs. 121 crores at the end of the previous year. The return on liquid investments has been lower compared to the previous year due to the low interest yields that prevailed during the year. The Company has also given advances to its subsidiary companies to meet their liquidity imbalances and reduce dependence on external financing. With efficient realization of collections, the Company has reduced floats in the system. In the International Operations, cash balances have risen from Rs.240 crores per end of the previous year to Rs. 308 crores. During the year, the Company invested around Rs. 24 crores



REPORT OF THE BOARD OF DIRECTORS, continued

in acquiring a further 16% shareholding in Rohini Industrial Electricals Limited and the Company now owns 67% in Rohini. The Company's external debt, at the year end was negligible at Rs.19 crores and the Net Worth was Rs.995 crores.

13. On management of foreign exchange, except conversion of balances held overseas, the results have been encouraging. The Company's philosophy is to hedge the known risks in a conservative manner.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

14. As a part of ongoing efforts to create a culture of continuous improvement and total employee engagement, the Company focused on various initiatives, such as Six Sigma, Process Management & Process Improvement, Strategy Deployment Matrix and Total Productive Maintenance. These have been progressing well, and providing the desired benefits. The Company has undertaken implementation of OHSAS 18001 in its drive towards a strong and effective safety policy.

15. During the year, the international Electro-Mechanical business (EM) and the domestic Electro-Mechanical and Refrigeration business (EM&R) participated in the Tata Group level TBEM External Assessment. While the performance of EM&R was steady as compared to the previous assessment, the performance of EM showed considerable improvement, entitling the business to an award at the Group level. Both EM and EM&R began work on action plans for further improvements based on feedback reports from the Assessments. The Company has developed a pool of trained TBEM Assessors to support its Business Excellence initiatives and also to provide External Assessors at the Group level.

IT INITIATIVES

16. During the year under review, the Company initiated and completed several strategic projects in IT. The Human Capital Management (SAP-HCM) system for overseas employees integrated all employees on a single platform, yielding better control over manpower costs. SAP modules implemented for international Electro-mechanical business would result in better project management through increased visibility and operational control.

17. Customer Relationship Management (CRM) software implemented for the domestic Electro-mechanical business will help in better service delivery of maintenance projects. Unitary Products business upgraded its existing CRM

software by incorporating Dealers' Service Reports and claims, with linkage through the SAP system.

18. The upgrade of SAP to the latest version would also enable the Company comply with the reporting requirements proposed under IFRS.

COMMUNITY DEVELOPMENT

19. The Company plays an active role in improving the quality of life of the communities amongst which it operates, through a well-defined framework for implementing its Community Development philosophy.

20. Through its Core Competency projects, the Company continues to provide hands-on technical training to youth from less privileged backgrounds. The involvement of the Company in terms of employees' time, knowledge and interest, as well as financial assistance, goes a long way towards the projects' usefulness and productivity. The objective of the programme is to impart vocational training to underprivileged youth to empower them, educate them, and enhance their employability. The Company continues to partner with the Joseph Cardijn Technical School, Mumbai, from which 15 batches covering 214 students have completed the course successfully since 2002. The Company has also partnered with Bosco Boys, Mumbai, with one batch of 9 students so far; and GMR Varalakshmi Foundation, Hyderabad, with 5 batches of 83 students to date. Soft-skills programmes in Communication, Personality Development and Customer Care are being conducted for the students.

21. As part of the implementation of its Affirmative Action policy, in accordance with CII guidelines, the Company has rolled out initiatives in the areas of Employment, Employability, Entrepreneurship and Aid in Education. The Company has adopted the Policy of Positive Discrimination in recruitment towards candidates belonging to SC/ST communities. Similarly, the Company has a tie-up with selected Technical Institutes across India in order to increase scope for employment among trainees from SC/ST communities. Hitherto about 93 trainees from SC/ST candidates have completed the Technical Training and about 28 trainees have been deployed on overseas projects. Similarly, in the areas of employability and entrepreneurship, the Company has put in place a scheme for providing capacity-building training in housekeeping and gardening to SC/ST candidates. Three batches have successfully completed the training under this scheme.

REPORT OF THE BOARD OF DIRECTORS, continued

22. As part of Aid-in-Education, the Company provides monetary help to deserving SC/ST students from engineering colleges. During the year, the Company extended scholarships to 24 students from the Mechanical and Electrical streams. In addition, the Company sponsored a youth delegate to the Climate Change Convention held at the Bella Centre in Copenhagen, Denmark. The Company is also working towards adopting appropriate policies for positive discrimination in the areas of employment and vendor development.

23. In accord with its commitment to energy-saving and 'green' initiatives, the Company partnered with The Energy & Resources Institute (TERI) to sponsor electrification of 10 villages entirely through sustainable energy sources. The initiative was carried forward by Unitary Products business, linked to a nationwide drive to promote awareness of energy-saving products such as Voltas' 'Star-rated' ACs.

24. During the year, the Company's volunteers participated in numerous activities, including care for the elderly, income generation programmes, tutoring and mentoring of orphans and underprivileged, volunteer visits to care-giving institutions, blood donation drives, awareness programmes such as for Road Safety and Environment, and assistance to SC/ST children with specialized English-language classes and mid-day meals.

25. Voltas Organisation of Women (VOW), exclusively run by lady employees and the wives of male employees, continued to live up to its objective of helping the needy by way of providing financial assistance in the field of health and education and promoting the upliftment of women. In 2009, VOW organized street plays on human trafficking, domestic violence and property rights of women. VOW also supported vocational training for women through its various partners.

GLOBAL COMPACT AND CARBON DISCLOSURE PROJECT

26. The Company is a signatory to the Global Compact and adheres to the ten key principles based on universally agreed and internationally applicable values and goals in the areas of Human Rights, Labour Standards and Environment.

27. The Company is also a signatory to the Carbon Disclosure Project initiated by CDP-UK with Confederation of Indian Industries and World Wild Life Fund. The Company shares information pertaining to sustainability-related issues with CDP, on an annual basis.

ENVIRONMENT AND SAFETY

28. Towards this end the Company recently completed a Carbon Footprint mapping exercise for all its manufacturing plants and has undertaken initiatives to reduce its Carbon Footprint. During the year, the Company formally adopted a Policy on Climate Change. The Thane Manufacturing Plant is in an advanced stage of ISO 14001 standard implementation, which deals with environmental issues. The Company has also reached an advanced stage of OHSAS 18001 standard implementation at one of its manufacturing plants, one project site and at the Head Office. During the year this initiative will be further extended to other parts of the organization. All the manufacturing plants have appropriate safety initiatives under way, headed by senior officials who diligently oversee the safety aspect.

STATEMENT OF EMPLOYEES' PARTICULARS

29. 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

30. 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 Auditors of the Company for the year ending 31st March, 2011 in respect of refrigeration products manufactured by the Company.

APPOINTMENT OF TSR DARASHAW LIMITED AS REGISTRAR AND SHARE TRANSFER AGENT

31. In order to benefit from the specialized services provided by TSR Darashaw Limited (TSRDL) and taking into consideration, various other factors including costs and upgradation of IT systems, the Company was in dialogue with TSRDL for providing depository related services for the shares held in demat form and as Transfer Agent in respect of shares held in physical form. TSRDL are the Registrars and Share Transfer Agents for most of the listed Tata companies. Accordingly, at the last Annual General Meeting held on 10th August, 2009, the Company had taken the approval



REPORT OF THE BOARD OF DIRECTORS, continued

of the shareholders for keeping the Registers and Indexes of Members and Debentureholders and copies of Annual Returns and other relevant documents in the premises of TSRDL in addition to the Registered Office and/or such other office building within the premises of the Company at Chinchpokli. The transfer of share related activities including records and database has been completed and TSRDL has been appointed as the Registrar and Share Transfer Agent of the Company from 8th March, 2010. A suitable announcement to that effect was published in the newspapers and individual intimation was also sent to all the shareholders.

SUBSIDIARIES

32. Pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of subsidiary companies, namely Weathermaker Limited, Saudi Ensas Company for Engineering Services W.L.L., Metrovol FZE, VIL Overseas Enterprises B.V., Voice Antilles N.V., Universal Comfort Products Limited, Rohini Industrial Electricals Limited, Simto Investment Company Limited and Auto Aircon (India) Limited. In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report and other documents of the aforesaid subsidiary companies for the year ended 31st March, 2010 (31st December, 2009 in case of Weathermaker and Saudi Ensas), have not been attached to the Balance Sheet of the Company. A statement giving details of turnover/income, net profit, dividend, share capital, reserves and surplus, assets and liabilities, etc. of the aforesaid subsidiaries forms part of the Annual Report. 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.

33. Weathermaker Limited (WML) engaged in the business of manufacturing galvanized iron, aluminium, black mild steel and stainless steel duct is a wholly-owned subsidiary of the Company and has its manufacturing facility in Jebel Ali Free Zone, UAE. WML has reported turnover of AED 33.423 million and profit of AED 5.053 million for the year ended 31st December, 2009.

34. The rehabilitation/financial restructuring of Saudi Ensas Company for Engineering Services WLL (Saudi Ensas), a wholly-owned subsidiary of the Company in Jeddah, Kingdom of Saudi Arabia (KSA) is almost complete. Saudi Ensas is engaged in the execution and operations/maintenance of electro-mechanical installations in KSA and has for the year ended 31st December, 2009, recorded turnover of SR 10.248 million and net profit of SR 0.109 million. The Company has provided financial assistance from time to time, aggregating SR 19.955 million (equivalent to Rs.24 crores approx.) to Saudi Ensas. KSA has huge business potential and provides good opportunity to the Company's overseas electro-mechanical business. It was therefore decided to establish a branch office of the Company in KSA, subject to requisite approvals including commercial registration. While small and medium size projects would be catered to by Saudi Ensas, large size projects would be executed by the Company's branch office in KSA.

35. Universal Comfort Products Limited (UCPL), a wholly-owned subsidiary of the Company, engaged in the business of manufacturing air conditioners, has recorded a turnover of Rs.332 crores and net profit of Rs.14 crores for the year ended 31st March, 2010.

36. During the year under review, the Company increased its shareholding in Rohini Industrial Electricals Limited (RIEL) from 51% to 67.33% of its share capital. RIEL is engaged in undertaking large turnkey electrical and instrumentation projects for industrial and commercial sectors and recorded turnover of Rs. 214 crores and net profit of Rs. 9 crores for the year ended 31st March, 2010.

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

37. 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 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

38. 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

39. 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

40. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ishaat Hussain, Mr. Nasser Munjee and Mr. Ravi Kant retire by rotation and being eligible, offer themselves for re-election.

41. Mr. Nani Javeri was appointed an Additional Director by the Board at its Meeting held on 29th October, 2009. Mr. Sanjay Johri was appointed Additional Director and as the Managing Director of the Company with effect from 23rd April, 2010 by the Board at its Meeting held on 19th April, 2010. In accordance with the provisions of the Companies Act, 1956, Mr. Nani Javeri and Mr. Sanjay Johri hold office upto the date of the forthcoming Annual General Meeting and Notices under Section 257 of the Act have been

received from a member proposing their appointment as Director of the Company. Resolutions seeking approval of the members for appointment of Mr. Nani Javeri as a Director and Mr. Sanjay Johri as a Director and Managing Director of the Company have been incorporated in the Notice of the forthcoming Annual General Meeting and the Explanatory Statements thereto.

42. Mr. S.D. Kulkarni retired as a Director of the Company on 20th September, 2009 on completing 75 years of age, in line with the Company's Retirement Policy. The Directors place on record their sincere appreciation of the valuable advice and guidance given by Mr. Kulkarni during his long tenure on the Board since September 1999.

43. Mr. A. Soni retired as the Managing Director of the Company upon expiry of his contract on 22nd April, 2010. The Directors appreciated the enormous efforts put in by Mr. Soni and his outstanding contribution in transforming Voltas and for the significant improvement in the financial performance of the Company, over the past few years. The Board of Directors complimented the valuable services rendered and the excellent work done by Mr. Soni during his long tenure on the Board since September 2000.

AUDITORS

44. 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 re-appointment. 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.9 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

GENERAL

45. 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, 28th May, 2010



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 large capacity (1450 TR) co-generation Vapour Absorption Machine (VAM).
- (ii) Packaged, Ductable Splits and Chiller Package with eco-friendly refrigerant.
- (iii) Development of factory built ammonia re-circulation system for quick freezing of processed food.
- (iv) Development of commercial Visi Coolers.
- (v) Development of Scooping Freezers with curved glass.
- (vi) Development of electronic controls and thermostat to reduce energy consumptions.
- (vii) Development of Eutectic Freezer.
- (viii) Development of counter balanced stacker capacity of 1.2 T.
- (ix) Development of 6-8 T tow truck.
- (x) Development of Screening Plant with hydraulic technology.

2. Product and processes developed through in-house technology

- (i) Test facility for Chiller Packages established at Dadra and Pantnagar Plants.
- (ii) Chiller Package and Ductable Split for offshore applications.
- (iii) Ultra low temperature Refrigeration Systems.
- (iv) 700L Visi Coolers with eco-friendly refrigerant and PU Foaming system.
- (v) 320L and 405L slant type Scooping Freezers.
- (vi) 600L Chest Freezer.
- (vii) Eutectic Freezers in 320L capacity for rural markets.

- (viii) 500L Cooler.
- (ix) 400L Triple door Freezer.
- (x) Rough Terrain Hydraulic Crane of 20T with longer Boom section.
- (xi) Cost effective Forklift truck of 10T capacity.

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 the year 2009-10 was Rs.409.45 lakhs (including capital expenditure of Rs.11.05 lakhs). In relation to the turnover of own manufactured products, the R&D expenditure was 0.95% of the 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) Improved performance testing method of units with reduced fuel consumption.
- (ii) Usage of inverter based machines to reduce power consumption.
- (iii) 750 KVA DG Sets to optimise diesel consumption.
- (iv) Provision of natural roof lighting in factory building to reduce energy consumption.
- (v) Central air compressors of low capacity and Portable air compressors for individual applications.
- (vi) Low capacity individual lighting fixture in shop floor units instead of high capacity bay-light.
- (vii) Use of CFL lighting in all offices and shop floor areas.

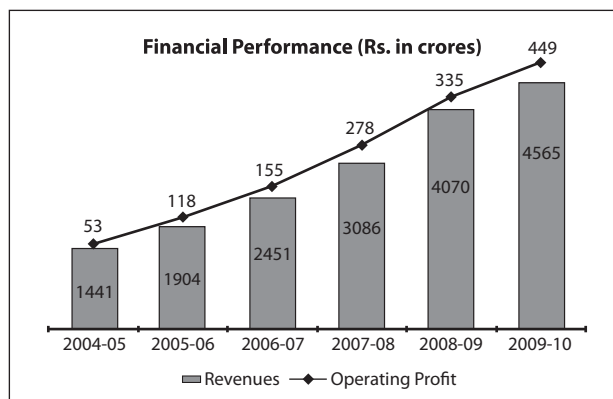
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

1. The Company continued its journey on the path of growth, and took significant steps to ensure long-term sustainability in the face of risks and uncertainties in the economic environment. The Company has now crossed significant milestones in terms of Consolidated Profit of Rs.500 crores and Consolidated Net Worth of Rs.1000 crores. Over the last few years, the Company has significantly deleveraged its Balance Sheet.

The analysis below is on Standalone Voltas performance and the performance of Company's Subsidiaries and Joint Ventures are analysed separately.

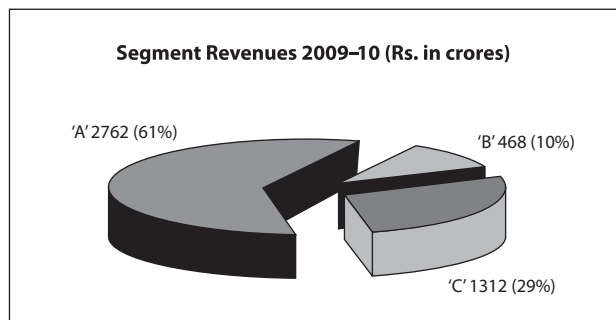
Voltas' standalone operating profits have grown 747% over a period of last 5 years.



2. The Company sustained its focus on shaping its offerings of projects, services and products to the prevailing market circumstances and challenges. There have also been significant measures to optimize costs and streamline processes so as to better leverage opportunities in the expected economic resurgence.

3. The business segments of the Company are:

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



ELECTRO-MECHANICAL PROJECTS AND SERVICES

4. The domestic market for HVAC (Heating Ventilation & Air Conditioning) has shown signs of recovery during the review period. However, the size of the market has not reverted to the pre-downturn levels. The Building Environment segment has seen a slowdown in projects for commercial buildings, due to scarcity of funds available to builders. The Healthcare sector, however, supported by government investments, has shown rapid growth and presents a positive outlook. In the Industrial sector there has been a delay in planned procurement by the power plants and the backlog is likely to spill into next year.

5. Despite these constraints, the Order book of domestic Electro-mechanical business has grown by 21% over the previous year, due to inroads into MEP business, focus on urban infrastructure projects, forays into multi-disciplinary industrial projects and repeat orders from existing customers. 45% of the total order booking was from repeat customers.

6. The Company secured MEP orders for two international airport modernization projects initiated during 2009-10, reinforcing its reputation in the Airport sector. The first order was from ITD-ITDCEM for Netaji Subhas Chandra Bose International Airport (Kolkata) and the second was from CCCL-HPI for Chennai International Airport.

7. Redefined market segmentation and clear customer focus has resulted in development and progress in all the segments addressed by the Company. The Building Environment and Urban Infrastructure segments together contributed to 70% share of order bookings. Major orders included Sofitel (Accor Group) Hotel in Mumbai, Le Meridien Hotels in Coimbatore, ESIC Hospital in New Delhi, TATA Medical Trust in Kolkata, Army Hospitals in Delhi, Amanora Mall in Pune, Infiniti Mall and Neptune Mall in Mumbai, Ascendas Phase-3 at Siruseri and TCS Phase-2 at Hyderabad.

8. The Company leveraged its strengths to address the rapidly growing demand in the Power and Metal industries. With its diversified offerings, the Company secured a breakthrough order from Maithon Power for Low Pressure piping and Electrical Balance of Plant (EBOP) for Primary Water systems. This was further augmented by a major order from Tata Steel for Low Pressure piping works. These orders demonstrate the capabilities of the Company in Industrial, Mechanical and Electrical services.



9. The Company was awarded a specialty multi-disciplinary project from Mahindra Engine Research & Development Centre, Chennai, the first of its kind to involve twelve specialized systems, including HVAC, Electrical, Compressed air, Fire detection (gas detection) and fire protection (water mist), Building Management Systems, Public Address system and Fuel supply. Additionally, the Company was entrusted with the responsibility for Project Management Consultancy of acoustics in the engine test room, as well as test cell and fan analytical gases.

10. Repeat orders were secured from Maruti for its facilities at Mundra, Manesar and Bangalore. The scope of work included specialized mechanical and electrical services beyond the conventional HVAC systems.

11. The Company maintained commendable track record of on-time progress in fast track projects, by executing 9 out of the 13 stadiums being built for the Commonwealth Games, New Delhi, as well as 4 training venues. The pace of work was maintained against difficult working conditions, including working at great heights and met the highest technical requirements, such as low velocity of air.

12. The Company established integrated state-of-the-art testing facilities for its Energy Conservation Building Code (ECBC)/ASHRAE 90.1 compliant standard range of chillers, manufactured at its Dadra plant. The manufacturing capabilities received a new impetus with the successful commissioning of indigenously developed co-generation Vapour Absorption Machines (VAM) of large capacity (1450 TR) for Thyagaraja Stadium in New Delhi. The VAMs are also being exported to countries like Indonesia and Saudi Arabia despite global competition, testifying to the quality of the Company's manufacturing capabilities in high-end engineering products.

13. In the low-temperature refrigeration area, the Company has established its capabilities in design, manufacture and commissioning of chiller packages for specialized purposes, as demonstrated by the successful commissioning of ultra-low temperature chiller packages for BARC at -75° C, and Rallis' fertilizer and petrochemicals plant at -65° C, as well as Jayashree Chemicals' chlorine liquefaction plant (200 MTPA).

14. The Company also participated in execution of a prestigious project based on a technical paper published by BARC Scientific Division, to enhance the shelf life of

onions to 6 months. While the irradiation requirements were handled by BARC, the process cooling was undertaken by the Company – an instance of new area in which the trust of clients has been won and vindicated.

15. There has been significant growth in the Variable Refrigerant Flow (VRF) segment. VRF systems engineered by the Company contributed significantly to the triumph of projects which won the 4 most prestigious awards conferred at the Emerson Cup 2009 for India and SE Asia.

16. The Company's careful selection of geographies and customers sustained its thrust in international Electro-mechanical business through a very difficult business environment. Profitability of the International Operations improved very significantly on the back of good quality order book. The Company commissioned several large projects during the year. These included two prestigious projects in GCC, which were delivered within their timeframes, namely the Burj Khalifa (Dubai), the world's tallest man-made structure, and the Yas Marina F1 Circuit (Abu Dhabi), which the Company completed and delivered well in time for the UAE's first Grand Prix event, earning an unprecedented letter of appreciation from the Chairman of Aldar Properties, the Developers. The Company also completed the large District Cooling Plant in Dubai International Financial Centre. This along with the critical District Cooling Plant at Singapore establishes the Company firmly in setting up District Cooling facilities in different geographies.

17. The economic recession last year resulted in a slowdown in certain geographies in which the Company operates, such as Dubai and Singapore. With the property bubble having burst in Dubai, a more conservative attitude towards investments now prevails, with new rules governing public debt levels. These are motivated by greater governmental concerns about the sustainability of their spending and an awareness of risks stemming from excessive leverage in real estate companies. In spite of the economic adversity, the Company demonstrated its fundamental strength by securing new international projects of Rs. 898 crores during the year under review.

18. The Company's international Electro-Mechanical business successfully re-certified its Quality Management System for the ISO 9001: 2000 standard and renewed its Business Excellence drive by participating in the Group's TBEM External Assessment. The Company improved its score

from 317 to 453 on a 1000 point scale, thereby winning a 'Serious Adoption Award', reflecting the positive outcome of various improvement initiatives.

19. Rohini Industrial Electricals Limited, which is engaged in Industrial Electrical Projects and where the Company holds 67% shareholding, performed satisfactorily during the year with a turnover of Rs.214 crores against Rs.191 crores in the previous year. The operating profit of the Company was lower at Rs.14 crores against Rs.17 crores last year, due to higher input costs. There was also an increase in employee cost and sales expenses. Benefits from some of these costs are likely to accrue in the coming years. Rohini has a robust Order Book and this should augur well for the future.

20. Universal Voltas Limited (UVL), Abu Dhabi, a Joint Venture company based in Abu Dhabi with Voltas shareholding of 49% and engaged in execution of small to medium size Electro Mechanical Projects and Operation & Maintenance activities performed well during the year. The turnover of UVL increased from Rs.155 crores to Rs.188 crores and the operating profit increased from Rs.13 crores to Rs.20 crores. As a result of the slowdown in UAE, the performance of UVL is likely to face some pressures in the ensuing year.

21. Weathermaker Limited, based in Jebel Ali Free Zone in Dubai, which is engaged in manufacturing of specialized ducts, diffusers, etc., faced slow down due to the prevailing conditions in Dubai region and its turnover dropped from Rs.48 crores to Rs.43 crores. However, due to lower inputs costs and distributions costs, its operating profit was higher at Rs.6 crores as compared to Rs.5 crores last year. Weathermaker Limited is also likely to face some pressures in the ensuing year.

22. Other Subsidiary and Joint Ventures companies in this segment, namely Saudi Ensas Company for Engineering Services WLL, KSA, Naba Diganta Water Management Limited, Kolkatta, Universal Weathermaker Limited, Abu Dhabi, are relatively small and their contribution is not significant as of now.

23. The Company's overall carry forward Order Book for the Electro-mechanical Projects and Services segment was Rs.4227 cores, as at 31st March, 2010.

ENGINEERING PRODUCTS AND SERVICES

24. The Indian textile industry witnessed growth in the second half of 2009-10 which led to higher investment in

machinery, in both spinning and post-spinning segments like fabric forming, processing and finishing. The order booking and despatches for spinning machinery increased by 25% over the previous year, driven by domestic demand as also strong export of yarn and garments. The Company was also able to consolidate its relationship with Thies GmbH for dyeing machinery and booked orders of over Euro 10 million.

25. The Indian construction equipment industry witnessed growth in the second half of 2009-10, led by higher investments in infrastructure and road projects. The iron ore mining segment also picked up post-September 2009 due to the increase in exports to China and other countries. This led to higher off-take of the Company's crushing and screening equipment and crawler cranes. The mining of coal, iron ore and limestone continued to attract investment in large projects, which led to sustained demand for mining equipment, spare parts and services. The Company was able to successfully execute and commission an order of Rs.100 crores for large capacity mining excavators of 34 cu.m. capacity from Hindustan Zinc Limited. The revenues from sale of parts and maintenance contract services increased due to ongoing contracts for various mining equipment.

26. The Indian materials handling equipment industry continued to see a downturn in 2009-10, without any pick up in investments in manufacturing capacity by customers. Though there was some improvement in the fourth quarter, forklift and crane production and sales for the year declined by 11% and 70%, respectively. The Company maintained its market share for forklifts and increased its sales of warehousing equipment, parts and service.

27. The down turn was a good opportunity for relooking at the cost structure and improving internal efficiencies. This will help in long term sustainability of the operations.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

28. The Indian air conditioner industry witnessed growth of 25% during the year under review, reflecting the nation's economic recovery from the recessive downturn of the previous year. Two significant trends were in evidence: the industry's movement towards energy-efficient 'Star' rated products, and the higher growth rate in split ACs compared to window ACs.



29. In this climate of renewal, the Company's Unitary Cooling Products Business registered robust growth of 30% in volume, well above the industry average. The split AC segment was the major contributor with 38% growth, while window ACs registered 17% growth. To further advance its lead, the Company made significant efforts to extend its reach in semi-urban and rural markets, by expanding its sales and service network from 3700 to over 4600 dealers, distributors and retailers, through a focused channel expansion program. In addition, an organized retail vertical has been set up to cater to the demands of these growing demographic strata.

30. The Company also sustained its developmental focus by introducing an extended range of 'Star' rated products. The objective was to cater to the diversity of priorities, preferences, income groups and aesthetic tastes, while maintaining key differentials and attributes, such as the new eco-system technology, self-diagnosis, auto-louver step adjustment, optimized cross-flow vane and other intelligent features.

31. The new advertising platform of 'Sensible Cooling' has been well appreciated, with its thrust on educating the consumer on optimal usage of air conditioners. Following its pioneering launch of energy-efficient air conditioners, the Company continued to hold the high ground in this market. Brand recall reached an all-time peak and the Company's overall share in the room air conditioner market has been sustained at 16.5%.

32. The Company's increased focus on commercial refrigeration, through a separate sales vertical, continues to show good results, with robust growth of 46%, despite the economic slowdown. The water cooler business registered steady growth of 15%, while water dispensers evidenced growth of 13%, thus sustaining market leadership.

33. The Company has successfully adopted a flexible business model with a judicious mix of outsourcing and in-house manufacturing, which has helped maintain a low-cost and lean operating structure. Operations at the Pantnagar manufacturing facility of the Company's wholly-owned subsidiary (UCPL) have stabilized, with the facility producing in excess of 2,00,000 units in the year under review.

34. Universal Comfort Products Limited (UCPL), the manufacturing arm for this segment, has done very well during the year. The loading of the plant improved

substantially due to localization as mentioned above and it contributed Net Profit of Rs.13 crores against a loss of Rs.21 crores in the previous year. Some of the loss in the previous year arose from closure of its Dadra Plant and consequent impairment of assets.

35. Lalbuksh Voltas Limited, a joint venture company based in the Sultanate of Oman dealing in horticulture, water management and purification, etc., and included in Others Segment, continued to do very well and achieved a turnover of Rs.69 crores as against Rs.58 crores in the previous year. Its operating profit increased significantly from Rs.9 crores in the previous year to Rs.19 crores.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

36. With the economic recovery expected to gain momentum in 2010-11, domestic markets are likely to attract new or renewed investment and growth. Those which hold significant opportunities for the Company include healthcare, which would attract both governmental and private investment in hospitals; urban infrastructure, specifically metro rail transport; airports and ports; power, steel and manufacturing sectors; and educational/research institutions. The Company is well placed to seize these opportunities with its proven integrated capabilities in MEP contracting, as well as in electrical works through Rohini Industrial Electricals Limited, its subsidiary company. The year on year improvement in the value and quality of the order book are good indicators of the strength of the Company for future growth.

37. New opportunities are also being opened up by the growing industrial focus on energy-efficiency, reduction of carbon footprint, carbon credit trading and 'Green buildings' in the commercial sector, as mandated by the government's Bureau of Energy Efficiency. With its established record in this area, the Company has a strong competitive edge.

38. The principal driver of the GCC economies being oil revenue, the sharp drop in oil prices early in the year had resulted in some of the Governments adopting a cautious approach towards their spending. Oil prices picked up during the latter half of the year 2009-10 and currently stand at about USD 70 a barrel vis-à-vis USD 40 a barrel at the start of the year, indicating that an economic recovery was under way. Furthermore, Governments of GCC countries are

committed to invest in developing infrastructure, education and healthcare over the next few years, especially, Abu Dhabi (with its large share of oil reserves), Qatar (with plentiful natural gas reserves) and Saudi Arabia (which has the largest economy within GCC). These positive factors signify good prospects for the Company's MEP services.

39. The Company is in the process of restructuring its international operations to expand its geographical presence and enhance focus on projects in industry, infrastructure and oil & gas, which have greater assurance of Government spending in the attempt to pull economies out of the recession.

ENGINEERING PRODUCTS AND SERVICES

40. It is expected that investments in capital goods and engineering products will be sustained in the next few years as the Indian economy regains its growth path, including infrastructure projects such as airports, ports, power and roads and manufacturing industries such as textiles. This would provide good opportunity and demand for engineering products and services of the Company in the segments of mining & construction equipment, materials handling equipment and textile machinery.

41. The Company has pending orders for large mining equipment from coal projects as well as on-going parts and service contracts which will sustain the revenues in future. Demand for crushing and screening equipment and cranes is also expected to be strong for infrastructure and road projects.

42. The market for materials handling equipment is beginning to revive, with growth and increased investments in manufacturing sectors such as two-wheelers, automobiles, general engineering and power. These are expected to lead to additional requirement in logistics, warehousing and materials handling, driving the demand for forklifts, cranes and warehousing equipment.

43. New projects are now being planned in the spinning sector, yielding good demand for spinning machinery and services. The post-spinning sector, particularly processing and finishing, also has a number of projects on the anvil which should sustain demand.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

44. The domestic room air conditioner industry is expected to grow by around 25% in the year ahead, driven

by its presently low penetration levels, coupled with rising middle-class aspirations, growth in disposable incomes and the increasing impact of climate change. Better availability of reliable power supply and lower cost of running air conditioners with energy efficient machines are also likely to accelerate the pace of growth in demand. The Company plans to seize these opportunities, through a focused channel expansion effort in B and C class towns and by creating a product mix suited to the requirements of the emerging customer base.

45. The commercial refrigeration segment is expected to continue to grow at 35%, driven by a growing demand-supply gap as well as the need for quality infrastructure in user industries such as retail, dairy, ice cream and brewery. With its high-quality products and superior on-time delivery and service, the Company is well placed to maintain its leadership position.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

46. With the Company's increased exposure in the industrial and infrastructural sectors, any delays in the planned execution of announced projects could impact the business projections.

47. Attracted by the growing Indian economy, many multinational companies are considering entry into the MEP sector. In addition, some of the main contractors are developing in-house MEP capabilities and this is expected to cause competitive pressure for the business and is also likely to impact the operating margins.

48. The Company's major markets in UAE could be adversely affected by debt restructuring and the difficulties of Dubai corporates in repaying existing loans.

49. A major risk could arise in the event of a global slowdown and resultant drop in oil prices/revenues which could impact the GCC Governments' ability to drive growth.

50. The demographic mix of the labour workforce within the GCC countries includes a large proportion of expatriate workers, which could be a cause of concern and unrest in countries like Saudi Arabia and Bahrain which are now witnessing higher unemployment amongst the indigenous population.



51. The Company's overseas revenues are directly impacted by fluctuations in currency rates, since its Middle East earnings are pegged to the USD. Additionally, on both domestic and international fronts, there is the impact of volatility in material and commodity costs. These may be linked to currencies of countries from where the Company source materials and products, such as Europe, Japan and China, or may arise from changing market realities. The challenge for the Company is to protect its profitability in this uncertain environment, since most of its international projects are high value and long gestation lump-sum fixed price contracts, while domestic business too is trending towards that model. The Company continues to undertake forward booking and hedging in respect of certain currencies, to mitigate the risk.

ENGINEERING PRODUCTS AND SERVICES

52. The growth in the Indian economy and industry is attracting global and domestic manufacturers to set up operations in India, leading to increased competition in engineering products and services. This could be a major issue for textile machinery, mining & construction equipment and materials handling equipment. To counter these risks, the Company is focusing on improvement in its products and service offerings.

53. Other potentially adverse factors relate to increase in input costs of steel and other raw materials and fluctuations in foreign exchange rates. These could impact margins for the Company's own manufactured and traded products. The Company has set up processes for cost reduction through value engineering and other initiatives to protect the margins. Global uncertainty and instability could also adversely affect the domestic investment climate which could have a direct bearing on the Engineering Business.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

54. While earlier the Company had differentiated its products on the energy-efficiency platform, energy labeling has now become mandatory. Consequently, in future, there will be limited product differentiation across brands. To succeed in the market place, the business has to once again create an endearing and enduring value

proposition for the customer. Further, since the Company does not offer the full range of consumer durables, it has lower bargaining power in organized retail stores, which are now becoming an increasingly important distribution channel and whose numbers are growing significantly.

Inventory planning is another major challenge since over the last two years, either the markets have slowed down suddenly resulting into large inventories or grown at unprecedented rate resulting in need for procuring products at higher cost, pressuring the margins. Fluctuating value of Indian Rupee vis-à-vis US Dollars is another factor that can impact the margins.

FINANCIAL PERFORMANCE - STANDALONE

55. Financial performance as a measure of operational performance

(a) Net Sales and Services (Segment Revenues):

Rs. in crores

	2009-10	2008-09	Change	Change %
Segment-A (Electro-mechanical Projects and Services)	2762	2539	223	9%
Segment-B (Engineering Products and Services)	468	542	(-) 74	(-) 14%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1312	912	400	44%
Others	-	40	(-) 40	(-) 100%
Total	4542	4033	509	13%

Revenues in Electro Mechanical Projects and Services Segment grew at a slower pace primarily because of slow conversion of order book into execution in the Domestic Projects Business. Revenues of Engineering Products and Services Segment were impacted due to lower off-take in Materials Handling business arising from lower capital formation. In Mining and Construction business also, revenues were lower though they were much more profitable. Revenue from 'Others' in 2008-09 was primarily from Chemicals Trading business, which was sold at the end of March 2009.

(b) Other Income:

Rs. in crores

	2009-10	2008-09	Change	Change %
Other Income	76	94	(-) 18	(-) 19%

Other Income comprises rental income, profit on redemption of mutual funds/sale of non-trade current investments, dividend income from investments, interest income, miscellaneous income and foreign exchange gain, if any. Other Income in previous year included foreign exchange gain of Rs.18 crores on account of conversion of net foreign assets, against which in the year 2009-10, there is a loss. Similarly, profit on redemption of mutual funds was Rs.0.03 crore only, as compared to Rs.7 crores in 2008-09 from redemption of units of Fixed Maturity Plans (FMPs) of Mutual Funds. On the other hand, rental income was higher by Rs.7 crores compared to the previous year.

(c) Exceptional Items:

Rs. in crores

	2009-10	2008-09	Change	Change %
Exceptional Items	36	32	4	13%

Exceptional Items primarily comprise profit on sale of properties and reversal of contingency provision, which is no longer required.

(d) Staff Expenses:

Rs. in crores

	2009-10	2008-09	Change	Change %
Staff Expenses	487	429	58	14%

Staff Expenses comprise salary, wages, bonus, Company's contribution to PF and other funds, retiring gratuity and welfare expenses. The same are higher due to increase in manpower for overseas projects on account of new projects like Sidra Medical Research Centre and normal adjustments arising from increments. On the other hand, due to rationalization of structures in the domestic businesses, there was a reduction in staff numbers and staff cost was lower by Rs. 11 crores.

(e) Commission other than to Sole Selling Agents:

Rs. in crores

	2009-10	2008-09	Change	Change %
Commission other than to Sole Selling Agents	104	50	54	108%

A large part of this cost is contributed by Unitary Cooling Products Business. Due to the increase in volumes in this business and restructuring of the dealers' commissions, there was an increase against which, there was more than commensurate increase in gross margins.

(f) Other Expenses:

Rs. in crores

	2009-10	2008-09	Change	Change %
Other Expenses	141	151	(-) 10	(-) 7%

Other Expenses includes service maintenance charges, selling expenses, outside service/contract labour charges, staff selection expenses, bank charges, C&F charges, moving and shifting expenses, cash discounts, royalty and commission to Directors. While other expenses in domestic business had increased due to cash discounts, in international business, it had reduced due to lower staff selection/visa expenses.

(g) Profitability:

Rs. in crores

	2009-10	2008-09	Change	Change %
Profit Before Tax	485	367	118	32%
Profit After Tax (Net Profit)	344	252	92	36%

Overall increase in profits attributed to much better results achieved in International Projects business, improved performance of Mining and Construction and Textile Machinery businesses and significantly higher volumes coupled with increased local manufacturing in Unitary Cooling Products business. Improvement in internal efficiencies also played a significant role in higher profitability. Relatively, higher increase in Post tax profit is a result of finalization of certain appeals in favour of the Company resulting in write back of Provision for Taxation relating to the previous years.

56. FINANCIAL POSITION - STANDALONE
(i) Secured Loans:

Rs. in crores

	2009-10	2008-09	Change	Change %
Secured Loans	19	128	(-) 109	(-) 85%

Company's judicious management of treasury operations and better management of working capital resulted in much lower borrowings.



(ii) **Fixed Assets:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Fixed Assets after Depreciation - (Net)	175	173	2	1%

There was marginal increase in the Net Fixed Assets of the Company due to incremental investment in buildings, plant and machinery and in software. The Company undertook several initiatives for improving Information Technology systems which also resulted in additional capital expenditure.

(iii) **Investments:**

Rs. in crores

	2009-10	2008-09	Change	Change %
• Long Term Investments:				
- Trade and other Investments	29	31	(-) 2	(-) 6%
- Investment in subsidiaries	119	95	24	25%
Total Long Term Investments	148	126	22	17%
• Current Investments:				
- Units of Mutual Funds	203	121	82	68%

During 2009-10, the Company increased its shareholding from 51% to 67.33% in the equity capital of Rohini Industrial Electricals Limited, a subsidiary company at a cost of Rs.24 crores. Company's investment of cash surpluses in liquid Mutual Funds increased by Rs.82 crores compared to the previous year.

(iv) **Inventories:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Raw materials, components and stores	72	79	(-) 7	(-) 9%
Work-in progress (Net)	658	686	(-) 28	(-) 4%
Finished goods	332	287	45	16%

There was an increase in the inventory of finished goods (air-conditioners) of Unitary Products business in anticipation of a good pick-up in demand in the peak summer season of April to June 2010.

(v) **Sundry Debtors:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Net Debtors	847	817	30	4%

Some large billings towards the end of the year on several international projects resulted in higher receivables. The pressure on domestic project receivables continues but is not a matter of major concern.

(vi) **Cash and Bank Balances:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Cash and Bank balances	403	400	3	1%

Cash and Bank balances include over Rs.200 crores in fixed deposits against advances received from customers in the International Projects Business.

(vii) **Loans and Advances:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Loans and Advances (Net)	238	225	13	6%

The increase is primarily due to advances given to subsidiary companies including share application money of Rs.23 crores. The incremental advances carry interest.

(viii) **Current Liabilities and Provisions:**

Rs. in crores

	2009-10	2008-09	Change	Change %
Current Liabilities	1824	1824	Nil	Nil
Provisions	246	242	4	2%

Despite the increase in business volumes, the Company has ensured that the obligations towards vendors, sub-contractors and others were met and the cash generation, which was very good at the Company level, was not at the cost of those dependent upon and dealing with the Company.

FINANCIAL PERFORMANCE - CONSOLIDATED

57. Financial performance as a measure of operational performance

(a) **Net Sales and Services (Segment Revenues):**

Rs. in crores

	2009-10	2008-09	Change	Change %
Segment-A (Electro-mechanical Projects and Services)	3113	2760	353	13%
Segment-B (Engineering Products and Services)	468	542	(-) 74	(-) 14%
Segment-C (Unitary Cooling Products for Comfort and Commercial Use)	1186	920	266	29%
Others	39	104	(-) 65	(-) 63%
Total	4806	4326	480	11%

The major contributors in Consolidated Revenues were Rohini Industrial Electricals Limited (Rohini), Universal Voltas LLC and Weathermaker Limited in Segment 'A' and Universal Comfort Products Limited (UCPL) in Segment 'C'. Revenue from 'Others' primarily comprises Lalbuksh Voltas Engineering Services and Trading LLC (Lalvol).

(b) Profitability:

Rs. in crores

	2009-10	2008-09	Change	Change %
Profit Before Tax	532	372	160	43%
Profit After Tax (Net Profit)	385	255	130	51%

The major contributors were Rohini, UCPL, Lalvol and Universal Voltas LLC.

LIQUIDITY AND CAPITAL RESOURCES

58. The Company accords highest priority to cash generation and cash management. Capital engagement in the businesses is reviewed regularly and is a focus area. The Company has brought down floats, reduced borrowings across the group companies and has increased investment in liquid instruments, which stand at over Rs.200 crores. Against the net worth of around Rs.1000 crores, the cash and bank balances and liquid investments amount to Rs.600 crores.

59. Cash generation during the year from Operating activities before tax, almost equaled the Operating Profit. The low leverage of the Balance Sheet and high liquidity form a strong foundation for the future growth and the Company is placed in a uniquely competitive position.

RISK AND CONCERNS

60. Risk management is a part of the strategic business planning and reviews and has assumed increased importance in the volatile times. The Company was able to navigate successfully through the volatile business environment and has been able to generate higher profits year after year because of the strong risk management practices.

61. In the competitive environment, data security is important and has been a focus area. Regular drills have been conducted to ensure availability of backups at all times.

62. Liquidity and exchange risks have also received increased attention during the year. In both these areas, the Company has adopted conservative measures to ensure

that the risk mitigation exercises do not result in increase in indirect exposures. In foreign exchange management, direct-forwards is the most preferred option. Company's liquid resources have also been invested prudently, so as to avoid exposure to high risk/high return avenues. In the Businesses, receivables and inventories have been constantly under review and this has resulted into bringing down the levels, except in project businesses where the receivables have got stretched but are within tolerance limits

63. Costs are also recognized as a risk on sustainability of the businesses and have generally been treated on par with investments, so that cost/return equation is not ignored.

64. Increasing competition, escalating input costs, inflation and execution of technically challenging projects are some of the other risks which have assumed significance in the recent past and they are receiving close attention from the Management.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

65. An independent Internal Audit function is an important element of the Company's internal control system. The Internal Auditors conduct 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 and the internal audit reports are also shared with the Statutory Auditors. The Department reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems, recommending improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information. The Company has put in place a Risk Assessment and Mitigation process across all its business operations, which is periodically reviewed by the Management.

66. The Company's in-house Internal Audit Department comprises qualified CAs and CISAs. To harness skill sets in the areas of indirect taxation, logistics and procurement, the Company also utilises the services of M/s Mahajan & Aibara, a firm of Chartered Accountants, as a co-partner for internal audit.

67. Significant audit findings and suggestions along with the 'Action Taken Reports' are reported to the Board Audit Committee, which consists of three Independent Directors. The Board Audit Committee monitors and reviews the significant internal audit observations, compliance with



accounting standards, risk management and control systems, profitability and risk ratings of overseas contracts and the status of outstandings and inventory levels.

HUMAN RELATIONS

68. The Company was successful in meeting the challenges and realizing the opportunities of its business environment during the year under review, with the support of its dedicated, competent and committed employees. With the announcement of the new top leadership team, the Company is well on its way towards building further on the solid foundations already in place.

69. Human Resources initiatives focused on capability and capacity building. The Company continued to implement best practices and innovative initiatives. Against competitive pressures in acquisition and retention of talent, the Company successfully recruited high-quality personnel from premier institutes. Another major initiative was the Voltas Work Level Study carried out with the help of the Tata Group HR team. This study focused on an analysis of jobs using scientific techniques with a view to enabling flatter structures and faster decision-making.

70. The Company conducted its second Employee Engagement Survey covering all employees, including those on contract, overseas. The results indicated improvement in engagement. Continuing the focus on further improving Employee Engagement and ushering in a proactive work culture, several initiatives are planned for the year ahead. Employee Contact Programs will continue to play an important part in obtaining valuable feedback and implementing appropriate action plans.

71. With the objective of top level leadership development, a specially designed Strategic Leadership program was conducted at the TMTTC. This is to be followed up with suitable programs for further reinforcement. The Company also carried out rigorous assessment to identify a group of Fast Trackers from amongst the young managers. To continue its regular training focus on leadership development and managerial effectiveness, the Company conducted a number of internal and external training workshops, courses and seminars. Induction programmes for new recruits at all levels were taken up regularly. The feedback from the training programmes has been very encouraging.

72. However, as the business climate improves, the Company is likely to face certain challenges on the human resources front. On the one hand, there will be increased demand for skilled people for supporting the growth aspirations in the Company's businesses. On the other hand, there will be increasing competition amongst various industries for attracting talent. Before the advent of the global slowdown, availability of experienced and skilled resources was a big challenge and the Indian economy may be heading for a similar situation again. The ensuing competition for a limited talent pool could therefore lead to inflation in salaries and the Company's employee costs could rise substantially. The expansion of the Company's businesses into new verticals, new countries and markets segments will also call for specific skills, experience and management bandwidth which may not be readily available. While contending with these issues of a scarce talent pipeline and rising employee cost, the Company will also need to ensure high employee engagement, training and retention. The human resource challenge is therefore a priority area for the Corporate Management and the Company is working aggressively on strengthening its organisation structure, as also the processes for recruitment, training, compensation benchmarking and retention. The Company also periodically reviews re-engineering of business processes (including outsourcing, where advantageous) in order to increase its overall human resource capability, to meet the aspiration for rapid growth.

73. Industrial relations continued to remain cordial.

74. The total staff strength as on 31st March 2010 was 8608, including 5173 contract staff, primarily for overseas projects.

CAUTIONARY STATEMENT

75. 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 10 members: 9 Non-Executive Directors (NEDs) and the Managing Director. Of the 9 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 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 the 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 2009-10, eight 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.

21st April, 2009, 29th May, 2009, 30th July, 2009, 17th September, 2009, 29th October, 2009, 21st December, 2009, 25th January, 2010 and 18th March, 2010.

The Annual Calendar of Board 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/Strategic Business 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 by the Directors, periodically. Considerable time is spent by the Directors on discussions and deliberations at the Board 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), 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.



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 2009-10	Attendance at the last AGM held on 10th August, 2009	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	8	Yes	14	4	6
Mr. A. Soni (Managing Director) (upto 22-4-2010)	Not Independent Executive	8	Yes	2	-	-
Mr. Sanjay Johri (Managing Director) (w.e.f. 23-4-2010)	Not Independent Executive	N.A.	N.A.	1	-	-
Mr. Nasser Munjee	Independent Non-Executive	4	Yes	14	4	3
Mr. N. J. Jhaveri	Independent Non-Executive	8	Yes	11	3	4
Mr. S. D. Kulkarni (upto 20-9-2009)	Independent Non-Executive	2	Yes	3	2	2
Mr. Ravi Kant	Not Independent Non-Executive	3	Yes	7	-	1
Mr. N. D. Khurody	Not Independent Non-Executive	7	Yes	7	1	1
Mr. Noel N. Tata	Not Independent Non-Executive	4	Yes	7	-	-
Mr. Jimmy S. Bilimoria	Independent Non-Executive	8	Yes	8	4	3
Mr. S. N. Menon	Independent Non-Executive	8	Yes	7	-	3
Mr. Nani Javeri (w.e.f. 29-10-2009)	Independent Non-Executive	3	N.A.	2	-	-

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

(d) Code of Conduct

The Board has adopted the 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, 2010. A declaration to this effect, signed by Managing Director of the Company is annexed hereto. Senior management comprises the Division/Department/Functional Heads and the CFOs of the respective business clusters.

3. Audit Committee

(a) Composition, name of Members and Chairman

The Company has a Board Audit Committee comprising Non-Executive Independent Directors – Mr. N. J. Jhaveri, Mr. Nasser Munjee and Mr. Jimmy S. Bilimoria (a Chartered Accountant by qualification). Mr. S. D. Kulkarni ceased to be a member of Board Audit Committee upon his retirement on 20th September, 2009. Mr. N. J. Jhaveri is the 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 (Finance), the Chief Internal Auditor and the Statutory Auditors attend the meetings as Invitees. The Business Heads 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

Eight Board Audit Committee Meetings were held during the financial year 2009-10 on the following dates:

28th May, 2009; 9th July, 2009; 30th July, 2009; 17th September, 2009; 29th October, 2009; 25th January, 2010, 4th February, 2010 and 10th March, 2010.

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

Name of Members	No. of Meetings attended
Mr. N. J. Jhaveri	8
Mr. S. D. Kulkarni	2
Mr. Nasser Munjee	6
Mr. Jimmy S. Bilimoria	7

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 any 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 information:

- (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 and with overseas branch auditors;
- (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.

4. **Subsidiary Companies**

The Company has nine unlisted subsidiary companies, of which four are Indian subsidiaries. As defined in Clause 49 III of the Listing Agreement, none of the Indian subsidiary 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 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. N. J. Jhaveri, Mr. Nasser Munjee and Mr. S. N. Menon. Mr. S. N. Menon was nominated as a member of the Board Remuneration Committee on 30th July, 2009 and Mr. S. D. Kulkarni ceased to be the Chairman of the Board Remuneration Committee upon his retirement on 20th September, 2009. During 2009-10, one meeting was held on 29th May, 2009 which was attended by Mr. S. D. Kulkarni, Mr. N. J. Jhaveri and Mr. Nasser Munjee. 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.

The Chairman of the Remuneration Committee attended the last Annual General Meeting of the Company held on 10th August, 2009.

(b) **Remuneration Policy**

The remuneration of the Managing Director and Executive Director (if any) is reviewed by the Remuneration Committee based on certain criterias such as industry benchmarks, Company's performance and the responsibilities shouldered by the concerned managerial person. The Balanced Scorecard of the Managing Director/Executive Director (if any) enlisting therein his performance/

achievements under different parameters vis-à-vis the targets/goals, is reviewed by the Remuneration Committee. 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/Executive Director (if any) is considered by the Remuneration Committee and thereafter recommended to the Board. The revision in pension amounts payable to the retired Managing Director/Executive Director from time to time, is 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 2009-10 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 also paid sitting fees for attending Board/Committee Meetings, as under:

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

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2009-10 and their shareholding in the Company as on date are given below:

● Non-Executive Directors

Name of Directors	Commission for 2009-10* Rs. in Lakhs	Sitting Fees paid in 2009-10 Rs. in Lakhs	No. of Shares held
Mr. Ishaat Hussain	31.50	1.70	-
Mr. Nasser Munjee	16.50	2.20	-
Mr. N. J. Jhaveri	29.75	3.30	-
Mr. S. D. Kulkarni**	5.50	0.70	1990
Mr. Ravi Kant	5.25	0.60	-
Mr. N. D. Khurody	16.25	1.40	1147
Mr. Noel N. Tata	12.25	1.00	-
Mr. Jimmy S. Bilimoria	23.75	3.00	-
Mr. S.N. Menon	14.00	1.60	-
Mr. Nani Javeri ***	5.25	0.60	-

* Payable in 2010-11

** Ceased to be Director w.e.f. 20th September, 2009

*** Appointed as a Director w.e.f. 29th October, 2009

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during 2009-10, except as stated above.

● Remuneration of Managing Director

(Rs. in Lakhs)			
Name of Director	Salary	Perquisites and allowances including contribution to PF and Superannuation Fund	Commission for 2009-10*
Mr. A. Soni	38.40	56.15	150.00

* Payable in 2010-11

Notes:

- Mr. A. Soni retired as the Managing Director of the Company upon expiry of his contract on 22nd April, 2010.
- 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 fees is payable.

- (c) The Company has not introduced any stock options to its Directors/employees.
- (d) Mr. A. Soni did not hold any Equity Shares of the Company either singly or jointly. Similarly, 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 Share Manager. During the financial year 2009-10, two Meetings were held on 29th October, 2009 and 22nd March, 2010. The Minutes of the Shareholders/Investors Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

In order to benefit from the specialised services provided by TSR Darashaw Limited (TSRDL) and taking into consideration various other factors including increase in costs and upgradation of IT system from time to time, to meet with the requirements of SEBI/Depositories, the Company has outsourced its in-house shares related activities to TSRDL with effect from 8th March, 2010 for providing depository related services for shares held in demat mode and as Transfer Agent in respect of shares held in physical mode. A suitable announcement in newspapers and individual intimation letter to all the shareholders was sent by the Company in March 2010 to that effect. TSRDL are also the Registrar and Transfer Agents for almost all the other listed Tata companies.

The Company had at the 55th Annual General Meeting held on 10th August, 2009, taken the approval of the shareholders for keeping the registers and indexes of members and debentureholders, copies of annual returns and all other relevant documents in the office premises of TSRDL in addition to the Registered Office of the Company and/or such other office building within the premises of the Company at Chinchpokli.

The number of complaints received from SEBI/Stock Exchanges were very few, 8 during the financial year 2009-10 and the same have been suitably dealt with and closed. The number of transfers pending as on 31st March, 2010 was 6.

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.

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/investment in Mutual Funds. Mr. S. D. Kulkarni, Non-Executive Independent Director was the Chairman of the Investment Committee. Consequent upon his retirement, Mr. Jimmy S. Bilimoria, Non-Executive Independent Director was appointed as the Chairman of the Investment Committee with effect from 29th October, 2009. The other

members of the Investment Committee during 2009-10 were Mr. A. Soni, Managing Director and Mr. M. M. Miyajiwala, Executive Vice President (Finance) & Chief Financial Officer. During the year under review, one Meeting of Investment Committee was held on 4th February, 2010. 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. Mr. Nani Javeri, Non-Executive Independent Director and Mr. Sanjay Johri, Managing Director of the Company (in place of Mr. A. Soni) have been appointed as members of the Investment Committee with effect from 19th April, 2010.

- (c) The Committee of Board (COB) comprising Mr. Ishaat Hussain, Mr. A. Soni, Mr. N. D. Khurody and Mr. Noel N. Tata was constituted to discuss and guide the Management on strategic issues. During the year under review, three Meetings were held. Consequent upon retirement of Mr. A. Soni, Mr. Sanjay Johri, Managing Director has been appointed as a member of COB.
- (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 take steps to refresh the constitution of the Board, from time to time. During the year under review, one Meeting of the Nomination Committee was held on 28th October, 2009.
- (e) The Ethics and Compliance Committee comprising Mr. Nasser Munjee and Mr. N. D. Khurody, has been constituted 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 Board of Directors have nominated Mr. M. M. Miyajiwala 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.

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
53rd AGM – 6th August, 2007	3.30 p.m.	–	None
54th AGM – 28th July, 2008	3.30 p.m.	–	None
55th AGM – 10th August, 2009	3.30 p. m.	2	- Commission to Non-Executive Directors - Place of keeping and inspection of Registers and Returns

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 2009-10.

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 16th August, 2010.

10. Disclosures

- During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No. 31), 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 2009-10.



- None of the Directors are related to each other.
- Mr. Nani Javeri, Independent Director was appointed Additional Director of the Company with effect from 29th October, 2009 and notice of his appointment was given to the Stock Exchanges on 29th October, 2009.
- 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 a 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 would be 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 periodically reviewed by the Board Audit Committee.
- 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 laid down procedures for the risk assessment and minimization procedures. This is reviewed by the Board to ensure that Executive Management controls risk through a properly defined framework.
- The Company did not raise funds through public/rights/preferential issues during the financial year 2009-10.
- In line with the requirements of SEBI, Secretarial 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 (Finance) have certified to the Board in accordance with Clause 49 V of the Listing Agreement in respect of matters pertaining to CEO/CFO certification for the financial year 2009-10.
- 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 in relevant laws and regulations and its 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: The Economic Times and DNA in English; Maharashtra Times and Dainik Mumbai Lakshdeep in Marathi.
- As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual report, etc. were uploaded on the SEBI's EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard. (since discontinued with effect from 1.4.2010, as per SEBI Circular No.CIR/CFD/DCR/3/2010 dt. 16.4.2010).

Financial Results, Shareholding pattern, etc. are also being filed through corpfiling. Investors can view these information on the website 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**

Monday, 16th August, 2010 at 3.30 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, 2010
- (c) Second Quarter Results
– By 13th November, 2010
- (d) Third Quarter Results
– By 14th February, 2011
- (e) Results for the year ending 31st March, 2011
– Before 30th May, 2011

● **Date of Book closure**

Tuesday, 20th July, 2010 to Monday,
16th August, 2010 (both days inclusive).

● **Dividend Payment date**

Dividend would be paid on or after
17th August, 2010.

● **Listing on Stock Exchange**

Bombay Stock Exchange Limited,
National Stock Exchange of India Limited

The Company has paid the listing fees to BSE and
NSE for the year 2010-11.

● **Stock Code**

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

● **Registrar & Transfer Agent:**

TSR Darashaw Limited
(with effect from 8th March, 2010)
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**

95.29 % of the share capital has been dematerialized
as on 31st March, 2010.

● **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
above.

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

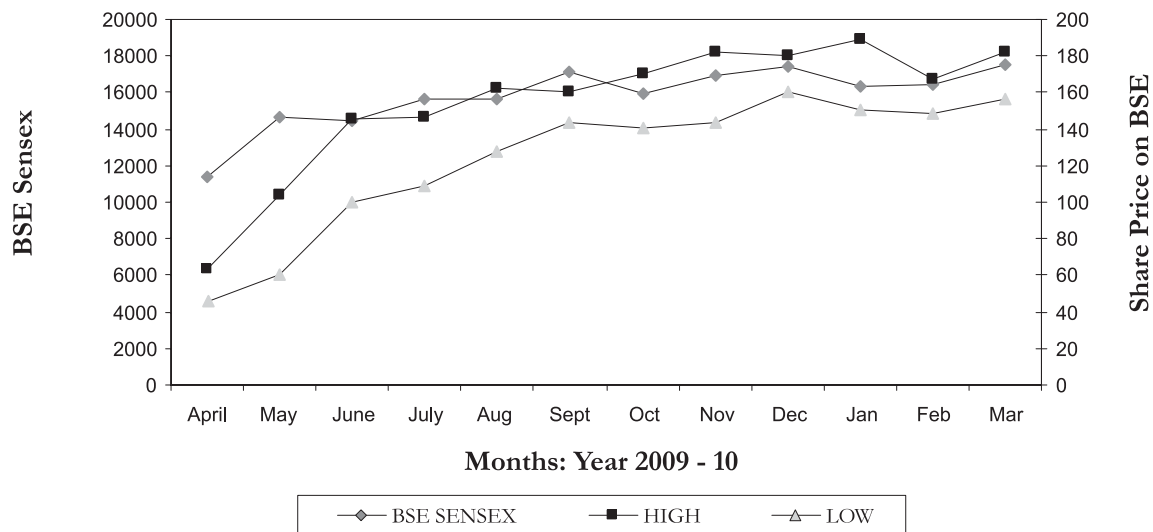


● **Market Information**

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	Bombay Stock Exchange Ltd. (BSE)				National Stock Exchange of India Ltd.(NSE)			
		High Rs.	Low Rs.	No. of Shares Traded	Turnover Rs. in Lakhs	High Rs.	Low Rs.	No. of Shares Traded	Turnover Rs. In Lakhs
2009									
April	11403	63.25	45.85	21020836	11966.12	64.90	45.80	60009545	34330.74
May	14625	103.70	60.20	18414890	14997.22	103.20	60.05	60892870	49334.96
June	14494	145.80	100.00	33137828	42273.46	145.80	102.00	103781898	132219.29
July	15670	146.50	108.90	18730688	24570.09	146.40	108.00	58070437	76061.02
August	15667	162.60	128.00	13417683	19586.62	165.00	128.15	48123748	70203.14
September	17127	160.50	143.30	7081393	10682.13	160.20	143.20	27554736	41474.49
October	15896	170.10	140.10	12305807	19328.34	174.80	140.15	40892126	64245.81
November	16926	182.00	143.10	8844346	14866.66	181.60	142.55	30425571	51193.38
December	17465	180.40	160.10	3783899	6427.43	180.55	160.05	16508950	28008.05
2010									
January	16358	189.60	150.45	6387281	11162.49	189.40	150.10	27182204	47346.32
February	16430	166.90	148.35	3232049	5109.67	166.50	148.50	16313537	25755.59
March	17528	181.90	156.60	4153648	7093.90	181.90	156.25	16395545	28035.69

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



● Shareholding Pattern as on 31st March, 2010

Category	No. of Shares held	% of Issued Share Capital
Tata Group of Companies	91580655	27.68
Insurance Companies (Government)	54147923	16.36
Insurance Companies (Others)	20158209	6.09
Mutual Funds and UTI	54290021	16.41
FII's	29890191	9.03
Bodies Corporate	9172702	2.77
NRIs	3374526	1.02
Banks	391569	0.12
Foreign Companies	89850	0.03
Directors	1147	0.00
Public	67787947	20.49
Total	330884740	100.00

● Shareholders holding more than 1% Equity Shares of the Company as on 31st March, 2010

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	78731780	23.79
Life Insurance Corporation of India	41114851	12.43
ICICI Prudential Life Insurance Co. Ltd.	13144914	3.97
Tata Investment Corporation Ltd.	9542330	2.88
General Insurance Corporation of India	4924580	1.49
PCA India Infrastructure Equity Open Ltd.	4613679	1.39
Blackrock India Equities Fund (Mauritius) Ltd.	4416033	1.33
Tata Infrastructure Fund	4308100	1.30
The New India Assurance Company Ltd.	4240626	1.28
Templeton Mutual Fund A/c Franklin India Flexi Cap Fund	3613711	1.09
Birla Sun Life Insurance Co. Ltd.	3607749	1.09
DSP Blackrock India T.I.G.E.R. Fund	3480360	1.05

● Distribution of shareholding as on 31st March, 2010

No. of equity shares held	No. of shareholders	% of total shareholders	No. of Shares held	% of Issued Share Capital
Upto 5000	96627	97.81	41028325	12.40
5001 to 10000	1134	1.15	8057564	2.44
10001 to 20000	495	0.50	7143821	2.16
20001 to 30000	140	0.15	3457633	1.04
30001 to 40000	70	0.07	2456120	0.74
40001 to 50000	53	0.05	2419165	0.73
50001 to 100000	100	0.10	7296172	2.21
100001 and above	169	0.17	259025940	78.28
Total	98788	100.00	330884740	100.00
Physical Mode	20129	20.38	15573033	4.71
Electronic Mode	78659	79.62	315311707	95.29



- **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
18th August, 2003	2002-03	23rd September, 2010
27th August, 2004	2003-04	1st October, 2011
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

- **Remittance of Dividend through ECS**

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 is 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, if not furnished earlier.

- **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.

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, 2010 affirmed compliance of their respective Code of Conduct adopted by the Company and confirmation to that effect has been given by each of them.

Mumbai,
28th May, 2010

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, 2010 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 the 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)

Hyderabad,
28th May, 2010

Nalin M. Shah
Partner
Membership No. 15860



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, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, in which are incorporated the Returns from the Qatar, Bahrain and United Arab Emirates ('UAE') Branches audited by other auditors. 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. 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.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (i) 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;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Qatar, Bahrain and UAE Branches audited by other auditors;
 - (iii) the reports on the accounts of the Qatar, Bahrain and UAE Branches audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;
 - (iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;
 - (v) in our opinion, the Balance Sheet, the Profit and Loss Account 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;
 - (vi) 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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)

Nalin M. Shah
Partner

Hyderabad,
28th May, 2010

Membership No. 15860

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 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), (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 explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or the parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) 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.
- (vi) 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 Rs.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.
- (vii) 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.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of air conditioning system and refrigerators and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) 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, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 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, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act, 1961	Income Tax	High Court	1973-75	1.32
The Central Excise Act, 1944	Excise Duty	Supreme Court	1993-96	45.74
		High Court	1986-87	7.95
		Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-02	5.52
		Commissioner of Central Excise (Appeals)	1983-86	20.21
		Commissioners/ Adjudicating Authority	1975, 1982, 1984, 1985-91, 1992-95, 1997-2008	1862.85
Finance Act, 1994 and Service Tax Laws	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1998-2003, 2004-06	237.70
		Commissioner of Central Excise (Appeals)	2001-08	70.97
		Commissioners/ Adjudicating Authority	1998-2008	2490.19
Central Sales Tax Act and Value Added Tax Act of various States	CST, VAT, GST and Entry Tax (including penalty and interest)	Supreme Court	1993-94, 1996-2001	543.71
		High Courts	1988-91, 1992-94, 1995-96, 1997-2000, 2002-05, 2007-10	2366.27
		Appellate Tribunals	1986-88, 1989-90, 1991-93, 1994-98, 1999-2005, 2006-08	897.72
		Commissioner (Appeals)	1989-2008	1224.42
		Deputy Commissioner (Appeals)	1989-92, 2003-10	589.00
		Assessing Authority	1985-89, 1990-2007	1867.54

(xi) 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.

(xii) 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.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(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)

Hyderabad,
28th May, 2010

Nalin M. Shah
Partner
Membership No. 15860

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
1. SHARE CAPITAL	A		3307.37	3307.34
2. RESERVES AND SURPLUS	B		96215.15	69592.05
3. TOTAL			99522.52	72899.39
LOAN FUNDS				
4. SECURED LOANS	C		1908.06	12844.26
5. DEFERRED TAX LIABILITY (Overseas)			8.39	Nil
	TOTAL		101438.97	85743.65
APPLICATION OF FUNDS				
6. FIXED ASSETS				
GROSS BLOCK	D	30638.51		29392.58
LESS : DEPRECIATION		13931.37		13053.12
NET BLOCK		16707.14		16339.46
CAPITAL WORK-IN-PROGRESS		761.12		965.14
			17468.26	17304.60
7. INVESTMENTS	E		33996.66	23580.03
8. DEFERRED TAX ASSET (NET) (See Note 10, Schedule 'P')			1911.86	2158.58
9. CURRENT ASSETS, LOANS AND ADVANCES				
1. Inventories	F	106174.88		105143.05
2. Sundry Debtors	G	84728.00		81684.47
3. Cash and Bank Balances	H	40285.69		40024.44
4. Loans and Advances	I	23849.48		22493.34
		255038.05		249345.30
10. LESS : CURRENT LIABILITIES AND PROVISIONS				
(A) Current Liabilities	J	182409.82		182454.30
(B) Provisions	J	24566.04		24190.56
		206975.86		206644.86
11. NET CURRENT ASSETS			48062.19	42700.44
	TOTAL		101438.97	85743.65

(For notes forming part of the Accounts see Schedule 'P'.
The Schedules referred to above form an integral part of the Accounts)

For and on behalf of the Board

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Hyderabad, 28th May, 2010

Chairman
Managing Director
Directors

Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri

Executive Vice President (Finance)

M. M. Miyajiwala

General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010

V. P. Malhotra



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. SALES AND SERVICES (See Note 11 and 28, Schedule 'P')		456507.53		407024.50
Less : EXCISE DUTY		2328.42		3695.81
NET SALES AND SERVICES			454179.11	403328.69
2. OTHER INCOME	K		7561.05	9416.49
3. COST OF SALES, SERVICES AND EXPENSES	L		414480.66	376891.70
4. PROFIT BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			47259.50	35853.48
5. INTEREST	M		695.69	661.53
6. DEPRECIATION / AMORTISATION ON FIXED ASSETS			1639.25	1659.48
7. PROFIT BEFORE EXCEPTIONAL ITEMS			44924.56	33532.47
8. EXCEPTIONAL ITEMS	N		3639.39	3200.44
9. PROFIT BEFORE TAXATION			48563.95	36732.91
10. PROVISION FOR TAXATION				
– Provision for Current Tax [(Including Foreign Income Tax Rs. 879.66 Lakhs (2008-09: Rs. 707.28 Lakhs)]		15493.19		11363.92
– Provision for Taxation of Earlier Years Written Back		(1640.21)		(134.45)
– Provision for Deferred Tax		255.11		(115.46)
– Provision for Wealth Tax		33.91		40.00
– Provision for Fringe Benefit Tax		Nil		320.00
			14142.00	11474.01
11. PROFIT AFTER TAXATION			34421.95	25258.90
12. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			6225.40	5860.40
13. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			275.00	300.00
14. PROFIT AVAILABLE FOR APPROPRIATIONS			40922.35	31419.30
15. APPROPRIATIONS :				
(a) GENERAL RESERVE		25000.00		19000.00
(b) PROPOSED DIVIDEND		6617.69		5294.16
(c) TAX ON DIVIDEND		1099.12		899.74
			32716.81	25193.90
16. BALANCE CARRIED FORWARD			8205.54	6225.40
Basic and diluted earnings per share of Re. 1 each (including Exceptional items) (in Rs.) (See Note 13, Schedule 'P')			10.40	7.63

(For notes forming part of the Accounts see Schedule 'P'.

The Schedules referred to above form an integral part of the Accounts)

For and on behalf of the Board

*Chairman
Managing Director
Directors*

**Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Executive Vice President (Finance)

*General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010*

M. M. Miyajiwala

Nalin M. Shah
Partner
Hyderabad, 28th May, 2010

V. P. Malhotra

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		48563.95	36732.91
Add - Adjustments for:			
Depreciation/Amortisation	1639.25		1659.48
Provision for doubtful debt and advances	1306.04		(94.85)
Unrealised exchange (gain) / loss	(257.33)		109.67
Provision for Contingencies	(1016.53)		232.94
Exchange difference on translation of foreign currency cash and cash equivalents	54.56		(74.16)
Provision for Diminution in value of Investments	Nil		140.43
(Profit) on Sale/Retirement of Fixed Assets (Net)	(2830.43)		(2456.85)
(Profit) on Sale of Non Trade Current Investments (Net)	(2.62)		(700.52)
Interest Paid	695.69		661.53
Interest Received	(1084.62)		(1272.41)
Income from Investments	(1122.81)		(1582.54)
Impairment of Fixed Assets	Nil		70.06
Provision for Employee Benefits	191.90		738.91
(Profit) on Sale of Chemicals Trading Business	Nil		(873.22)
Provision for Trade Guarantees	719.89		662.22
		<u>(1707.01)</u>	<u>(2779.31)</u>
Operating Profit before Working Capital changes		46856.94	33953.60
Less - Adjustments for:			
(Increase)/Decrease in Inventories	(1031.83)		(44184.48)
(Increase)/Decrease in Trade and Other Receivables	(3595.29)		(28347.68)
(Increase)/Decrease in Loans and Advances	1709.09		(5865.73)
(Decrease)/Increase in Advances from Customers	6277.03		15815.06
(Decrease)/Increase in Trade Payables	(6011.31)		44429.77
		<u>(2652.31)</u>	<u>(18153.06)</u>
Cash generated from operations		44204.63	15800.54
Less:			
Taxes paid		15122.35	9991.31
NET CASH FROM OPERATING ACTIVITIES		<u>29082.28</u>	<u>5809.23</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(2011.91)		(3370.42)
Sale of Fixed Assets	2974.89		700.74
Surrender of Tenancy Rights	64.54		2042.25
Purchase of Investments	(96075.48)		(91046.47)
Increase in Share Application Money	(1046.83)		(783.14)
Refund of Share Application Money	Nil		432.50
Investment in Subsidiaries	(2355.67)		(6645.73)
Sale of Investments	88017.14		101464.91
Interest Received	1084.62		1276.11
Income from Investments	1122.81		1582.54
Advances to Subsidiary companies	<u>(2754.84)</u>		<u>(1251.42)</u>
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(10980.73)	4401.87
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital (Calls in Arrears)	0.03		0.39
Securities Premium (Calls in Arrears)	0.11		1.98
Increase/(Decrease) in other Borrowings	(9936.20)		9077.66
Repayment of Long Term Borrowings	(1000.00)		(1000.00)
Interest Paid	(698.52)		(664.72)
Decrease in unpaid Deposits	(2.07)		(2.11)
Dividend paid including dividend tax	<u>(6149.09)</u>		<u>(5194.80)</u>
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(17785.74)	2218.40
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		315.81	12429.50
CASH AND CASH EQUIVALENTS AS AT 1-4-2009 (See Schedule 'H')		40024.44	27520.78
EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS		(54.56)	74.16
CASH AND CASH EQUIVALENTS AS AT 31-3-2010 (See Schedule 'H')		40285.69	40024.44

For and on behalf of the Board

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Nalin M. Shah
Partner
Hyderabad, 28th May, 2010

Chairman
Managing Director
Directors

Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri

Executive Vice President (Finance) **M. M. Miyajiwala**

General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010

V. P. Malhotra

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. AUTHORISED		
60,00,00,000 Equity Shares of Re. 1 each	6000.00	6000.00
40,00,00,000 Redeemable Preference Shares of Rs.100 each	4000.00	4000.00
TOTAL	<u>10000.00</u>	<u>10000.00</u>
2. ISSUED, SUBSCRIBED AND CALLED-UP (See Note 2, Schedule 'P')		
33,08,84,740 Equity Shares of Re.1 each	3308.85	3308.85
Less: Calls in Arrears	1.48	1.51
TOTAL	<u>3307.37</u>	<u>3307.34</u>

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. SECURITIES PREMIUM			
As per last Balance Sheet	626.60		624.62
Add: Calls in Arrears received during the year	0.11		1.98
		626.71	626.60
2. CAPITAL RESERVE			
As per last Balance Sheet		155.52	155.52
3. CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet		125.70	125.70
4. GENERAL RESERVE			
As per last Balance Sheet	62182.83		43182.83
Add : Transferred from Profit and Loss Account	25000.00		19000.00
		87182.83	62182.83
5. STAFF WELFARE RESERVE			
As per last Balance Sheet		1.00	1.00
6. FOREIGN PROJECTS RESERVE			
As per last Balance Sheet	275.00		575.00
Less : Transferred to Profit and Loss Account	275.00		300.00
		Nil	275.00
7. FOREIGN EXCHANGE TRANSLATION RESERVE			
As per Last Balance Sheet	Nil		Nil
Add: Created during the year	(82.15)		Nil
		(82.15)	Nil
8. PROFIT AND LOSS ACCOUNT			
		8205.54	6225.40
TOTAL		<u>96215.15</u>	<u>69592.05</u>

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
LOANS FROM BANKS (See Note 3, Schedule 'P')	1908.06	12844.26
TOTAL	<u>1908.06</u>	<u>12844.26</u>


SCHEDULE 'D' : FIXED ASSETS (At Cost Less Depreciation)

Particulars	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31 March 2009	Additions	Deductions	As at 31 March 2010	Up to 31 March 2009	For the Year	On Impairment Deductions	Up to 31 March 2010	As at 31 March 2010	As at 31 March 2009	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
				(1+2-3)				(5+6-7+8)	(4-9)	(1-5)	
1. Freehold Land	639.23	Nil	10.10	629.13	Nil	Nil	Nil	Nil	629.13	639.23	
2. Leasehold Land	312.73	Nil	Nil	312.73	8.89	3.42	Nil	12.31	300.42	303.84	
3. Buildings * **	8785.93	400.45	212.35	8974.03	2262.90	248.78	120.49	2391.19	6582.84	6523.03	
4. Plant & Machinery **	14448.63	1230.63	616.80	15062.46	7350.06	878.93	546.71	7682.28	7380.18	7098.57	
5. Furniture & Fittings	1876.96	134.26	42.85	1968.37	1220.01	146.19	36.32	1329.88	638.49	656.95	
6. Vehicles	610.17	69.63	87.90	591.90	190.59	56.09	57.48	189.20	402.70	419.58	
7. Intangible Assets : Manufacturing Rights & Technical Know-how	1004.32	Nil	Nil	1004.32	1004.32	Nil	Nil	1004.32	Nil	Nil	
8. Software	1714.61	380.96	Nil	2095.57	1016.35	305.84	Nil	1322.19	773.38	698.26	
	29392.58	2215.93	970.00	30638.51	13053.12	1639.25	761.00	13931.37	16707.14	16339.46	
Previous Year	(26302.39)	(4280.49)	(1190.30)	(29392.58)	(12227.74)	(1659.48)	(904.16)	(70.06)	(13053.12)	(16339.46)	
9. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.649.35 Lakhs (31-3-2009: Rs 706.25 Lakhs)]									761.12	965.14	
									17468.26	17304.60	

* Includes Rs. 0.47 Lakh (31-03-2009: Rs. 0.49 Lakh) being cost of shares and bonds in Co-operative Housing Societies.

** Fixed Assets include assets held for sale aggregating Rs. 382.06 Lakhs (31-03-2009: Rs. 398.06 Lakhs), valued at the lower of the estimated net realisable value and net book value.

SCHEDULE 'E' : INVESTMENTS (at Cost)

	No.	Currency / Face Value	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
LONG TERM INVESTMENTS					
1. TRADE INVESTMENTS					
Fully paid Equity Shares of Subsidiary Companies :					
UNQUOTED:					
Auto Aircon (India) Ltd.	1,13,00,000	Rs. 10	565.00		565.00
Simto Investment Company Ltd. (1000 shares purchased during the year)	14,62,087	Rs. 10	204.14		204.04
Agro Foods Punjab Ltd. (Beneficial rights transferred pending transfer of shares)	2,80,000	Rs. 100	Nil		Nil
Westerwork Engineers Ltd. (Under Liquidation)	9,600	Rs. 100	109.29		109.29
Metrovol FZE, Jebel Ali, UAE	1	AED 2000000	10.78		10.78
Weathermaker Ltd., UAE	4,08,441	US \$ 1	307.20		307.20
VIL Overseas Enterprises B.V., The Netherlands	13,635	Euro 45.38	265.21		265.21
Universal Comfort Products Ltd.(w.e.f.17th June, 2008)	2,76,42,000	Rs. 10	1694.91		1694.91
Rohini Industrial Electricals Ltd. (2,98,211 shares purchased during the year)	12,29,360	Rs. 10	8688.49		6332.92
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia (w.e.f. 28th January, 2009)	15,860	SR 100	17.90		17.90
				11862.92	9507.25

SCHEDULE 'E' : INVESTMENTS (at Cost) (contd.)

	No.	Currency / Face Value		Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
Other fully paid Equity Shares						
QUOTED:						
Lakshmi Automatic Loom Works Ltd.	6,15,200	Rs.	10	110.03		110.03
Tata Chemicals Ltd.	2,00,440	Rs.	10	93.91		93.91
Lakshmi Machine Works Ltd.	6,00,000	Rs.	10	600.48		600.48
Reliance Industries Ltd. (See Note 4, Schedule 'P')	2,640	Rs.	10	4.55		4.55
UNQUOTED:						
Tata International Ltd.	5,000	Rs.	1000	65.00		65.00
Lakshmi Ring Travellers (Coimbatore) Ltd.	1,20,000	Rs.	10	3.00		3.00
Tata Services Ltd.	448	Rs.	1000	4.48		4.48
Industrial Estates Private Ltd.	24	Rs.	1000	0.23		0.23
Tata Industries Ltd.	8,70,480	Rs.	100	874.59		874.59
Tata Projects Ltd.	1,35,000	Rs.	100	26.25		26.25
Premium Granites Ltd.	4,91,220	Rs.	10	49.77		49.77
Agrotech Industries Ltd.	3,67,500	US \$	1	115.42		115.42
OMC Computers Ltd.	4,04,337	Rs.	10	44.37		44.37
Terrot GmbH, Germany	1	Euro	24000	140.43		140.43
Rujuvalika Investments Ltd.	1,83,333	Rs.	10	30.00		30.00
Naba Diganta Water Management Ltd. (36,66,000 shares subscribed during the year)	47,97,000	Rs.	10	479.70		113.10
Laibuksh Voltas Engineering Services and Trading, L.L.C, Muscat, Sultanate of Oman	30,000	RO	1	8.14		8.14
Universal Weathermaker Factory L.L.C., Abu Dhabi	2,695	AED	1000	298.09		298.09
Avco Marine S.a.S, France	1,910	Euro	10	7.97		7.97
Other fully paid Preference Shares						
Rallis India Ltd. 7.5% Cumulative Redeemable Preference Shares (50,00,000 preference shares redeemed during the year)		Rs.	10	Nil		500.00
Lakshmi Automatic Loom Works Limited 6% Cumulative Redeemable Preference Shares (5,50,000 preference shares subscribed during the year)	5,50,000	Rs.	100	*		Nil
					2956.41	3089.81
2. OTHER INVESTMENTS						
Fully paid Equity Shares :						
UNQUOTED:						
Voltas Employees Consumers Co-operative Society Ltd.	750	Rs.	10	0.08		0.08
Saraswat Co-operative Bank Ltd.	10	Rs.	10	**		**
Brihat Trading Private Ltd.	2	Rs.	10	***		***
Super Bazar Co-operative Stores Ltd.	500	Rs.	10	0.05		0.05
					0.13	0.13
TOTAL LONG TERM INVESTMENTS					14819.46	12597.19
CURRENT INVESTMENTS						
Units of Mutual Funds:						
UNQUOTED:						
LICMF Saving Plus Fund - Daily Dividend Plan (55,57,380 units purchased during the year)	4,65,03,667	Rs.	10	4650.36		4094.63
Birla Sun Life Short Term Fund - Institutional Daily Dividend (4,49,83,860 units purchased during the year)	4,49,83,860	Rs.	10	4500.86		Nil
HDFC Floating Rate Income Fund - Short Term Plan -Wholesale Option Dividend Reinvestment (99,77,301 units sold during the year)				Nil		1005.20



SCHEDULE 'E' : INVESTMENTS (at Cost) (contd.)

	No.	Currency / Face Value	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
ICICI Prudential Ultra Short Term Plan Super Premium Daily Dividend (1,99,61,143 units purchased during the year)	1,99,61,143	Rs. 10	2000.31		Nil
DWS Cash Opportunities Cash Fund Institutional Daily Dividend Reinvest (4,51,70,227 units purchased during the year)	4,51,70,227	Rs. 10	4528.00		Nil
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment (1,99,985 units sold during the year)			Nil		2000.44
Reliance Money Manager Fund Institutional Option Daily Dividend (2,01,607 units sold during the year)			Nil		2018.36
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment (3,02,13,409 units sold during the year)			Nil		3024.85
Kotak Flexi Debt Scheme Institutional - Daily Dividend (4,63,70,240 units purchased during the year)	4,63,70,240	Rs. 10	4659.05		Nil
Government Securities - UNQUOTED			0.05		0.55
Equity Shares - QUOTED: Hindustan Unilever Ltd. (1,000 shares sold during the year)	14,475	Re. 1	3.53		3.77
TOTAL CURRENT INVESTMENTS				20342.16	12147.80
TOTAL INVESTMENTS				35161.62	24744.99
Less : PROVISION FOR DIMINUTION IN VALUE				1164.96	1164.96
	TOTAL			33996.66	23580.03
Quoted : Cost				812.50	812.74
: Market Value				11560.19	3347.43
Unquoted : Cost				34349.12	23932.25

* Cost Re. 1

** Cost Rs. 100

*** Cost Rs. 20

Abbreviations for Currencies :

Rs.	: Indian Rupees	US \$: United States Dollar	SR	: Saudi Riyal
AED	: United Arab Emirates Dirhams	RO	: Omani Riyal	Euro	: European Union Currency

SCHEDULE 'E' : INVESTMENTS (at Cost) (contd.)

Note: Investments purchased and sold during the year

Mutual Funds	Number of Units	
		2008-09
Birla Sun Life Floating Rate Fund STP IP Daily Dividend Reinvestment		1,00,66,841
Birla Sun Life Cash Plus Institutional Premium - Daily Dividend Reinvestment	7,48,73,239	—
Birla Sun Life Short Term Fund - Institutional Daily Dividend	1,00,04,210	—
Birla Sun Life Savings Fund Institutional Daily Dividend Reinvestment	1,00,17,726	—
DSP Black Rock Liquid Plus - Institutional Plan Daily Dividend	—	1,50,168
DSP Black Rock Liquidity Fund - Institutional Plan Daily Dividend	—	1,49,991
DWS Credit Opportunities Cash Fund Weekly Dividend Plan	—	1,14,78,850
DWS Insta Cash Fund Super Institutional Plan Daily Dividend	6,48,20,626	—
DWS Ultra Short Term Fund - Institutional Daily Dividend	1,99,82,875	—
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option Dividend Reinvestment	1,00,83,665	99,27,794
HDFC FMP - June 2008 (VIII) (2)	—	2,00,00,000
HDFC Liquid Fund Premium Plan	81,57,738	1,63,16,341
HSBC Cash Fund Institutional Plus Daily Dividend	—	49,98,017
HSBC Liquid Plus Institutional Plus Daily Dividend	—	49,82,241
ICICI Prudential Flexible Income Plan Dividend Daily Reinvest Dividend	—	47,88,882
ICICI Prudential Floating Rate Plan Daily Dividend Reinvest Dividend	—	51,20,006
ICICI Prudential Institutional Liquid Plan - Super Institutional - Daily Dividend Reinvest Dividend	—	50,00,683
ICICI Prudential Interval Fund II Quarterly Interval Plan II	—	1,05,206
ICICI Prudential Interval Fund Quarterly Interval Plan -II Retail Dividend Reinvest Dividend	—	52,08,626
ICICI Prudential Liquid - Super Institutional Plan Daily Dividend	4,80,27,436	—
ICICI Prudential Ultra Short Term Plan Premium Plus Daily Dividend	1,00,04,020	—
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	3,31,79,066	—
ING Liquid Plus Fund IP Daily Dividend	—	2,01,61,560
ING Vysya Liquid Fund Institutional Daily Dividend Option	—	1,99,79,598
JM Fixed Maturity Fund - Series X	—	3,65,33,990
JM Interval Fund Quarterly Plan 3 Institutional Dividend Plan	—	2,44,081
JM Money Manager Fund Super Plus Plan Daily Dividend	5,53,80,891	2,58,49,036
JM High Liquidity Fund - Super Institutional Plan Daily Dividend	6,51,12,914	—
Kotak Floater Short Term Daily Dividend	—	2,50,66,367
Kotak Flexi Debt Scheme Institutional Daily Dividend	1,99,05,449	—
Kotak Liquid (Institutional Premium) Daily Dividend	6,95,26,439	—
LICMF Floating Rate Fund -Dividend Plan	—	2,51,96,177
LICMF Liquid Fund -Dividend Plan	4,09,87,758	9,34,40,309
LICMF Income Plus Fund - Daily Dividend Plan	—	4,14,47,360
LICMF Saving Plus Fund - Daily Dividend Plan	4,11,81,931	—
Reliance Liquidity Fund Daily Dividend Reinvestment Option	4,49,90,532	1,99,96,917
Reliance Money Manager Fund Institutional Option Daily Dividend Plan	4,61,379	—
SBI Premier Liquid Fund Institutional Daily Dividend	—	1,99,39,279
SBI SHF - Liquid Plus - Institutional Plan Daily Dividend	—	2,02,59,385
TATA Floating Rate Short Term Institutional Plan Daily Dividend	—	1,00,13,032
Tata Liquid Super High Investment Fund Daily Dividend	1,79,468	2,69,286
TATA Treasury Manager SHIP Daily Dividend	49,540	—
Templeton Floating Rate Income Fund Long Term Plan Super Institutional Option IP Dividend	—	1,53,32,349
Templeton India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment	1,60,74,022	4,52,79,059
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	1,49,922	6,99,720
TFLD Tata Floater Fund Daily Dividend	1,49,54,913	5,84,39,324
UTI Fixed Maturity Plan HFMP 0308 I Institutional Dividend Plan Reinvestment	—	1,11,202
UTI Fixed Maturity Plan QFMP 0208 Institutional Dividend Plan Reinvestment	—	1,17,217
UTI Fixed Maturity Plan QFMP 07/08 - I Institutional Dividend Plan Reinvestment	—	1,15,53,663
UTI Liquid Cash Plan Institutional Daily Income	—	3,54,733
UTI Liquid Plus Fund Institutional Plan (Daily Dividend Option) Reinvestment	—	1,63,289
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,178	—



SCHEDULE 'F' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. STORES		20.85	17.15
2. STOCK-IN-TRADE :			
(a) Raw Materials and Components	7133.90		7864.26
(b) Work-in-Progress, (See Note 5, Schedule 'P')	613914.67		494291.76
Less: Amounts Invoiced	548070.76		425732.28
	65843.91		68559.48
(c) Finished Goods	33176.22		28702.16
		106154.03	105125.90
TOTAL		106174.88	105143.05

SCHEDULE 'G' : SUNDRY DEBTORS

		Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. SALES ON DEFERRED TERMS OF PAYMENT			
(i) Over six months old	42.93		62.66
(ii) Others	Nil		Nil
		42.93	62.66
2. OTHER SALES			
(i) Over six months old	36532.65		26708.71
(ii) Others	51989.78		58291.48
		88522.43	85000.19
		88565.36*	85062.85*
3. Less: PROVISION FOR DOUBTFUL DEBTS		3837.36	3378.38
TOTAL		84728.00	81684.47
* Of the above debts			
(a) Fully secured, considered good		479.41	695.31
(b) Unsecured, considered good		84248.59	80989.16
(c) Considered doubtful		3837.36	3378.38
TOTAL		88565.36	85062.85

SCHEDULE 'H' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. CASH IN HAND	144.29	132.14
2. CHEQUES ON HAND	4104.59	2398.32
3. BANK BALANCES WITH SCHEDULED BANKS (See Note 6, Schedule 'P')	5283.05	13462.71
4. BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 7, Schedule 'P')	30753.76	24031.27
TOTAL	<u>40285.69</u>	<u>40024.44</u>

SCHEDULE 'I' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. SUBSIDIARY COMPANIES (See Note 8, Schedule 'P')	4083.45	1328.61
2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	16494.99	17955.53
3. ADVANCE PAYMENT OF TAXES (NET)	193.42	0.65
4. LOANS TO EMPLOYEES	154.65	178.58
5. ADVANCE SHARE APPLICATION MONEY (to Subsidiary)	2312.78	1348.10
6. DEPOSITS WITH CUSTOMERS / OTHERS	2079.12	2172.66
7. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	142.09	273.17
	<u>25460.50*</u>	<u>23257.30*</u>
8. Less: PROVISION FOR DOUBTFUL ADVANCES	1611.02	763.96
TOTAL	<u>23849.48</u>	<u>22493.34</u>

* Of the above advances

(a) Fully secured, considered good	163.59	93.33
(b) Unsecured, considered good	23685.89	22400.01
(c) Considered doubtful	1611.02	763.96
TOTAL	<u>25460.50</u>	<u>23257.30</u>

1. Due by Officers	Nil	2.82
2. Maximum due by Officers at any time during the year	2.82	3.45
3. Due by firms or Private companies respectively in which any Director of this Company is a Partner, a Director or a Member.	Nil	Nil



SCHEDULE 'J' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		7378.76	6079.85
2. SUNDRY CREDITORS			
(a) Due to Micro and Small Enterprises (See Note 9, Schedule 'P')	257.87		301.43
(b) Others [including subsidiaries: Rs. 340.70 Lakhs (31-3-2009: Rs. 500.31 Lakhs)]	98492.99		107291.56
		98750.86	107592.99
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED			
(a) From Customers / Others	68413.13		62691.62
(b) Against Unexpired Service Contracts	2252.40		1696.88
		70665.53	64388.50
4. OTHER LIABILITIES		5422.12	4240.32
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		Nil	1.96
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED *			
(a) Unpaid Dividend		183.16	138.35
(b) Unpaid Matured Deposits		7.30	9.37
(c) Interest accrued and due on (b) above		2.09	2.96
TOTAL (A)		182409.82	182454.30
(B) PROVISIONS			
7. PROVISION FOR TAXATION (NET)		3917.35	4960.04
8. PROPOSED DIVIDEND		6617.69	5294.16
9. PROVISION FOR DIVIDEND TAX		1099.12	899.74
10. PROVISION FOR TRADE GUARANTEES (See Note 9, Schedule 'P')		5265.53	4545.64
11. PROVISION FOR EMPLOYEE BENEFITS		6541.35	6349.45
12. PROVISION FOR CONTINGENCIES (See Note 9, Schedule 'P')		1125.00	2141.53
TOTAL (B)		24566.04	24190.56
TOTAL (A) + (B)		206975.86	206644.86

* These figures reflect the position 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. No amount was due for transfer as at 31st March.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'K' : OTHER INCOME

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Income from Investments [Tax deducted at source Rs. Nil (2008-09: Rs. Nil)]			
(a) Dividend from Subsidiary companies (Long Term)	169.80		426.48
(b) Trade Investments (Long Term)	272.29		267.43
(c) Other Investments (Long Term)	0.41		1.85
(d) Other Investments (Current)	680.31		886.78
		1122.81	1582.54
2. Miscellaneous Income		1834.86	1470.25
3. Provision for Contingencies written back		232.94	Nil
4. Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net)		2.62	700.52
5. Rent Received [Tax deducted at source : Rs. 485.20 Lakhs (2008-09: Rs 562.02 Lakhs)]		3283.20	2551.24
6. Foreign Exchange Gain (Net)		Nil	1839.53
7. Interest Received			
(a) In respect of sales on deferred payment terms and other accounts-Gross	186.91		209.67
(b) On fixed deposits with Banks	784.18		839.19
(c) On Income tax refunds [Tax deducted at source Rs. 27.38 Lakhs (2008-09: Rs. 44.34 Lakhs)]	113.53		223.55
		1084.62	1272.41
TOTAL		7561.05	9416.49

SCHEDULE 'L' : COST OF SALES, SERVICES AND EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2009 (See Note 12, Schedule 'P')		54479.45	39753.91
2. Purchases and cost of jobs, manufacture and services		324575.52	310831.32
3. Stock-in-Trade per 31-3-2010 (See Note 12, Schedule 'P')		60836.48	54479.45
4. Cost of Sales and Services (1 + 2 - 3)		318218.49	296105.78
5. Staff Expenses			
(a) Salaries,Wages and Bonus	44664.71		38978.88
(b) Company's contribution to Provident Funds and other Funds	1576.04		1831.37
(c) Provision for Retirement Benefits	1601.13		1007.47
(d) Welfare Expenses	856.20		1041.85
		48698.08	42859.57
6. Forwarding Charges (Net) (See Note 12, Schedule 'P')		1983.26	2106.14
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		10409.43	5028.93
8. Advertising (Net)		2766.62	934.25
9. Rent paid	4371.43		3155.76
Less: Rent recovered	Nil		4.03
		4371.43	3151.73
10. Rates and Taxes		170.55	144.07
11. Insurance		1128.00	830.55
12. Stores Consumed		462.52	472.29
13. Power		241.13	254.04
14. Repairs to Buildings		163.87	327.80
15. Repairs to Plant and Machinery		368.67	428.17
16. Travelling and Conveyance		5723.84	5232.83
17. Stationery, Postage, Fax and Telephone		1775.29	1934.29
18. Auditors' Remuneration (See Note 19, Schedule 'P')		146.89	118.54
19. Audit fees payable to Branch Auditors (See Note 19, Schedule 'P')		35.92	31.63
20. Audit fees payable to Cost Auditors		0.43	0.28
21. Legal and Professional charges		1957.93	1012.20
22. Other expenses (See Note 12, Schedule 'P')		14111.66	15148.29
23. Bad and Doubtful Debts / Advances		1483.84	601.40
24. Donations		33.80	39.55
25. Net Loss on Sale of Fixed Assets [including Capital Surplus of Rs. 8.62 Lakhs (2008-09 : Rs. 3.62 Lakhs)]		50.29	129.37
26. Loss on Foreign Exchange (Net)		178.72	NIL
	TOTAL	414480.66	376891.70

**SCHEDULE 'M' : INTEREST**

	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
Interest Paid		
(a) On fixed loans	48.96	113.97
(b) On other accounts	646.73	547.56
TOTAL	695.69	661.53

SCHEDULE 'N' : EXCEPTIONAL ITEMS

	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Profit on Sale of Property / Assignment of Balance Leasehold Rights / Transfer of Development Rights/ Surrender of Tenancy Rights (Net) [Including Capital Surplus Rs. 2772.99 Lakhs (2008-09 : Rs. 2594.66 Lakhs)]	2880.72	2586.22
2. Profit on Sale of Chemicals Trading Business	Nil	873.22
3. Reversal of Provision for Contingencies	783.59	Nil
	3664.31	3459.44
Less :		
4. Provision for diminution in value of Investments	Nil	140.43
5. Cost of Voluntary Retirement Scheme	24.92	48.51
6. Impairment of Fixed Assets	Nil	70.06
	24.92	259.00
TOTAL	3639.39	3200.44

SCHEDULE 'O' : COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTIONS 198 AND 309(5) OF THE COMPANIES ACT, 1956

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Profit before Taxation as per Profit and Loss Account		48563.95	36732.91
2. Add:			
(a) Managerial Remuneration, including benefits in cash or in kind (See Note below)	404.55		259.08
(b) Provision for Diminution in value of Investments	Nil		140.43
(c) Directors' Sitting fees	16.10		15.80
	<hr/>	420.65	<hr/> 415.31
		48984.60	<hr/> 37148.22
3. Less:			
(a) Capital Surplus on Sale / Retirement of Fixed Assets	8.62		3.62
(b) Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net)	2.62		700.52
(c) Wealth Tax	33.91		40.00
(d) Profit on Sale of Chemicals Trading Business / Profit on Sale of property / Assignment of Balance Leasehold Rights / Surrender of Tenancy Rights	2880.72		3467.88
	<hr/>	2925.87	<hr/> 4212.02
Net Profit for Directors' Commission referred to below:		46058.73	<hr/> 32936.20
Commission to Directors (other than Wholetime Director) at 1% of the Net Profit : Rs. 460.59 Lakhs, restricted to		160.00	80.00
Commission to Wholetime Director		150.00	100.00
Note : The above excludes retirement benefits relating to former Wholetime Directors		79.37	71.55



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

- (i) The accounts 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 accounts 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 accounts are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) SALES AND SERVICES

- (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 sales and services.

- (b) Sales and services are accounted on accrual basis when the sale of goods or services is completed.

- (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.

- (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". In case the actual cost incurred is higher than the billings, such cost is accounted for immediately.

(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) DEPRECIATION / AMORTISATION

Depreciation on all fixed 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.

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 operation.

(v) PROVISION FOR TRADE GUARANTEES

Provision for estimated costs to be incurred in providing warranty services is made in the accounts in the year in which goods are sold or a long term contract is completed.

(vi) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation / impairment.

Own manufactured goods are capitalised at cost excluding interest but including excise duty net of CENVAT, octroi duty and receiving / installation charges.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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.

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 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.

(vii) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation.

(viii) 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.

(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 are carried at cost less provision for any diminution other than temporary, in the value of such investments.

Current investments are carried at the lower of cost and fair value.

(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 the point of sale, including octroi and other levies, transit insurance and receiving charges. With regard to Construction Contracts, Work-in-Progress includes profits / losses to the extent recognised.

(xii) TAXES ON INCOME

Current Tax is the amount of 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.

(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 accounts at the average exchange rate during the year, fixed assets are incorporated at the average rate of the year of acquisition and current 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 applicable to the fixed assets.



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

- (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 Profit and Loss Account. 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 Profit and Loss Account over the period of the contract.

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEMES

- (a) The cost of Voluntary Retirement Schemes / Retrenchment Compensation including ex-gratia and additional gratuity liability arising therefrom are charged to the Profit and Loss Account 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 therefrom are charged to the Profit and Loss Account in the month of separation of employees.

(xv) OPERATING LEASE

Operating lease expenses / income are recognised in the Profit and Loss Account on Straight Line Basis, representative of the time pattern of the user's benefit.

(xvi) EMPLOYEE BENEFITS

(a) Defined Contribution Plan

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

(b) Defined Benefit Plans

(i) 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 actuarial valuation done by the independent actuary carried out annually are recognised immediately in the Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(ii) The Company's Contribution to recognised Provident Fund paid / payable during the year is recognised in the Profit and Loss Account. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund.

(c) Compensated Absences

Compensated absences which accrue to employees and which are expected to be availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform 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 in 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".

2. SHARE CAPITAL

Equity Share Capital includes :

- (a) 9,76,61,300 shares of Re.1 each allotted as fully paid bonus shares by capitalising Rs.80.82 Lakhs out of the Securities Premium Account, Rs.100 Lakhs from Capital Reserve and Rs.795.79 Lakhs out of General Reserve.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

- (b) 1,77,29,040 shares of Re.1 each allotted to the erstwhile shareholders of Tata-Merlin & Gerin Ltd. (TMG), The National Electrical Industries Ltd. (NEI), Volrho Ltd., Wandleside National Conductors Ltd. (WNC) and Hyderabad Allwyn Ltd. (HAL) consequent upon the amalgamation of these companies with the Company.
- (c) 11,97,84,000 shares of Re.1 each allotted to the holders of Convertible Part 'A' of Rs.60 of the 14% Secured Redeemable Partly Convertible Debentures 1992-99 on compulsory conversion thereof into equity shares.

3. SECURED LOANS – FROM BANKS

Nature of Security	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) Term Loan from Exim Bank (Deposit of title deeds of certain immovable properties of the Company)	Nil	1000.00
(b) Cash Credit from Banks (Secured against assignment of Stocks, Book debts, contract dues and lien on Term Deposits)	1908.06	11844.26
	1908.06	12844.26

4. INVESTMENTS

- (a) Under a loan agreement for Rs.60 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Limited (AFPL) and the Punjab State Industrial Development Corporation Limited (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.
- (b) In respect of the Company's investment in 2640 equity shares of Reliance Industries Limited, 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.

5. INVENTORIES – WORK-IN-PROGRESS

In respect of Construction Contracts which are in progress as at the year end:

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) Aggregate amount of costs incurred and net recognised profits (less recognised losses)	593388.31	476378.73
(b) Advances received for such contracts in progress	44711.67	48417.68
(c) The amount of retentions due for such contracts	20786.89	16793.88
(d) The gross amount due from customers for such contracts	45317.35	53167.71
(e) The gross amount due to customers for such contracts	19330.30	8395.92



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

6. CASH AND BANK BALANCES – BANK BALANCES WITH SCHEDULED BANKS

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) On Current Accounts	4237.61	4440.98
(b) On Fixed Deposit Accounts	1045.44	9021.73
	5283.05	13462.71

7. CASH AND BANK BALANCES – BANK BALANCES WITH NON-SCHEDULED BANKS

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) ON CURRENT ACCOUNTS		
(i) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.8733.60 Lakhs (2008-09 : Rs.2912.42 Lakhs)]	657.51	587.50
(ii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs.7154.84 Lakhs (2008-09 : Rs.1332.80 Lakhs)]	1061.90	651.97
(iii) HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.3695.52 Lakhs (2008-09 : Rs.104.99 Lakhs)]	1968.31	9.59
(iv) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs.3663.55 Lakhs (2008-09 : Rs.8296.11 Lakhs)]	824.54	102.65
(v) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Rs.459.55 Lakhs (2008-09 : Rs.341.94 Lakhs)]	67.22	239.15
(vi) Doha Bank, Qatar [Maximum balance during the year : Rs.6106.69 Lakhs (2008-09 : Rs.10214.18 Lakhs)]	770.48	1073.65
(vii) HSBC Bank Middle East, Bahrain [Maximum balance during the year : Rs.1684.20 Lakhs (2008-09 : Rs.3821.57 Lakhs)]	67.00	101.58
(viii) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.1112.06 Lakhs (2008-09 : Rs.573.75 Lakhs)]	13.93	268.38
(ix) First Gulf Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.3050.33 Lakhs (2008-09 : Rs.1073.16 Lakhs)]	2259.01	Nil
(x) Standard Chartered Bank, Singapore [Maximum balance during the year : Rs.195.99 Lakhs (2008-09 : Rs.213.87 Lakhs)]	60.49	26.88
(xi) ABN Amro Bank, Singapore [Maximum balance during the year : Rs.4862.74 Lakhs (2008-09 : Rs.2292.96)]	1232.82	2026.86
(xi) CITI Bank, Dubai [Maximum balance during the year : Rs.986.70 Lakhs (2008-09 : Rs.Nil)]	3.01	Nil
	8986.22	5088.21

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
7. (b) ON FIXED DEPOSIT ACCOUNTS		
(i) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.66.61 Lakhs (2008-09 : Rs.217.80 Lakhs)]	63.91	72.23
(ii) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.11834.95 Lakhs (2008-09 : Rs.4668.97 Lakhs)]	7455.42	4668.97
(iii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs.12.60 Lakhs (2008-09 : Rs.13.51 Lakhs)]	11.99	13.51
(iv) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs.5164 Lakhs (2008-09 : Rs.10116.50 Lakhs)]	620.00	9822.36
(v) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Nil (2008-09 : Rs.110.14 Lakhs)]	Nil	Nil
(vi) ABN Amro Bank, Singapore [Maximum balance during the year : Rs.3499.12 Lakhs (2008-09 : Nil)]	1130.13	Nil
(vii) Doha Bank, Qatar [Maximum balance during the year : Rs.6464.62 Lakhs (2008-09 : Rs.17363.08 Lakhs)]	2506.07	2514.07
(viii) HSBC Bank Middle East, Bahrain [Maximum balance during the year : Rs.1508.10 Lakhs (2008-09 : Rs.4122.20 Lakhs)]	1365.26	1434.76
(ix) First Gulf Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.3074.40 Lakhs (2008-09 : Rs.542.50 Lakhs)]	2949.60	Nil
(x) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs.186.79 Lakhs (2008-09 : Rs.2750.68 Lakhs)]	42.83	189.09
(xi) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.228.07 Lakhs (2008-09 : Rs.1937.56 Lakhs)]	Nil	228.07
(xii) HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs.10545.60 Lakhs (2008-09 : Nil)]	5622.33	Nil
	21767.54	18943.06
TOTAL	30753.76	24031.27

8. LOANS AND ADVANCES

Loans and Advances in the nature of loans given to Subsidiaries and Associates, etc.

Name of the Company	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs	Maximum Balance during the year	
			Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) Auto Aircon (India) Ltd.	78.60	77.60	78.60	77.60
(b) Saudi Ensas Company for Engineering Services W.L.L.	4.85	94.26	94.26	94.26
(c) Rohini Industrial Electricals Ltd.	1000.00	Nil	1000.00	Nil
(d) Universal Comfort Products Ltd.	3000.00	1156.75	3000.00	1162.98

Note :

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



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

9. CURRENT LIABILITIES AND PROVISIONS

- (a) According to information available with the Management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has the following amounts due to Micro and Small Enterprises under the said Act.

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(i) (a) Principal amount remaining unpaid to any supplier as on 31-3-2010	257.87	301.43
(b) Interest on (i)(a) above	8.79	10.19
(ii) The amount of interest paid along with the principal payment made to the supplier beyond the appointed date during 2009-10.	Nil	Nil
(iii) Amount of interest due and payable on delayed payments	21.83	13.32
(iv) Amount of further interest remaining due and payable even in succeeding years	32.84	9.33
(v) Total outstanding dues of Micro and Small Enterprises		
– Principal	257.87	301.43
– Interest	63.46	32.84

(b) Provisions

	Rupees in Lakhs				
	Opening Balance	Additions	Utilisation	Reversal	Closing Balance
Trade Guarantee	4545.64	5485.48	3252.35	1513.24	5265.53
	(3883.42)	(5577.10)	(2439.68)	(2475.20)	(4545.64)
Contingency for tax matters	1357.94	Nil	Nil	232.94	1125.00
	(1125.00)	(232.94)	(Nil)	(Nil)	(1357.94)
Contingency for claims	783.59	Nil	Nil	783.59	Nil
	(783.59)	(Nil)	(Nil)	(Nil)	(783.59)

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 5 years.

Note : Figures in brackets are of the previous year.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

10. DEFERRED TAX ASSET

(A) Major components of deferred tax assets and liabilities arising are :

		As at 31st March, 2009			
		Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
		Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
(i)	Depreciation	—	2743.48	—	2697.00
(ii)	Voluntary Retirement Scheme	35.00	—	328.00	—
(iii)	Unpaid Statutory Liabilities	576.00	—	495.58	—
(iv)	Provision for Doubtful Debts and Advances	1439.00	—	1338.00	—
(v)	Provision for Contingency	373.56	—	529.00	—
(vi)	Provision for Employee Benefits	2173.14	—	2069.00	—
(vii)	Others	58.64	—	96.00	—
	Total	4655.34	2743.48	4855.58	2697.00
	Deferred Tax Assets (Net)	1911.86	—	2158.58	—

(B) Deferred tax liabilities (Foreign Branches)

Depreciation **8.39**

11. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs.243858.40 Lakhs (2008-09: Rs.212332.80 Lakhs).

12. COST OF SALES, SERVICES AND EXPENSES

(i) Opening and Closing Stock - In - Trade excludes WIP for Long Term Contracts Rs.476378.73 Lakhs (1-4-2008 : Rs.268742.82 Lakhs) and Rs 593388.31 Lakhs (31-3-2009 : Rs.476378.73 Lakhs), respectively.

(ii) (a) The Company makes contribution towards provident funds, a defined benefit retirement plan, and towards superannuation fund, a defined contribution retirement plan for qualifying employees. 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 contribution to Gratuity Funds, which are funded defined benefit plans for qualifying employees. The scheme provides 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, 2010. 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 amounts recognised in the Company's financial statements as at 31st March, 2010 for the Defined Benefit Plans other than Provident Fund. According to the Management, the Actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in the absence of guidance from the Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by AS 15 read with the Accounting Standards Board Guidance. However, having regard to the position of the Fund, the shortfall if any, between the guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund.



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

Defined Benefit Plans - As per Actuarial Valuation on 31st March, 2010

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
I. Expense recognised in the Profit and Loss Account for the year ended 31st March, 2010				
1. Current Service Cost	622.86	303.86	24.93	—
	326.42	223.08	27.14	—
2. Interest Cost	70.58	272.52	44.03	47.58
	36.76	264.81	36.51	44.19
3. Expected return on plan assets	—	(253.00)	—	—
	—	(145.96)	—	—
4. Cost of plan amendment	—	48.16	159.59	—
	—	—	—	—
5. Actuarial (Gains) / Losses	(72.23)	164.81	(19.79)	165.81
	376.40	452.94	84.02	75.72
6. Difference in Exchange	7.45	—	—	—
	—	—	—	—
7. Total expense	628.66	536.35	208.76	213.39
	739.58	794.87	147.67	119.91
II. Net Liability recognised in the Balance Sheet as at 31st March, 2010				
1. Present value of Defined Benefit Obligation as at 31st March, 2010	1977.24	4344.08	791.63	813.69
	1877.63	3893.12	629.01	679.67
2. Fair value of plan assets as at 31st March, 2010	—	4019.52	—	—
	—	3614.42	—	—
3. Net liability as at 31st March, 2010	1977.24	324.57	791.63	813.69
	1877.63	278.70	629.01	679.67

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
III. Change in Obligation during the Year ended 31st March, 2010	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
1. Present value of Defined Benefit Obligation at the beginning of the year	1877.63	3893.12	629.01	679.67
	826.36	3310.10	521.62	631.30
2. Current Service Cost	622.86	303.86	24.93	—
	326.42	223.08	27.14	—
3. Interest Cost	70.58	272.52	44.03	47.58
	36.76	264.81	36.51	44.19
4. Actuarial (Gains)/Losses	(72.23)	236.90	(19.79)	165.81
	376.40	509.17	84.02	75.72
5. Cost of Plan Amendment	—	48.16	159.59	—
	—	—	—	—
6. Benefits Payments	(288.25)	(410.48)	(46.14)	(79.37)
	175.19	(414.04)	(40.28)	(71.54)
7. Difference in exchange	(233.35)	—	—	—
	136.50	—	—	—
8. Present value of Defined Benefit Obligation at the end of the year	1977.24	4344.08	791.63	813.69
	1877.63	3893.12	629.01	679.67
IV. Change in Assets during the Year ended 31st March, 2010				
1. Plan assets at the beginning of the year	—	3614.42	—	—
	—	1824.47	—	—
2. Expected return on plan assets	—	253.00	—	—
	—	145.96	—	—
3. Contributions by employers	288.25	490.48	46.14	79.37
	175.19	2001.80	40.28	71.54
4. Actual benefits paid	(288.25)	(410.48)	(46.14)	(79.37)
	175.19	(414.04)	(40.28)	(71.54)
5. Actuarial Gains / (Losses)	—	72.09	—	—
	—	56.23	—	—
6. Plan assets at the end of the year	—	4019.51	—	—
	—	3614.42	—	—
7. Actual return on plan assets (2+5)	—	325.09	—	—
	—	202.19	—	—



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
V. Amount Recognised in the Balance Sheet				
1. Opening Liability	1877.63	278.70	629.01	679.67
	<i>826.36</i>	<i>1485.63</i>	<i>521.62</i>	<i>631.30</i>
2. Expenses as above (I)	628.66	536.35	208.76	213.39
	<i>739.58</i>	<i>794.87</i>	<i>147.67</i>	<i>119.91</i>
3. Employers Contribution	(288.25)	(490.48)	(46.14)	(79.37)
	<i>—</i>	<i>(2001.80)</i>	<i>(40.28)</i>	<i>(71.54)</i>
4. Difference in exchange	(240.80)	—	—	—
	<i>311.69</i>	<i>—</i>	<i>—</i>	<i>—</i>
5. Closing Net Liability	1977.24	324.57	791.63	813.69
	<i>1877.63</i>	<i>278.70</i>	<i>629.01</i>	<i>679.67</i>

VI. Actuarial Assumptions

1. Mortality Table (LIC)	1994-96	1994-96 <i>Ultimate</i>	1994-96	1996-98
2. Discount Rate	5%	8%	8%	8%
	<i>4% - 5%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>
3. Increase in Salary/Health Care Cost/Pension	5%	8%	8%	8%
	<i>5%</i>	<i>5% & 7%</i>	<i>5%</i>	<i>3.75%</i>
4. Rate of Return on Plan Assets	—	8%	8%	8%
	<i>4% - 5%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>

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

	Gratuity	Gratuity
	%	31-3-2009 %
VII. Categories of plan assets as a percentage of the fair value of total plan assets		
1. Government of India Securities	26	22
2. Corporate Bonds	65	68
3. Special Deposit Scheme	5	6
4. Others	4	4
	100	100

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

	Rupees in Lakhs		2008-09 Rupees 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	68.21	66.28	64.74	62.57
2. Effect on defined benefit obligation	809.32	785.74	660.33	613.08

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

- (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 three years are as under:

Particulars	Rupees in Lakhs	2008-09	2007-08	2006-07
		Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
1. Present Value of Defined benefit obligation	7926.64	7079.43	5289.38	3966.56
2. Fair Value of Planned Assets	4019.51	3614.42	1824.47	1232.06
3. Surplus or (Deficit) of the Plan	3907.13	3465.01	3464.91	2734.50
4. Experience Adjustment				
- On Plan Assets	72.09	48.93	14.99	6.56
- On Plan Liabilities	(11.32)	955.53	434.79	113.17
	60.77	1004.46	449.78	119.73

- (d) The details of the Company's Defined benefit plans for its employees are given above which is certified by the actuary and relied upon by the auditors.
- (e) Expected contribution of Rs.784.65 Lakhs (2008-09 : Rs. 782 Lakhs) to Defined Benefits (other than Provident Fund) for the next year.
- (f) The Company has recognised the following amounts in the Profit and Loss Account under the head Company's Contribution to Provident Fund and Other Funds :

Particulars	Rupees in Lakhs	2008-09 Rupees in Lakhs
Provident Fund	756.95	797.38
Superannuation Fund	198.42	221.58
	955.37	1018.96

- (iii) Forwarding charges are net of Freight Recovery of Rs.428.43 Lakhs (2008-09 : Rs.474.71 Lakhs).
- (iv) Other Expenses:

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Payment to Directors other than Wholetime Directors for Sitting Fees and Commission	176.10	95.80

13. Earnings per Share has been computed as under :

		2008-09
Net profit (Rs.Lakhs)	34421.95	25258.90
Weighted average number of Equity Shares Outstanding	330884740	330884740
Earnings Per Share (Rs.) - Basic and Diluted (Face Value of Re.1 per share)	10.40	7.63



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

14. Derivative Instruments :

The Company has entered into the following derivative instruments :

- (a) Forward Exchange Contracts (being a derivative instrument), 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 :

<u>Currency</u>	<u>Amt. in Lakhs</u>	<u>Sell / Buy</u>	<u>Cross Currency</u>
US Dollar	65.00	Buy	Rupees
	(40.00)	Buy	Rupees
GB Pound	3.00	Buy	QAR
	1.10	Buy	US Dollar
	(Nil)	—	—
Euro	34.56	Buy	QAR
	(24.37)	Buy	US Dollar

The pro-rata difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to Profit and Loss Account is Rs. 4.35 Lakhs [2008-09 : Rs.(0.13) Lakh].

- (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 :

- Export of goods	Rs. 1458.99 Lakhs	US\$ 32.49 Lakhs
	(Rs. 1039.06 Lakhs)	(US\$ 20.36 Lakhs)
- Overseas Operations	Rs. 123750.95 Lakhs	US\$ 2740.28 Lakhs
	(Rs. 136250.32 Lakhs)	(US\$ 2669.48 Lakhs)

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

- Import of goods and services	Rs. 3671.34 Lakhs	US\$ 81.77 Lakhs
	(Rs. 4763.91 Lakhs)	(US\$ 93.34 Lakhs)
- Overseas Operations	Rs. 94926.39 Lakhs	US\$ 2102.00 Lakhs
	(Rs. 105470.55 Lakhs)	(US\$ 2066.43 Lakhs)

Note : Figures in brackets are of the previous year.

15. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs.1208.10 Lakhs (31-3-2009 : Rs.1544.54 Lakhs). Advance paid against such contracts : Rs.642.02 Lakhs (31-3-2009 : Rs.706.25 Lakhs).

16. Contingent liabilities not provided for :

- (a) Guarantees on behalf of other companies :

Limits Rs.7599.18 Lakhs (31-3-2009 : Rs.4692.93 Lakhs) against which amount outstanding was Rs.5648.60 Lakhs (31-3-2009 : Rs.2076.26 Lakhs) against which a provision has been made for contingencies Rs. Nil (31-3-2009 : Rs.583.59 Lakhs).

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

In respect of various matters aggregating Rs.25139.01 Lakhs (31-3-2009 : Rs.22615.80 Lakhs), net of tax Rs.16594.26 Lakhs (31-3-2009 : Rs.14928.69 Lakhs) against which a provision has been made for contingencies Rs.1125 Lakhs (31-3-2009 : Rs.1125 Lakhs). In respect of a contingent liability of Rs.4502.84 Lakhs (31-3-2009 : Rs.4502.84 Lakhs) the Company has a right to recover the same from a third party.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Taxes, Cesses and Duties (other than income tax)	16754.84	14612.75
Contractual matters in the course of business	4568.20	4187.08
Real Estate Disputes and Demands	3519.76	3519.76
Ex-employees matters	248.63	248.63
Others	47.58	47.58
	<u>25139.01</u>	<u>22615.80</u>

(c) Income tax demands :

In respect of matters decided in Company's favour by Appellate Authorities where the Department is in further appeal - Rs.1295.63 Lakhs (31-3-2009 : Rs.350.06 Lakhs).

(d) Staff demands under adjudication : Amount indeterminate.

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

17. In respect of guarantees aggregating Rs. 87905.05 Lakhs (31-3-2009 : Rs. 88991.07 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.

18. Amounts paid by the Company to Directors as remuneration for services rendered in any capacity (See Schedule 'O' for Computation of Net Profit in accordance with Sections 198 and 309 of the Companies Act, 1956):

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Remuneration to the Managing Director (2008-09 : Managing Director) inclusive of contribution to Provident Fund and other funds : Rs. 10.37 Lakhs (2008-09 : Rs. 8.75 Lakhs), estimated money value of benefits : Rs. 24.49 Lakhs (2008-09: Rs.19.80 Lakhs) and commission : Rs.150 Lakhs (2008-09: Rs. 100 Lakhs). It does not include provision for compensated absences and gratuity as separate actuarial valuation for the Managing Director is not available.	<u>244.55</u>	<u>179.08</u>

19. (a) Auditors' Remuneration:

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Audit Fees	55.00	45.00
Tax Audit Fees	16.50	13.50
Company Law Matters	0.30	0.60
Tax Matters	2.50	5.51
Other Services (Service Tax Rs.0.48 Lakh (2008-09 : Rs.0.13 Lakh)	69.48	52.68
Out of Pocket Expenses	3.11	1.25
	<u>146.89</u>	<u>118.54</u>

[The above excludes Service Tax availed Rs.14.28 Lakhs (2008-09 : Rs.12.94 Lakhs)]



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Rupees in Lakhs	2008-09 Rupees in Lakhs
(b) Remuneration to Branch Auditors:		
Audit Fees	21.64	18.24
Other Services	12.03	11.96
Out of Pocket Expenses	2.25	1.43
	<u>35.92</u>	<u>31.63</u>
20. Assets under operating Leases :		
(a) The Company has taken on operating lease certain assets. The total lease rent paid on the same amounts to Rs. 4433.68 Lakhs (2008-09 : Rs.4423.37 Lakhs).		
(b) The minimum future lease rentals payable in respect of non-cancellable lease are as under :		
	Rupees in Lakhs	2008-09 Rupees in Lakhs
Not later than one year	1376.51	1701.64
Later than one year but not later than five years	2276.32	3241.50
Later than five years	67.48	296.84
(c) The Company has given on operating lease certain assets. The total lease rent received on the same amounting Rs. 3067.79 Lakhs (2008-09 : Rs. 2551.24 Lakhs) is included under Other Income.		
(d) The minimum future lease rentals receivable in respect of non-cancellable lease are as under :		
	Rupees in Lakhs	2008-09 Rupees in Lakhs
Not later than one year	2968.37	2181.13
Later than one year but not later than five years	5270.63	3546.00
Later than five years	1732.35	581.59
(e) The Original Cost, Depreciation for the year and Written Down Value are Rs.1307.78 Lakhs, Rs. 31.10. Lakhs and Rs. 847.33 Lakhs (2008-09 : Rs. 1474.54 Lakhs, Rs. 30.91 Lakhs and Rs. 962.35 Lakhs), respectively.		
21. In respect of certain property transactions, conveyance deed are pending, as under:		
(a) 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.		
(b) The Company had accounted in 1999-2000, the profit on transfer of development rights of Rs.734.12 Lakhs in respect of property at Lalbaug, Mumbai for which agreement for assignment was executed and clearance from the Income Tax Department under Section 269 UC of the Income Tax Act, 1961 was received but for which conveyance formalities are pending completion.		
(c) The Company had accounted in 2003-04, the profit on transfer of development rights of Rs.1735.95 Lakhs in respect of property at Thane and Rs.2145.53 Lakhs in respect of property at Pune for which agreements were executed and consideration received but for which conveyance formalities are pending completion.		
(d) The Company had accounted in 2004-05, the profit on transfer of development rights of Rs.505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities are pending completion.		
(e) The Company had accounted in 2006-07, the profit on transfer of development rights in respect of Upvan land and Henkel Switchgear Limited approach land at Thane for which agreements were executed and consideration received (Rs. 2070 Lakhs and Rs.223.40 Lakhs, respectively) but for which conveyance formalities are pending completion.		
(f) The Company had accounted in 2007-08, the profit on transfer of development rights in respect of land adjoining Simtools at Thane for which an Agreement was executed and consideration received (Rs.919.96 Lakhs) but for which conveyance formalities are pending completion.		
(g) The Company has accounted in 2009-10 the profit on transfer of development rights in respect of Nala land at Thane for which an Agreement was executed and consideration received Rs.238.18 Lakhs but for which conveyance formalities are pending completion.		

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

22. 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 payable to non-resident shareholders which were declared during the year, are as under :

		2008-09
(i) Number of non-resident shareholders	2107	1694
(ii) Number of Equity shares held by them	3813322	3846891
(iii) Gross amount of dividend (Rs.)	6101315.20	5193302.85
(iv) Year ended to which the dividend related	March-2009	March-2008

23. Earnings in foreign exchange received in India :

	Rupees in Lakhs	2008-09 Rupees in Lakhs
(a) F.O.B. Value of exports (including amounts invoiced against work-in-progress)	3476.02	2638.43
(b) Service Commission (On Cash basis)	1769.26	3252.45
(c) Other Income	622.02	735.83
(d) Foreign Projects Profit	22601.93	13323.01
(e) Warranty Recovery	187.55	89.03

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

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Royalty	17.74	30.23
Other matters	163.32	314.51

25. Value of Imports on C.I.F. basis :

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Raw Materials	1592.17	2485.94
Finished Goods	38907.21	42535.86
Components & Spares	15647.82	6974.27
Capital Goods	110.99	52.39

26. Information in regard to Raw Materials and Components consumed :

(a) Items	Unit of Measurement	Quantity	2008-09 Quantity	Value Rupees in Lakhs	2008-09 Value Rupees in Lakhs
Steel/Ferrous Metals	M.Tonnes	4525.91	6108	2577.36	3070.67
Non-Ferrous Metals	M.Tonnes	760	641	2388.64	2373.48
Compressors	Numbers	139078	75362	5197.77	3789.87
Others (Items individually not exceeding 10% of total)				20695.00	21593.58
				30858.77	30827.60



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

(b)	% to total Consumption	Value Rupees in Lakhs	2008-09 % to total Consumption	2008-09 Value Rupees in Lakhs
Imported	19.96	6158.09	19.58	6036.48
Indigenous	80.04	24700.68	80.42	24791.12
	100.00	30858.77	100.00	30827.60

27. Quantitative information in regard to Licensed Capacity, Installed Capacity and Actual Production of the goods manufactured by the Company :

		Installed Capacity	Installed Capacity 2008-09	Actual Production	Actual Production 2008-09
Air Conditioners and Water Coolers:					
Airconditioners for Specialised Applications	(Numbers)	2000	2000	1107	1622
Water Coolers	(Numbers)	45000	45000	27686	19238
Freezers and Bottle Coolers	(Numbers)	75000	75000	75840	44628
Open Type Compressors with Accessories	(Numbers)	1000	1000	355	410
Packaged Airconditioners	(Numbers)	18000	18000	7710	10193
Package Chillers	(Numbers)	980	980	590	694
Semi Hermetic Compressors	(Numbers)	3600	3600	694	1003
Vapour Absorption Machine	(Numbers)	75	135	46	36
Air Handling Unit	(Numbers)	2400	2400	1459	909
Materials Handling Equipment:					
Forklift Trucks	(Numbers)	2000	2000	1160	1315
Hydraulic Truck Cranes	(Numbers)	50	50	6	20
Warehouse Equipment	(Numbers)	150	150	56	39
Construction and Mining Equipment:					
Crushers	(Numbers)	10	10	15	16

Notes:

- (i) As per the Industrial Policy declared in July 1991 and as amended in April 1993, no licenses are required for the products manufactured by the Company.
- (ii) Installed capacities are as certified by the Management and relied upon by the Auditors. These are alternative and not cumulative and as such production is not strictly comparable with the same.
- (iii) Production includes for captive consumption.

28. Information in regard to Purchases, Sales, Opening Stocks and Closing Stocks:

(A). Purchases (Other than Raw Materials and Components) and Sales :

Class of Goods	Unit of Measurement	Purchases				Sales			
		Quan- tity	Quan- tity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09	Quan- tity	Quan- tity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09
Airconditioners and Water Coolers									
Room Airconditioners Including C.U.'s	Numbers	560205	340834	71003.14	49436.95	485798	367644	89711.87	68247.56
Airconditioners for Specialised Applications	Numbers	Nil	Nil	Nil	Nil	1071	1657	1030.80	1265.48
Water Coolers	Numbers	84347	48559	2835.61	1678.73	81583	74076	8368.18	7391.07
Refrigerators	Numbers	Nil	Nil	Nil	Nil	3	20	0.07	0.45

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

28(A). Purchases (Other than Raw Materials and Components) and Sales (contd.) :

Class of Goods	Unit of Measurement	Purchases				Sales			
		Quantity	Quantity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09	Quantity	Quantity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09
Freezers and Bottle Coolers	Numbers	738	94	54.49	21.76	73052	49976	11001.78	7402.83
Compressors	Numbers	271672	14699	9645.27	182.45	254800	14699	9286.67	197.21
Indoor Unit	Numbers	123919	Nil	4703.82	Nil	105761	Nil	4389.82	Nil
Airconditioning and Refrigeration									
Turnkey jobs	Number of jobs					1015	1116	63049.23	75777.92
Packaged Airconditioners	Numbers					6204	6863	4251.43	5077.02
Package Chillers	Numbers					445	523	4282.90	4951.41
Vapour Absorption Machines	Numbers					37	32	1622.68	1635.78
Air Handling Units (A.H.U.)	Numbers					235	243	548.42	352.79
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts				5822.77	3270.27			8271.85	5239.83
(Refer Note below)									
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers	3	25	20.84	292.76	1175	1321	10106.79	12730.17
Warehousing Equipment	Numbers	Nil	Nil	Nil	Nil	44	40	192.32	198.05
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc. (Refer Note below)				1087.66	1395.11			2092.87	2216.70
Hydraulic Truck Cranes	Numbers	15	Nil	143.72	Nil	20	20	502.36	2087.61
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				2.36	8.02			2.18	17.62
Pollution Control Equipment and Systems									
Water Pollution Control Equipment and Systems				897.89	949.25			1435.93	1309.17
Construction and Mining Equipment									
Excavators	Numbers	Nil	23	Nil	3157.22	2	35	75.62	3807.81
Crushers	Numbers	8	61	1184.30	10956.44	50	55	7625.78	8227.98
Screening Equipment	Numbers	8	72	591.45	7174.64	36	47	3716.97	4726.66
Dumper	Numbers	Nil	3	Nil	442.74	Nil	3	Nil	444.00
Accessories and Spares for Drilling and Mining				5647.82	6094.88			12109.93	7357.53
Textile Machinery and Equipment (Refer Note below)				2911.93	2633.54			3707.92	3311.35
Pesticides and Chemicals									
Chemicals and Minerals				Nil	3321.48			Nil	3679.51
Agro Industrial Products									
Hydraulic Pumps, Motors, and Other Agro Industrial Products				53.29	79.86			315.40	402.02
Others									
Turnkey Contracts								177988.89	153650.63
Camera	Numbers	617	418	6.03	1.26	6	146	1.54	1.33
Room Heaters	Numbers					Nil	2	Nil	0.01
Services Rendered								30817.33	25317.00
				106612.39	91097.36			456507.53	407024.50

Note : Spare parts and sundry equipment purchased are either used for internal service / warranty or for sales. The purchases disclosed above are to the extent of sales made during the year.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

28(B). Opening and Closing Stocks :

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Quan- tity	Quan- tity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09	Quan- tity	Quan- tity 2008-09	Rupees in Lakhs	Rupees in Lakhs 2008-09
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	83505	110610	10692.75	13771.79	156550	83505	17308.75	10692.75
Water Coolers	Numbers	6396	12741	540.81	945.10	35646	6396	1705.47	540.81
Airconditioners for									
Specialised Applications	Numbers	57	93	98.84	218.58	93	57	115.15	98.84
Refrigerators	Numbers	11	32	0.23	0.92	8	11	0.17	0.23
Freezers and Bottle Coolers	Numbers	3799	9114	365.43	1061.34	6982	3799	912.23	365.43
Packaged Airconditioners	Numbers	588	632	289.07	332.38	665	588	420.65	289.07
Package Chillers	Numbers	45	33	426.87	304.93	52	45	575.29	426.87
Vapour Absorption Machines	Numbers	3	1	148.85	20.64	10	3	557.74	148.85
Air Handling Units (A.H.U.)	Numbers	61	40	151.62	74.14	102	61	289.18	151.62
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts				2023.81	2327.61			3219.61	2023.81
Compressors	Numbers					16872		604.36	
Indoor Unit	Numbers					18123		520.31	
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers	26	7	217.15	69.19	12	26	139.05	217.15
Warehousing Equipment	Numbers	1	2	3.18	6.69	12	1	47.88	3.18
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc.				94.80	51.46			21.13	94.80
Hydraulic Truck Cranes	Numbers	Nil	Nil	Nil	Nil	1	Nil	9.55	Nil
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				1.95	0.45			Nil	1.95
Pollution Control Equipment and Systems									
Electrostatic Precipitators, Mechanical Dust Collectors, etc. - Components and Parts				135.58	24.90			161.80	135.58
Construction and Mining Equipment									
Excavators	Numbers	2	14	79.00	468.00	Nil	2	Nil	79.00
Crushers	Numbers	31	9	5558.00	692.68	4	31	488.28	5558.00
Sundry Screening Equipments	Numbers	37	12	3505.00	683.06	9	37	545.44	3505.00
Sundry Equipment, Accessories and Spares for Drilling and Mining				4002.33	2578.27			5209.17	4002.33
Textile Machinery and Equipment				361.63	370.52			315.27	361.63
Chemicals									
Chemicals and Minerals				Nil	274.51			Nil	Nil
Others									
Camera	Numbers	675	702	4.90	4.75	1030	675	9.53	4.90
Room Heaters	Numbers	18	22	0.36	0.44	16	18	0.21	0.36
				<u>28702.16</u>	<u>24282.35</u>			<u>33176.22</u>	<u>28702.16</u>

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

28(B). Quantities of finished goods capitalised/(decapitalised), scrapped, issued against schemes and / or transferred to jobs during the year.

	Unit of Measurement	Quantity	Quantity 2008-09
Room Airconditioners	Numbers	1362	295
Water Coolers	Numbers	1200	66
Refrigerators	Numbers	Nil	1
Airconditioners for Specialised Applications	Numbers	Nil	1
Freezers and Bottle Coolers	Numbers	343	61
Camera	Numbers	256	299
Room Heaters	Numbers	2	2
Packaged Airconditioners	Numbers	1429	3374
Package Chillers	Numbers	138	159
Vapour Absorption Machines	Numbers	2	2
Forklift Trucks	Numbers	2	Nil
Warehouse Equipment	Numbers	1	Nil
Air Handling Unit (A.H.U.)	Numbers	1183	645
Indoor Unit	Numbers	35	Nil

29. In compliance with the Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' (AS-27) as notified by the Companies (Accounting Standards) Rules, 2006, the Company has interests in the following jointly controlled entities and operations :

As at 31st March, 2010						Rupees in Lakhs	
Name of the Joint Venture / Operations	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Year ended 31st March, 2010	
						Income	Expenses
Universal Comfort Products Private Limited (Note 1)	50	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (4014.74)	Nil (4264.49)
Universal Weathermaker Factory L.L.C.	49	685.60 (970.80)	148.73 (704.50)	Nil (Nil)	Nil (Nil)	858.82 (0.29)	798.62 (62.58)
Lalbuksh Voltas Engineering Services & Trading L.L.C.	49	3403.28 (2898.26)	1284.38 (1359.22)	469.80 (275.06)	Nil (Nil)	3728.86 (2894.30)	2789.41 (2476.58)
*Universal Voltas L.L.C.	49	5022.73 (5551.69)	3807.54 (4580.22)	3819.10 (3523.43)	Nil (Nil)	9362.36 (7855.64)	8383.44 (7173.43)
*Saudi Ensas Company for Engineering Services W.L.L. (Note 1)	49	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (684.52)	Nil (1382.49)
Naba Diganta Water Management Limited	26	1176.83 (337.84)	224.33 (229.54)	Nil (Nil)	272.90 (1108.02)	Nil (Nil)	3.49 (3.67)
ETA-Voltas - Hitachi Plant	37.50	12681.67 (11436.50)	10348.14 (7816.22)	4466.28 (5398.73)	Nil (Nil)	13789.94 (19737.68)	14707.08 (19826.94)
NDIA Package 19 Project	77.08	1481.70 (1663.37)	1184.64 (1422.93)	1714.00 (1017.00)	Nil (Nil)	2018.33 (786.66)	1921.06 (599.28)
Sidra Medical & Research Centre Project	51.08	12906.70 (11551.09)	11994.31 (11436.50)	19344.00 (21840.00)	Nil (Nil)	11270.78 (3041.84)	10167.12 (2738.12)

* As the accounting year of these companies ends on 31st December, 2009, the figures are as of that date.

Notes: (i) Universal Comfort Products Private Ltd (UCPL) and Saudi Ensas Company for Engineering Services W.L.L. (SECL) ceased to be a joint venture company on acquisition of 50% shareholding in UCPL and 51% shareholding in SECL with effect from 17th June, 2008 and 28th January, 2009, respectively.

(ii) Figures in brackets are of the previous year.



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

31. Related Party Disclosures :

(a) List of Related Parties and Relationships :

Party	Relation
A. Simto Investment Company Ltd. Auto Aircon (India) Ltd . Metrovol FZE VIL Overseas Enterprises B.V. Voice Antilles N.V. Weathermaker Ltd. Saudi Ensas Company for Engineering Services W.L.L. (w.e.f. 28-1-2009) Rohini Industrial Electricals Ltd. (w.e.f. 4-9-2008) Universal Comfort Products Ltd. (w.e.f. 17-6-2008) Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation)	Subsidiary
B. Brihat Trading Private Ltd. Terrot GmbH (upto 20-3-2009)	Associate
C. Universal Voltas L.L.C. Lalbuksh Voltas Engineering Services & Trading L.L.C. Naba Diganta Water Management Ltd. Universal Weathermaker Factory L.L.C. (w.e.f. 26-4-2008) Universal Comfort Products Private Ltd. (upto 16-6-2008) Saudi Ensas Company for Engineering Services W.L.L. (upto 27-1-2009) AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
D. Tata Sons Ltd.	Promoters holding together with its subsidiary is more than 20%
E. Mr. A. Soni - Managing Director	Key Management Personnel

31(b). Related Party Transactions :

Transactions	Rupees in Lakhs				
	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 31 (c) (1)]	31136.28 (3910.36)	1596.76 (8366.26)	— (—)	— (—)	32733.04 (12276.62)
Sale of Goods [Refer 31 (c) (2)]	15042.60 (1514.54)	447.30 (229.45)	— (—)	5.02 (4.36)	15494.92 (1748.35)
Service Income [Refer 31 (c) (3)]	3.00 (12.58)	399.77 (272.18)	— (—)	0.84 (5.22)	403.61 (289.98)
Interest Income [Refer 31 (c) (4)]	164.96 (4.00)	— (—)	— (—)	— (—)	164.96 (4.00)
Rental Income [Refer 31 (c) (5)]	— (—)	— (—)	— (—)	0.94 (1.45)	0.94 (1.45)
Dividend Income [Refer 31 (c) (6)]	169.81 (426.48)	52.46 (41.52)	— (—)	— (—)	222.27 (468.00)
Freight Recovery [Refer 31 (c) (7)]	11.65 (32.07)	— (32.56)	— (—)	— (—)	11.65 (64.63)
Advertising Recovery [Refer 31 (c) (8)]	36.56 (124.39)	— (134.50)	— (—)	— (—)	36.56 (258.89)

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

31(b). Related Party Transactions : (contd.):

Transactions	Rupees in Lakhs				
	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Commission Received [Refer 31 (c) (9)]	122.85 (152.32)	— (214.77)	— (—)	— (—)	122.85 (367.09)
Write back of provision for Contingencies [Refer 31 (c) (10)]	783.59 (—)	— (—)	— (—)	— (—)	783.59 (—)
Remuneration Paid / Payable [Refer 31 (c) (11)]	— (—)	— (—)	244.55 (179.08)	— (—)	244.55 (179.08)
Dividend Paid [Refer 31 (c) (12)]	— (—)	— (—)	— (—)	1259.71 (1062.88)	1259.71 (1062.88)
Provision / Write off of Debts and Advances [Refer 31 (c) (13)]	911.00 (0.50)	— (—)	— (—)	— (—)	911.00 (0.50)
Tata Brand Equity [Refer 31 (c) (14)]	— (—)	— (—)	— (—)	679.72 (610.19)	679.72 (610.19)
Other Operating and Administration Expenses - Received/Receivable [Refer 31 (c) (15)]	6.29 (1.82)	— (0.54)	— (—)	— (—)	6.29 (2.36)
Other Operating and Administration Expenses - Paid/Payable [Refer 31 (c) (16)]	0.24 (53.08)	— (—)	— (—)	48.86 (70.84)	49.10 (123.92)
Advance Share Application Money given [Refer 31 (c) (17)]	1054.48 (134.69)	— (1006.94)	— (—)	— (—)	1054.48 (1141.63)
Purchase of Fixed Assets [Refer 31 (c) (18)]	10.53 (—)	— (—)	— (—)	— (—)	10.53 (—)
Investments [Refer 31 (c) (19)]	2355.67 (6645.73)	366.60 (409.89)	— (—)	— (—)	2722.27 (7055.62)
Advances given [Refer 31 (c) (20)]	1.00 (1251.50)	— (—)	— (—)	0.46 (—)	1.46 (1251.50)
Intercompany Deposits Placed [Refer 31 (c) (21)]	4000.00 (—)	— (—)	— (—)	— (—)	4000.00 (—)
Refund of Share Application Money [Refer 31 (c) (22)]	— (—)	— (432.50)	— (—)	— (—)	— (432.50)
Warranty Recovery [Refer 31 (c) (23)]	5.78 (16.82)	— (17.05)	— (—)	— (—)	5.78 (33.87)



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

31(b). Related Party Transactions : (contd.):

Transactions	Rupees in Lakhs				
	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Provision for Debts and Advances Due as on 31-3-2010 [Refer 31 (c) (24)]	1285.34	—	—	—	1285.34
	(374.34)	(—)	(—)	(—)	(374.34)
Advance Outstanding as on 31-3-2010 [Refer 31 (c) (25)]	172.87	—	—	—	172.87
	(1328.61)	(—)	(—)	(—)	(1328.61)
Advance Share Application Money as on 31-3-2010 [Refer 31 (c) (26)]	2312.78	—	—	—	2312.78
	(1348.10)	(—)	(—)	(—)	(1348.10)
Debit Balance Outstanding as on 31-3-2010 [Refer 31 (c) (27)]	1241.94	99.58	—	—	1341.52
	(485.32)	(41.01)	(—)	(—)	(526.33)
Credit Balance Outstanding as on 31-3-2010 [Refer 31 (c) (28)]	388.92	600.49	—	677.91	1667.32
	(500.31)	(350.63)	(—)	(591.91)	(1442.85)
Intercorporate Deposits as on 31-3-2010 [Refer 31 (c) (29)]	4000.00	—	—	—	4000.00
	(—)	(—)	(—)	(—)	(—)

Note : Figures in bracket are of previous year.

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

Name of Party	Rupees In Lakhs	
	Transaction Value	Transaction Value 2008-09
1. Purchase of Goods		
Universal Comfort Products Ltd.	30583.92	10742.80
2. Sale of Goods		
Naba Diganta Water Management Ltd.	—	226.55
Universal Comfort Products Ltd.	15036.38	1462.88
3. Service Income		
Universal Voltas L.L.C.	335.27	267.83
Universal Weathermaker Factory L.L.C.	64.50	—
4. Interest Income		
Saudi Ensas Company for Engineering Services W.L.L.	—	4.00
Rohini Industrial Electricals Ltd.	43.84	—
Universal Comfort Products Ltd.	120.00	—
5. Rental Income		
Tata Sons Ltd.	0.94	1.45
6. Dividend Income		
Weathermaker Ltd.	—	264.30
Metrovol FZE	65.21	58.30
VIL Overseas Enterprises B.V.	104.60	103.88
Lalbuksh Voltas Engineering Services & Trading L.L.C.	52.46	—

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

Name of Party	Transaction Value	Rupees In Lakhs
		Transaction Value 2008-09
7. Freight Recovery		
Universal Comfort Products Ltd.	11.65	64.63
8. Advertising Recovery		
Universal Comfort Products Ltd.	36.56	258.89
9. Commission Received		
Universal Comfort Products Ltd.	122.85	324.64
Terrot GmbH	—	42.45
10. Write back of provision for Contingencies		
Saudi Ensas Company for Engineering Services W.L.L.	783.59	—
11. Remuneration Paid / Payable		
Mr. A.Soni - Managing Director	244.55	179.08
12. Dividend Paid		
Tata Sons Ltd.	1259.71	1062.88
13. Provision / Write off of Debts and Advances		
Saudi Ensas Company for Engineering Services W.L.L.	910.00	—
Auto Aircon (India) Ltd.	—	0.50
14. Tata Brand Equity		
Tata Sons Ltd.	679.72	610.19
15. Other Operating and Administration Expenses - Received / Receivable		
Lalbuksh Voltas Engineering Services & Trading L.L.C.	—	0.49
Weathermaker Ltd.	—	1.73
Universal Comfort Products Ltd.	6.29	—
16. Other Operating and Administration Expenses - Paid / Payable		
Metrovol FZE	—	53.08
Tata Sons Ltd.	48.86	70.84
17. Advance Share Application Money given		
Saudi Ensas Company for Engineering Services W.L.L.	1054.48	1141.62
18. Purchase of Fixed Assets		
Universal Comfort Products Ltd.	10.53	—
19. Investments		
Rohini Industrial Electricals Ltd.	2355.57	6332.92
Naba Diganta Water Management Ltd.	366.60	—
20. Advances given		
Auto Aircon (India) Ltd.	1.00	—
Tata Sons Ltd.	0.46	—
Universal Comfort Products Ltd.	—	1156.75



SCHEDULE 'P': NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

Name of Party	Transaction Value	Rupees In Lakhs
		Transaction Value 2008-09
21. Intercorporate Deposits Placed		
Rohini Industrial Electricals Ltd.	1000.00	—
Universal Comfort Products Ltd.	3000.00	—
22. Refund of Share Application Money		
Universal Comfort Products Ltd.	—	432.50
23. Warranty Recovery		
Universal Comfort Products Ltd.	5.78	33.87
24. Provision for Debts and Advances Due as on 31-3-2010		
Saudi Ensas Company for Engineering Services W.L.L.	1206.74	296.74
Auto Aircon (India) Ltd.	—	77.60
25. Advance Outstanding as on 31-3-2010		
Universal Comfort Products Ltd.	—	1156.74
Auto Aircon (India) Ltd.	78.60	77.60
Saudi Ensas Company for Engineering Services W.L.L.	94.27	94.27
26. Advance Share Application Money as on 31-3-2010		
Saudi Ensas Company for Engineering Services W.L.L.	2312.78	1348.10
27. Debit Balance Outstanding as on 31-3-2010		
Universal Comfort Products Ltd.	1158.49	485.84
28. Credit Balance Outstanding as on 31-3-2010		
Tata Sons Ltd.	677.91	591.91
Weathermaker Ltd.	232.94	500.31
Universal Voltas L.L.C.	390.14	350.63
Universal Weathermaker Factory L.L.C.	210.35	—
29. Intercorporate Deposits as on 31-3-2010		
Rohini Industrial Electricals Ltd.	1000.00	—
Universal Comfort Products Ltd.	3000.00	—

32. Figures for the previous year have been regrouped, wherever necessary.

For and on behalf of the Board

Chairman
Managing Director
Directors

Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010

M. M. Miyajiwala
V. P. Malhotra

Balance Sheet Abstract and Company's General Business Profile pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration Details:

Registration No.

L	2	9	3	0	8	M	H	1	9	5	4	P	L	C	0	0	9	3	7	1
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 State Code

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Balance Sheet Date

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2	0	1	0
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Date Month Year

II. Capital Raised during the year (Amount in Thousands):

Public Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table> Bonus Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L								N	I	L					Rights Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table> Private Placement <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L								N	I	L				
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III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands):

Total Liabilities <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>1</td><td>4</td><td>3</td><td>8</td><td>9</td><td>7</td></tr></table>		1	0	1	4	3	8	9	7	Total Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>1</td><td>4</td><td>3</td><td>8</td><td>9</td><td>7</td></tr></table>		1	0	1	4	3	8	9	7
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	1	0	1	4	3	8	9	7											

Sources of Funds

Paid-up Capital <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>0</td><td>7</td><td>3</td><td>7</td></tr></table> Secured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>9</td><td>0</td><td>8</td><td>0</td><td>6</td></tr></table>				3	3	0	7	3	7				1	9	0	8	0	6	Reserves & Surplus <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>9</td><td>6</td><td>2</td><td>1</td><td>5</td><td>1</td><td>5</td></tr></table> Unsecured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				9	6	2	1	5	1	5				N	I	L				
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Application of Funds

Net Fixed Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>4</td><td>6</td><td>8</td><td>2</td><td>6</td></tr></table> Net Current Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>8</td><td>0</td><td>6</td><td>2</td><td>1</td><td>9</td></tr></table> Misc. Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				1	7	4	6	8	2	6				4	8	0	6	2	1	9				N	I	L					Investments <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>9</td><td>9</td><td>6</td><td>6</td><td>6</td></tr></table> Deferred Tax Asset (Net) <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>9</td><td>0</td><td>3</td><td>4</td><td>7</td></tr></table> Accumulated Losses <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				3	3	9	9	6	6	6				1	9	0	3	4	7				N	I	L				
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IV. Performance of the Company (Amount in Rs. Thousands):

Turnover <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>6</td><td>5</td><td>0</td><td>7</td><td>5</td><td>3</td></tr></table> Profit Before Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>8</td><td>5</td><td>6</td><td>3</td><td>9</td><td>5</td></tr></table> Earnings Per Share in Rs. <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td></tr></table>				4	5	6	5	0	7	5	3				4	8	5	6	3	9	5											1	0	Total Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>7</td><td>9</td><td>4</td><td>3</td><td>5</td><td>8</td></tr></table> Profit After Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>4</td><td>4</td><td>2</td><td>1</td><td>9</td><td>5</td></tr></table> Dividend Rate % <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>0</td></tr></table>				4	0	7	9	4	3	5	8				3	4	4	2	1	9	5											2	0	0
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V. Generic Name of Three Principal Products / Services of the Company (as per Monetary Terms) :

Item Code No. (ITC Code)	8 4 1 5 1 0 9 0
Product Description	A I R C O N D I T I O N I N G M A C H I N E S
Item Code No. (ITC Code)	8 4 1 8 6 9 9 0
Product Description	R E F R I G E R A T I N G E Q U I P M E N T A B S O R P T I O N H E A T P U M P S & C H I L L E R P A C K A G E
Item Code No. (ITC Code)	8 4 2 7 2 0 0 0 / 8 4 2 7 1 0 0 0
Product Description	F O R K L I F T T R U C K S D I E S E L / E L E C T R I C



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, 2010, the Consolidated Profit and Loss Account 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 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 Qatar, Bahrain and United Arab Emirates (UAE) Branches, certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 36996.83 lakhs as at 31st March, 2010, total revenues of Rs. 177040.67 lakhs and net cash inflows amounting to Rs. 10556.39 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 branches, 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) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its branches, subsidiaries and joint ventures 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, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, 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)

Hyderabad,
28th May, 2010

Nalin M. Shah
Partner
Membership No. 15860

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
1. SHARE CAPITAL	A		3307.37	3307.34
2. RESERVES AND SURPLUS	B		105209.49	75667.62
3. TOTAL			108516.86	78974.96
4. MINORITY INTEREST			1386.34	1590.44
LOAN FUNDS				
5. SECURED LOANS	C		3062.65	16876.05
6. UNSECURED LOANS	D		454.39	1267.79
7. DEFERRED TAX LIABILITY (Net) (See Note 7, Schedule 'M')			15.21	Nil
	TOTAL		113435.45	98709.24
APPLICATION OF FUNDS				
8. FIXED ASSETS				
GROSS BLOCK	E	38897.55		39862.11
LESS : DEPRECIATION		18211.46		18385.29
NET BLOCK		20686.09		21476.82
CAPITAL WORK-IN-PROGRESS		1934.31		1323.87
			22620.40	22800.69
9. GOODWILL ON CONSOLIDATION			7638.62	6753.57
10. INVESTMENTS	F		23394.37	15624.69
11. DEFERRED TAX ASSET (Net) (See Note 7, Schedule 'M')			2038.95	2239.88
12. CURRENT ASSETS, LOANS AND ADVANCES	G			
1. Inventories		114409.00		111938.78
2. Sundry Debtors		100597.33		95208.69
3. Cash and Bank balances		46890.85		45705.42
4. Loans and Advances		20776.83		22033.72
		282674.01		274886.61
13. LESS : CURRENT LIABILITIES AND PROVISIONS	H			
(A) Current Liabilities		198479.90		197427.60
(B) Provisions		26451.00		26168.60
		224930.90		223596.20
14. NET CURRENT ASSETS			57743.11	51290.41
	TOTAL		113435.45	98709.24

(For notes forming part of the Accounts see Schedule 'M'.

For and on behalf of the Board

The Schedules referred to above form an integral part of the Accounts)

Chairman
Managing Director
Directors

Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
 Hyderabad, 28th May, 2010

General Manager - Taxation
& Company Secretary
 Mumbai, 28th May, 2010

V. P. Malhotra



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. SALES AND SERVICES		483024.53		437390.94
Less : EXCISE DUTY		2436.14		4801.16
NET SALES AND SERVICES			480588.39	432589.78
2. OTHER INCOME	I		7886.87	9621.13
3. COST OF SALES, SERVICES AND EXPENSES	J		434672.50	404280.24
4. PROFIT BEFORE INTEREST, DEPRECIATION AND EXCEPTIONAL ITEMS			53802.76	37930.67
5. INTEREST	K		984.40	1275.19
6. DEPRECIATION / AMORTISATION ON FIXED ASSETS			2140.96	2096.36
7. PROFIT BEFORE EXCEPTIONAL ITEMS			50677.40	34559.12
8. EXCEPTIONAL ITEMS	L		2502.28	2613.12
9. PROFIT BEFORE TAXATION			53179.68	37172.24
10. PROVISION FOR TAXATION				
- Provision for Current Tax		16401.67		11774.13
- Provision for Taxation of Earlier Years Written back		(1629.34)		(106.98)
- Provision for Deferred Tax		216.14		(319.07)
- Provision for Wealth Tax (Net of Excess Provision)		34.76		40.60
- Provision for Fringe Benefit Tax		Nil		329.81
- MAT Credit Entitlement		(299.85)		Nil
			14723.38	11718.49
11. PROFIT AFTER TAXATION			38456.30	25453.75
12. MINORITY INTEREST IN PROFIT			(357.20)	(288.95)
13. SHARE OF PROFIT / (LOSS) OF ASSOCIATE			Nil	(24.47)
14. PROFIT AFTER MINORITY INTEREST AND SHARE OF PROFIT OF ASSOCIATE			38099.10	25140.33
15. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			7170.66	7337.67
16. FOREIGN EXCHANGE TRANSLATION DIFFERENCE ON ABOVE			(129.76)	300.43
17. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			275.00	300.00
18. PROFIT AVAILABLE FOR APPROPRIATIONS			45415.00	33078.43
19. APPROPRIATIONS :				
(a) GENERAL RESERVE		25178.06		19699.46
(b) LEGAL RESERVE		6.23		Nil
(c) SPECIAL RESERVE		17.37		14.41
(d) PROPOSED DIVIDEND		6617.69		5294.16
(e) TAX ON DIVIDEND		1099.12		899.74
			32918.47	25907.77
20. BALANCE CARRIED FORWARD			12496.53	7170.66
Basic and diluted earnings per share of Re. 1 each (including Exceptional items) (in Rs.) (See Note 11, Schedule 'M')			11.51	7.60

(For notes forming part of the Accounts see Schedule 'M'.

For and on behalf of the Board

The Schedules referred to above form an integral part of the Accounts)

*Chairman
Managing Director
Directors*

**Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
Hyderabad, 28th May, 2010

*General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010*

V. P. Malhotra

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		53179.68	37172.24
Add - Adjustments for :			
Depreciation / Amortisation	2140.96		2096.36
Provision for doubtful debt and advances	(2276.83)		1831.76
Unrealised exchange (gain) / loss	(257.33)		109.67
Exchange difference on translation of foreign currency cash and cash equivalents	54.56		(74.16)
Provision for Contingencies	(1016.53)		232.94
Provision for Diminution in value of Investments	Nil		140.43
(Profit) on Sale/Retirement of Fixed Assets (Net)	(2530.71)		(2446.92)
(Profit) on Sale of Non Trade Current Investments (Net)	(18.25)		(700.52)
Interest Paid	984.40		1275.19
Interest Received	(1090.15)		(1343.28)
Income from Investments	(976.83)		(1188.62)
Impairment of Fixed Assets	227.11		469.12
Impairment of Goodwill on Consolidation	910.00		Nil
Provision for Employee Benefits	152.68		1145.03
(Profit) on Sale of Chemicals Trading Business	Nil		(873.22)
Provision for Trade Guarantee	751.20		770.52
		(2945.72)	1444.30
Operating Profit before Working Capital changes		50233.96	38616.54
Less - Adjustments for:			
(Increase)/Decrease in Inventories	(2470.22)		(46182.33)
(Increase)/Decrease in Trade and Other Receivables	(4110.83)		(31015.02)
(Increase)/Decrease in Loans and Advances	2634.55		(5778.23)
(Decrease)/Increase in Advances from Customers	5785.37		18134.47
(Decrease)/Increase in Trade Payables	(4422.48)		45301.94
Exchange Fluctiation on Consolidation	(894.29)		1226.35
		(3477.90)	(18312.82)
Cash generated from operations		46756.06	20303.72
Less: Taxes paid		16106.52	10475.31
NET CASH FROM OPERATING ACTIVITIES		30649.54	9828.41



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(3169.73)		(4390.25)
Sale of Fixed Assets	3501.18		724.24
Surrender of Tenancy Rights	64.54		2042.25
Purchase of Investments	(16637.92)		(90823.84)
Increase in Share Application Money	Nil		223.83
Sale of Investments	8886.51		101583.73
Interest Received	1090.15		1346.98
Income from Investments	976.83		1188.62
Acquisition of Subsidiaries (net of cash acquired)	Nil		(5357.26)
Investment in Subsidiaries	(2355.67)		Nil
Advances to Subsidiary Companies	Nil		(48.08)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(7644.11)	6490.22
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital (Calls in Arrears)	0.03		0.39
Securities Premium (Calls in Arrears)	0.11		1.98
Increase/(Decrease) in other Borrowings	(13292.80)		7294.38
Repayment of Long Term Borrowings	(1334.00)		(1520.50)
Interest Paid	(987.23)		(1284.40)
Increase/(Decrease) in unpaid Deposits	(2.07)		(2.11)
Dividend paid including dividend tax	(6149.48)		(5195.20)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(21765.44)	(705.46)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1239.99	15613.17
CASH AND CASH EQUIVALENTS AS AT 1-4-2009 (See Schedule 'G')		45705.42	30018.09
EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS		(54.56)	74.16
CASH AND CASH EQUIVALENTS AS AT 31-3-2010 (See Schedule 'G')		46890.85	45705.42

For and on behalf of the Board

*Chairman
Managing Director
Directors*

**Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri**

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Executive Vice President (Finance)

M. M. Miyajiwala

Nalin M. Shah
Partner
Hyderabad, 28th May, 2010

*General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010*

V. P. Malhotra

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE 'A': SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. AUTHORISED 60,00,00,000 Equity Shares of Re. 1 each 40,00,000 Redeemable Preference Shares of Rs.100 each	6000.00 4000.00	6000.00 4000.00
TOTAL	<u>10000.00</u>	<u>10000.00</u>
2. ISSUED, SUBSCRIBED AND CALLED-UP 33,08,84,740 Equity Shares of Re.1 each Less: Calls in Arrears	3308.85 1.48	3308.85 1.51
TOTAL	<u>3307.37</u>	<u>3307.34</u>

SCHEDULE 'B': RESERVES AND SURPLUS

	As at 31-3-2009 Opening Balance	Acquired during the year	Additions	Deductions	Rupees in lakhs As at 31-3-2010 Closing Balance
1. SECURITIES PREMIUM	626.60 (624.62)	— (—)	0.11 (1.98)	— (—)	626.71 (626.60)
2. CAPITAL RESERVE	155.52 (155.52)	— (—)	— (—)	— (—)	155.52 (155.52)
3. CAPITAL REDEMPTION RESERVE	125.70 (125.70)	— (—)	— (—)	— (—)	125.70 (125.70)
4. CAPITAL RESERVE ON CONSOLIDATION	1839.48 (872.47)	— (970.82)	0.68 (—)	— (3.81)	1840.16 (1839.48)
5. GENERAL RESERVE *	63901.72 (44019.59)	— (—)	25178.06 (19882.13)	116.04 (—)	88963.74 (63901.72)
6. STAFF WELFARE RESERVE	1.00 (1.00)	— (—)	— (—)	— (—)	1.00 (1.00)
7. FOREIGN PROJECTS RESERVE	275.00 (575.00)	— (—)	— (—)	275.00 (300.00)	— (275.00)
8. FOREIGN EXCHANGE TRANSLATION RESERVE	1003.87 (193.66)	— (—)	(564.85) (810.21)	— (—)	439.02 (1003.87)
9. SPECIAL RESERVE	465.89 (451.48)	— (—)	17.37 (14.41)	— (—)	483.26 (465.89)
10. LEGAL RESERVE (See Note 3, Schedule 'M')**	102.18 (58.66)	— (—)	6.23 (43.52)	30.56 (—)	77.85 (102.18)
11. SURPLUS IN PROFIT AND LOSS ACCOUNT	7170.66 (7337.67)	— (—)	38244.34 (19546.86)	32918.47 (19713.87)	12496.53 (7170.66)
TOTAL	<u>75667.62</u> (54415.37)	— (970.82)	<u>62881.94</u> (40299.11)	<u>33340.07</u> (20017.68)	<u>105209.49</u> (75667.62)

* Deductions during the year are due to revaluation of opening balance (31-03-2009: Rs. 182.67 lakhs was included as Additions).

** Deductions during the year are due to revaluation of opening balance (31-03-2009: Rs. 43.52 lakhs was included as Additions).

Note : Figures in bracket are of previous year

SCHEDULE 'C': SECURED LOANS

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
LOANS FROM BANKS	3062.65	16876.05
TOTAL	<u>3062.65</u>	<u>16876.05</u>

SCHEDULE 'D': UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. SHORT TERM LOANS AND ADVANCES From Other than Banks	454.39	756.28
2. OTHER LOANS AND ADVANCES From Banks	Nil	511.51
TOTAL	<u>454.39</u>	<u>1267.79</u>



SCHEDULE 'E': FIXED ASSETS (At Cost Less Depreciation)

Particulars	GROSS BLOCK AT COST					DEPRECIATION / AMORTISATION					NET BLOCK				
	As at March 31, 2009 (See Note 'a' below)	Adjust-ments (See Note 'a' below)	Additions (See Note 'b' below)	Deduc-tions (See Note 'b' below)	Exchange Difference (See Note 'b' below)	As at March 31, 2010 (See Note 'b' below)	Up to March 31, 2009 (See Note 'a' below)	Adjust-ments (See Note 'a' below)	For the Year (See Note 'd' below)	On Deduc-tions (See Note 'd' below)	Impair-ment (See Note 'd' below)	Exchange Difference (See Note 'b' below)	Up to March 31, 2010 (See Note 'b' below)	As at March 31, 2009	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1. Freehold Land	803.64	Nil	Nil	10.10	Nil	793.54	Nil	Nil	Nil	Nil	Nil	Nil	Nil	793.54	803.64
2. Leasehold Land	568.98	Nil	Nil	Nil	Nil	568.98	14.61	Nil	6.23	Nil	Nil	Nil	20.84	548.14	554.37
3. Buildings (See Notes c & d below)	11267.17	Nil	461.20	212.34	(60.74)	11455.29	2765.18	Nil	352.31	120.49	4.35	(22.39)	2978.96	8476.33	8501.99
4. Plant & Machinery (See Note d below)	20771.14	Nil	1385.01	2709.55	(194.54)	19252.06	11207.76	Nil	1155.27	1817.05	222.76	(215.61)	10553.13	8698.93	9563.38
5. Furniture & Fittings	2172.10	Nil	144.38	50.79	(18.14)	2247.55	1419.83	Nil	169.91	43.53	Nil	(38.28)	1507.93	739.62	752.27
6. Vehicles	1482.87	Nil	185.56	193.06	(72.98)	1402.39	906.54	Nil	138.21	159.76	Nil	(123.17)	761.82	640.57	576.33
7. Intangible Assets: Manufacturing Rights & Technical Know-how	1004.32	Nil	Nil	Nil	Nil	1004.32	1004.32	Nil	Nil	Nil	Nil	Nil	1004.32	Nil	Nil
8. Software	1791.89	Nil	383.14	Nil	(1.61)	2173.42	1067.05	Nil	319.03	Nil	Nil	(1.62)	1384.46	786.96	724.84
Previous Year	39862.11	Nil	2559.29	3175.84	(348.01)	38897.55	18385.29	Nil	2140.96	2140.83	227.11	(401.07)	18211.46	20686.09	21476.82
Capital Work-in-Progress [Including advances against Capital Expenditure Rs. 649.35 Lakhs (31-3-2009; Rs 706.25 Lakhs)] (See Note 'e' below)	(31632.90)	(4014.16)	(5040.93)	(1328.97)	(503.09)	(39862.11)	(14620.39)	(1816.23)	(2096.36)	(1009.40)	(469.12)	(392.59)	(18385.29)	(21476.82)	
														1934.31	1323.87
														22620.40	22800.69

Notes:

- Previous year's figures include assets and depreciation of Rohini Industrial Electrical Limited, Universal Comfort Products Limited, and Saudi Ensas Company for Engineering Services W.L.L., which became subsidiaries during the previous year.
- Exchange Differences in columns (5) and (12) above relate to the opening balances.
- Includes factory building of Rs. 110.74 Lakhs (31-3-2009 : Rs. 125.16 Lakhs) (original cost) and Rs. 5.47 Lakhs (31-3-2009 : Rs. 9.28 Lakhs) (net book value) constructed on leasehold land, the lease period being fifteen years with a renewal option.
- Fixed Assets include assets held for sale aggregating Rs. 1615.82 Lakhs (31-3-2009 : Rs. 964.40 Lakhs), valued at the lower of the estimated net realisable value and net book value.
- Capital Work-in-Progress is net of Government Subsidy received.

SCHEDULE 'F' : INVESTMENTS (at Cost)

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
LONG TERM INVESTMENTS		
1. TRADE INVESTMENTS (See Note 4, Schedule 'M')		
Subsidiary Companies (See Note 2(c), Schedule 'M')	119.63	119.63
Equity Shares (Quoted)	1428.38	1519.28
Equity Shares (Unquoted) (See Note 2(d) and 4(c), Schedule 'M')	1370.32	1370.32
Preference Shares (Unquoted)	Nil	500.00
2. OTHER INVESTMENTS		
Equity Shares (Quoted)	0.04	0.04
Equity Shares (Unquoted)	0.48	0.48
Units of Mutual Fund (Unquoted)	175.00	275.00
TOTAL LONG TERM INVESTMENTS	3093.85	3784.75
CURRENT INVESTMENTS		
Units of Mutual Fund (Unquoted)	20808.01	12346.69
Government Securities (Unquoted)	0.05	0.55
Equity Shares (Quoted)	93.65	93.89
TOTAL CURRENT INVESTMENTS	20901.71	12441.13
TOTAL INVESTMENTS	23995.56	16225.88
LESS: PROVISION FOR DIMINUTION IN VALUE	601.19	601.19
	23394.37	15624.69
	1522.07	1613.21
Quoted : Cost		
: Market Value	13970.60	4408.66
Unquoted : Cost	22473.49	14612.67
	23394.37	15624.69
	1522.07	1613.21
	13970.60	4408.66
	22473.49	14612.67

SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
1. INVENTORIES			
STORES		22.12	18.41
STOCK-IN-TRADE :			
(a) Raw Materials and Components	11252.86		12233.44
(b) Work-in-Progress	637105.25		508006.50
Less: Amounts Invoiced	567816.76		437856.59
	69288.49		70149.91
(c) Finished Goods	33845.53		29537.02
		114386.88	111920.37
		114409.00	111938.78
2. SUNDRY DEBTORS			
(a) Fully secured, considered good	621.27		837.16
(b) Unsecured, considered good	99976.06		94371.53
(c) Considered doubtful	4601.37		5971.96
	105198.70		101180.65
Less: Provision for doubtful debts	4601.37		5971.96
		100597.33	95208.69
3. CASH AND BANK BALANCES			
(a) Cash in hand and Cheques on Hand	4358.83		2826.14
(b) Bank balances in Current Accounts	14566.37		11249.78
(c) Bank balances in Fixed Deposit Accounts	27965.65		31629.50
		46890.85	45705.42
4. LOANS AND ADVANCES			
- Deposits with public bodies, others	2441.64		2682.39
- Other advances	17979.94		20373.74
- Advance payment of taxes (Net)	692.56		221.14
	21114.14		23277.27
Less: Provision for doubtful advances	337.31		1243.55
		20776.83	22033.72
		282674.01	274886.61
	20776.83		22033.72
	282674.01		274886.61



SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		7657.64	7452.64
2. SUNDRY CREDITORS		111415.58	117822.16
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers / Others	70902.33		65672.48
(b) Against Unexpired Service Contracts	2252.40		1696.88
		73154.73	67369.36
4. OTHER LIABILITIES		6251.95	4781.48
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		Nil	1.96
	TOTAL (A)	198479.90	197427.60
(B) PROVISIONS			
6. PROVISION FOR TAXATION (NET)		4296.20	5424.06
7. PROPOSED DIVIDEND		6617.69	5294.16
8. PROVISION FOR DIVIDEND TAX		1099.12	899.74
9. PROVISION FOR TRADE GUARANTEES (See Note 6, Schedule 'M')		5596.45	4845.25
10. PROVISION FOR EMPLOYEE BENEFITS		7716.54	7563.86
11. PROVISION FOR CONTINGENCIES (See Note 6, Schedule 'M')		1125.00	2141.53
	TOTAL (B)	26451.00	26168.60
	TOTAL (A) + (B)	224930.90	223596.20

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'I' : OTHER INCOME

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Income from Investments			
(a) Trade Investments (Long Term)	280.03		278.19
(b) Other Investments (Long Term)	0.41		23.65
(c) Other Investments (Current)	696.39		886.78
		976.83	1188.62
2. Miscellaneous Income		2284.70	1808.57
3. Provision for Contingencies written back		232.94	Nil
4. Profit on Redemption of Mutual Funds / Sale of Non-Trade Current Investments (Net)		18.25	700.52
5. Rent Received		3284.00	2553.29
6. Foreign Exchange Gain (Net)		Nil	2026.85
7. Interest Received			
(a) In respect of sales on deferred payment terms and other accounts	141.83		257.63
(b) On fixed deposits with Banks	828.62		862.10
(c) On Income tax refunds	119.70		223.55
		1090.15	1343.28
	TOTAL	7886.87	9621.13

SCHEDULE 'J' : COST OF SALES, SERVICES AND EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2009 (See Note 8, Schedule 'M')		59815.03	42430.77
2. Stock-in-Trade taken over on acquisition of Subsidiaries		Nil	1748.22
3. Purchases and cost of jobs, manufacture and services		335876.56	332489.08
4. Stock-in-Trade per 31-3-2010 (See Note 8, Schedule 'M')		65770.30	59815.03
5. Cost of Sales and Services (1 + 2 + 3 - 4)		329921.29	316853.04
6. Staff Expenses			
(a) Salaries, Wages and Bonus	49067.49		42243.93
(b) Company's contribution to Provident Funds and other Funds	1664.71		1874.41
(c) Provision for Retirement benefits	1760.53		1202.76
(d) Welfare Expenses	1076.38		1235.58
		53569.11	46556.68
7. Forwarding Charges (Net)		2232.25	2196.90
8. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		10586.77	4974.47
9. Advertising (Net)		2819.95	1136.11
10. Rent paid	5002.20		3533.73
Less: Rent recovered	Nil		4.03
		5002.20	3529.70
11. Rates and Taxes		172.75	145.82
12. Insurance		1224.63	895.12
13. Stores Consumed		524.59	546.89
14. Power		357.69	379.31
15. Repairs to Buildings		182.17	366.21
16. Repairs to Plant and Machinery		527.96	601.95
17. Travelling and Conveyance		6439.12	5701.41
18. Stationery, Postage, Fax and Telephone		1967.37	2055.68
19. Auditors' Remuneration (See Note 15, Schedule 'M')		210.23	176.98
20. Audit fees payable to Branch Auditors		35.92	31.63
21. Audit fees payable to Cost Auditors		1.63	1.05
22. Legal and Professional charges		2074.74	1124.00
23. Other expenses		15437.53	16188.14
24. Bad and Doubtful Debts / Advances		852.38	639.26
25. Donations		33.98	40.59
26. Loss on Sale of Fixed Assets (Net)		350.01	139.30
27. Loss on Foreign Exchange (Net)		148.23	Nil
TOTAL		434672.50	404280.24

**SCHEDULE 'K': INTEREST**

	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
Interest Paid		
(a) On fixed loans	86.01	184.56
(b) On other accounts	898.39	1090.63
	<hr/>	<hr/>
TOTAL	984.40	1275.19
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 'L': EXCEPTIONAL ITEMS

	Rupees in Lakhs	Year ended 31st March, 2009 Rupees in Lakhs
1. Profit on Sale of Property / Assignment of Balance Leasehold Rights/Transfer of Development Rights/ Surrender of Tenancy Rights (Net)	2880.72	2586.22
2. Profit on Sale of Chemicals Trading Business	Nil	873.22
3. Reversal of Provision for Contingencies	783.59	Nil
	<hr/>	<hr/>
	3664.31	3459.44
Less :		
4. Provision for Diminution in value of Investments	Nil	140.43
5. Cost of Voluntary Retirement Scheme	24.92	48.51
6. Impairment of Fixed Assets	227.11	469.12
7. Impairment of Goodwill on Consolidation	910.00	Nil
8. Workmen Compensation Cost	Nil	188.26
	<hr/>	<hr/>
	1162.03	846.32
	<hr/>	<hr/>
TOTAL	2502.28	2613.12
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relate to Voltas Limited ("the Company"), its subsidiary companies and joint ventures. The Company and its Subsidiaries 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 joint ventures 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 joint ventures 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) The Financial Statements of the subsidiaries and joint ventures consolidated are drawn upto the same reporting date of the Company i.e. 31st March, 2010 except Saudi Ensas Company for Engineering Services W.L.L, Weathermaker Limited, Universal Voltas L.L.C. and Universal Weathermaker Factory L.L.C. where the accounts are drawn upto 31st December, 2009.
 - (v) The excess of the Company's portion of equity of the subsidiaries and joint ventures 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 joint ventures over the Company's portion of equity as at the date of investment is treated as Goodwill on Consolidation.
 - (vi) 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.
 - (vii) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
2. 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	
		2009-10	2008-09
Indian Subsidiaries :			
- Simto Investment Company Ltd.		95.57	95.51
- Auto Aircon (India) Ltd.		100.00	100.00
- Agro Foods Punjab Ltd. (under liquidation)		100.00	100.00
- Westerwork Engineers Ltd. (under liquidation)		51.00	51.00
- Universal Comfort Products Ltd. (w. e. f. 17-6-2008)		100.00	100.00
- Rohini Industrial Electricals Ltd. (w. e. f. 4-9-2008)		67.33	51.00



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2009-10	2008-09
Foreign Subsidiaries :			
– Metrovol FZE	United Arab Emirates	100.00	100.00
– VIL Overseas Enterprises 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. (w.e.f. 28-1-2009)	Saudi Arabia	100.00	100.00
Indian Joint Ventures :			
– Universal Comfort Products Private Ltd. (upto 16-6-2008)		—	50.00
– Naba Diganta Water Management Ltd.		26.00	26.00
Foreign Joint Ventures :			
– Lalbuksh Voltas Engineering Services & Trading L.L.C., Muscat	Sultanate of Oman	49.00	49.00
– Saudi Ensas Company for Engineering Services W.L.L. (upto 27-1-2009)	Saudi Arabia	—	49.00
– Agrotech Industries Ltd. (under closure)	Isle of Man	49.00	49.00
– AVCO Marine S.a.S. (under liquidation)	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. (w.e.f. 26-4-2008)	United Arab Emirates	49.00	49.00
Associates :			
– Terrot GmbH (upto 20-3-2009) (Refer Note (d) below)	Germany	—	18.50
– Brihat Trading Pvt. Ltd. (Refer Note (a) below)	India	33.33	33.33

Notes:

- The accounts of Brihat Trading Private Limited, an associate company are not available for consolidation. The operations of this company have no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.
- The accounts 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.
- The accounts 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.
- Terrot GmbH ceased to be an Associate Company with effect from 20-3-2009.

SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES:

- (i) The accounts 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 Financial Statements of certain foreign subsidiaries and joint ventures used for the purpose of the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with local laws as applicable. However there are no material differences.

The preparation of the accounts 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 accounts are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(ii) SALES & SERVICES

- (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 sales and services.

- (b) Sales and services are accounted on accrual basis when the sale of goods or services is completed.

- (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. Where the outcome of construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When the current estimate of total contract costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

Variation in contract work, claims and incentives payment are included in revenue to the extent that they have been agreed with the client and can be reliably measured.

- (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 Contracts.

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 cost after completion of 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". In case the actual cost incurred is higher than the billings, such cost is accounted for immediately.

(iii) DEPRECIATION / AMORTISATION

- (a) Depreciation on all assets of the Parent 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.

- (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 of the 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 of the subsidiaries, depreciation on Computers and Vehicles has been charged at 20% and furniture on the Straight Line Basis at the rate prescribed in Schedule XIV to the Companies Act, 1956.



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

- (iv) **PROVISION FOR TRADE GUARANTEES**
Provision for estimated costs to be incurred in providing warranty services is made in the accounts in the year in which goods are sold or a long term contract is completed.
- (v) **LEGAL RESERVE**
In case of some foreign joint ventures, 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.
- (vi) **FIXED ASSETS**
Fixed assets are stated at cost less accumulated depreciation / impairment.
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.
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 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.
- (vii) **INTANGIBLE ASSETS**
Intangible assets are stated at cost less accumulated amortisation.
- (viii) **IMPAIRMENT OF ASSETS**
The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of 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 in the Profit and Loss Account.
- (ix) **PROVISIONS AND CONTINGENCIES**
A provision is recognised when the Group 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 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) **FINANCE LEASE**
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.
Rents payable under operating leases are charged to income on the Straight Line Basis over the terms of the operating lease.
- (xi) **INVESTMENTS**
Long-term investments are carried at cost less provision for any diminution other than temporary, in the value of such investments.
Current investments are carried at the lower of cost and fair value.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

(xii) 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 (except in the case of a foreign subsidiary, where cost is determined on FIFO basis). Cost includes all charges incurred for bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. With regard to construction contracts, work-in-progress includes profits/losses to the extent recognised.

(xiii) TAXES ON INCOME

Current Tax is the amount of 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, 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.

(xiv) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

(a) The foreign branches of the Group have been classified as "Integral Foreign Operations". Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the resultant difference is recognised as income or expense. Non-monetary items outstanding at the Balance Sheet date are reported using the exchange rate at the date of the transactions.

(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 Profit and Loss Account. 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 Profit and Loss Account over the period of the contract.

(xv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEME

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

(xvi) EMPLOYEE BENEFITS

(a) Defined Contribution Plan

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

(b) Defined Benefit Plans

(i) 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 Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

- (ii) The Group's Contribution to recognised Provident Fund paid / payable during the year is recognised in the Profit and Loss Account. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Group and contributed to the Fund.
- (c) **Compensated Absences**
Compensated absences which accrue to employees and which are expected to be availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform 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 occur in 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".

4. INVESTMENTS

- (a) The Company has pursuant to a loan agreement given an undertaking to Punjab State Industrial Development Corporation Ltd. that it will not dispose of its investments in one of the subsidiary company. The Company had in 1998-99 transferred its beneficial rights in the shares of that subsidiary.
- (b) As the title of ownership of shares costing Rs.4.55 Lakhs is 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 Investment - (Terrot GmbH)**
(Refer Note 2(d) of schedule 'M')

	2008-09 Rupees in Lakhs
Opening Balance in Investment	168.71
Add : Post-acquisition profit for the year	Nil
Less : Reversal of pre and post acquisition of profit on cessation of Equity Method	28.28
Less : Provision for diminution in value of Investment	140.43
Closing Balance in Investment	<u>Nil</u>

The entity ceased to be an associate with effect from 20-03-2009.

5. INVENTORIES - WORK-IN-PROGRESS

In respect of Construction Contracts which are in progress as at the year end :

	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) Aggregate amount of costs incurred and net recognised profits (less recognised losses)	616433.33	489961.93
(b) Advances received for such contracts in progress	46761.76	49422.86
(c) The amount of retentions due for such contracts	21959.05	17608.71
(d) The gross amount due from customers for such contracts	48616.37	54689.98
(e) The gross amount due to customers for such contracts	19655.41	8823.21

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

6. CURRENT LIABILITIES AND PROVISIONS

Provisions

	Opening Balance	Additions	Utilisation	Reversal	Rupees in Lakhs Closing Balance
Trade Guarantee	4845.25 (4074.73)	5567.69 (5716.15)	3303.24 (2470.43)	1513.25 (2475.20)	5596.45 (4845.25)
Contingency for tax matters	1357.94 (1125.00)	Nil (232.94)	Nil (Nil)	232.94 (Nil)	1125.00 (1357.94)
Contingency for claims	783.59 (783.59)	Nil (Nil)	Nil (Nil)	783.59 (Nil)	Nil (783.59)

The provision for Trade Guarantee is expected to be utilised for warranty expenses / settlement of claims within a period of 1 to 5 years.
Note : Figures in brackets are for the previous year.

7. DEFERRED TAX ASSET / LIABILITY

(a) Major components of deferred tax assets (Net) :

	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
(i) Depreciation	18.43	2743.48	11.13	2697.00
(ii) Voluntary Retirement Scheme	35.00	—	328.00	—
(iii) Unpaid Statutory Liabilities	576.00	—	495.58	—
(iv) Provision for Doubtful Debts and Advances	1448.17	—	1338.00	—
(v) Provision for Contingencies	373.56	—	529.00	—
(vi) Provision for Employees Benefits	2272.63	—	2139.17	—
(vii) Others	58.64	—	96.00	—
Total	4782.43	2743.48	4936.88	2697.00
Net Timing Differences				
Deferred Tax assets	2038.95	—	2239.88	—

(b) Major components of deferred tax liability (Net) :

	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
(i) Depreciation	—	200.36	—	354.00
(ii) Unabsorbed Depreciation	165.82	—	354.00	—
(iii) Provision for Employees Benefits	5.07	—	—	—
(iv) Others	14.26	—	—	—
Total	185.15	200.36	354.00	354.00
Net Timing Differences				
Deferred Tax (liability)	(15.21)	—	—	—

The deferred tax assets have been recognised on unabsorbed depreciation to the extent of virtual certainty on account of deferred tax liability on depreciation timing difference.



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

8. COST OF SALES, SERVICES AND EXPENSES :

- (i) Opening and Closing Stock-In-Trade excludes WIP for Long Term Contracts Rs.489961.93 Lakhs (1-4-2008 : Rs.270768.45 Lakhs) and Rs. 616433.33 Lakhs (31-3-2009 : Rs. 489961.93 Lakhs), respectively.
- (ii) (a) The Group makes contribution towards provident funds, a defined benefit retirement plan and towards superannuation fund, a defined contribution retirement plan for qualifying employees. 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 benefit.
- (b) The Company makes annual contribution to Gratuity Funds, which are funded defined benefit plans for qualifying employees. The scheme provides 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, 2010. 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 amounts recognised in the Company's financial statements as at 31st March, 2010 for the Defined Benefit Plans other than Provident Fund. According to the Management, in consultation with the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in the absence of guidance from the Actuarial Society of India.

Defined Benefit Plans - As per Actuarial Valuation as on 31st March, 2010 :

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
I. Expense recognised in the Profit and Loss Account for the year ended 31st March, 2010				
1. Current Service Cost	623.72	320.91	24.93	—
	329.94	234.36	27.14	—
2. Interest Cost	71.78	283.48	44.03	47.58
	38.66	270.84	36.51	44.19
3. Expected return on plan assets	—	(254.88)	—	—
	—	(147.92)	—	—
4. Cost of plan amendment	—	48.16	159.59	—
	—	—	—	—
5. Actuarial (Gains)/Losses	(75.27)	197.02	(19.79)	165.81
	384.45	514.11	84.02	75.72
6. Difference in Exchange	7.45	—	—	—
	—	—	—	—
7. Total expense	627.68	594.69	208.76	213.39
	753.05	871.39	147.67	119.91

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
II. Net Liability recognised in the Balance Sheet as at 31st March, 2010				
1. Present value of Defined Benefit Obligation	1989.25	4558.84	791.63	813.69
	1892.96	4045.72	629.01	679.67
2. Fair value of plan assets as at 31st March, 2010	—	4069.15	—	—
	—	3645.93	—	—
3. Net liability as at 31st March, 2010	1989.25	489.69	791.63	813.69
	1892.96	399.79	629.01	679.67
III. Change in Obligation during the year ended 31st March, 2010				
1. Present value of Defined Benefit Obligation at the beginning of the year	1892.96	4045.72	629.01	679.67
	864.92	3386.01	521.62	631.30
2. Current Service Cost	623.72	320.91	24.93	—
	329.94	234.36	27.14	—
3. Interest Cost	71.78	283.48	44.03	47.58
	38.66	270.84	36.51	44.19
4. Actuarial (Gains)/Losses	(75.27)	271.24	(19.79)	165.81
	384.45	571.07	84.02	75.72
5. Cost of Amendment	—	48.16	159.59	—
	—	—	—	—
6. Benefits Payments	(290.59)	(410.67)	(46.14)	(79.37)
	(211.89)	(416.56)	(40.28)	(71.54)
7. Difference in exchange	(233.35)	—	—	—
	136.50	—	—	—
8. Present value of Defined Benefit Obligation at the end of the year	1989.25	4558.84	791.63	813.69
	1892.96	4045.72	629.01	679.67



SCHEDULE 'M': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010(contd.)

	Gratuity Unfunded	Gratuity Funded	Post Employment Medical Benefits	Pension Plan
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
IV. Change in Assets during the year ended 31st March, 2010				
1. Plan assets at the beginning of the year	—	3645.93	—	—
	—	<i>1848.98</i>	—	—
2. Expected return on plan assets	—	254.88	—	—
	—	<i>147.92</i>	—	—
3. Contributions by employers	290.59	504.79	46.14	79.37
	<i>211.89</i>	<i>2008.63</i>	<i>40.28</i>	<i>71.54</i>
4. Actual benefits paid	(290.59)	(410.67)	(46.14)	(79.37)
	<i>138.49</i>	<i>(416.56)</i>	<i>(40.28)</i>	<i>(71.54)</i>
5. Actuarial Gains/(Losses)	—	74.22	—	—
	—	<i>56.96</i>	—	—
6. Plan assets at the end of the year	—	4069.15	—	—
	—	<i>3645.93</i>	—	—
7. Actual return on plan assets (2+5)	—	329.10	—	—
	—	<i>204.88</i>	—	—
V. Amount Recognised in the Balance Sheet				
1. Opening Liability	1892.96	399.79	629.01	679.66
	<i>864.92</i>	<i>1537.03</i>	<i>521.62</i>	<i>631.30</i>
2. Expenses as above (I)	627.68	594.69	208.76	213.39
	<i>753.05</i>	<i>871.39</i>	<i>147.67</i>	<i>119.91</i>
3. Employers Contribution	(290.59)	(504.79)	(46.14)	(79.37)
	<i>(36.70)</i>	<i>(2008.63)</i>	<i>(40.28)</i>	<i>(71.54)</i>
4. Difference in exchange	(240.80)	—	—	—
	<i>311.69</i>	—	—	—
5. Closing Net Liability	1989.25	489.69	791.63	813.69
	<i>1892.96</i>	<i>399.79</i>	<i>629.01</i>	<i>679.67</i>
VI. Actuarial Assumptions				
1. Mortality Table (LIC)	1994-96	1994-96 (Ultimate)	1994-96	1996-98
2. Discount Rate	5% & 8%	8% & 8.25%	8%	8%
	<i>6%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>
3. Increase in Salary/Health Care Cost/ Pension	5%	8% & 9%	8%	8%
	<i>5%</i>	<i>5% & 7%</i>	<i>5%</i>	<i>3.75%</i>
4. Rate of Return on Plan Assets	—	7.50% & 8%	8%	8%
	<i>4% - 5%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>

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

VII. Categories of plan assets as a percentage of the fair value of total plan assets	Gratuity	Gratuity 31-3-2009
	%	%
1. Government of India Securities	26	22
2. Corporate Bonds	65	67
3. Special Deposit Scheme	5	6
4. Insurer Managed Funds	—	1
5. Others	4	4
	100	100

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

	Rupees in Lakhs		2008-09 Rupees 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	68.21	66.28	64.74	62.57
2. Effect on defined benefit obligation	809.32	785.74	660.33	613.08

- (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 three years are as under:

Particulars	Rupees in Lakhs	2008-09	2007-08	2006-07
		Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
1. Present Value of Defined benefit Obligation	8153.41	7247.36	5403.85	3981.55
2. Fair Value of Planned Assets	4069.15	3645.93	1848.98	1232.06
3. Surplus or (Deficit) of the Plan	4084.26	3601.43	3554.87	2749.49
4. Experience Adjustment				
- On Plan Assets	72.09	49.66	14.99	6.56
- On Plan Liabilities	(11.32)	1020.18	437.05	113.17
	60.77	1069.84	452.04	119.73

- (d) The details of the Company's Defined Benefit plans for its employees are given above which are certified by the actuary and relied upon by the auditors.
- (e) Expected contribution of Rs. 836 Lakhs (31-3-2009 Rs. 833 Lakhs) to Defined Benefits (other than Provident Fund) for the next year.
- (f) The Group has recognised the following amounts in the Profit and Loss Account under the head Group's Contribution to Provident Fund and Other Funds :

Particulars	Rupees in Lakhs	2008-09
		Rupees in Lakhs
Provident Fund	825.04	833.91
Superannuation Fund	199.95	223.15
	1024.99	1057.06

- (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.



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010(contd.)

9. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs. 269964.32 Lakhs (2008-09: Rs. 232149.96 Lakhs).

10. EARNINGS PER EQUITY SHARE

		2008-09
Net Profit after Minority Interest and Share of Profit of Associate (Rs. Lakhs)	38099.10	25140.33
Weighted average number of Equity Shares outstanding	330884740	330884740
Earning Per Share (Rs.) - Basic and Diluted (Face value of Re.1 per share)	11.51	7.60

11. Derivative Instruments :

The Company has entered into the following derivative instruments :

Forward Exchange Contracts (being a derivative instrument), 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 :

<u>Currency</u>	<u>Amt. in Lakhs</u>	<u>Sell / Buy</u>	<u>Cross Currency</u>
US Dollar	65.00	Buy	Rupees
	(40.00)	Buy	Rupees
GB Pound	3.00	Buy	QAR
	1.10	Buy	US Dollar
	(Nil)	—	—
Euro	34.56	Buy	QAR
	(24.37)	Buy	US Dollar

The pro-rata difference between the forward contract rate and the exchange rate on the date of transaction to be charged / (credited) to Profit and Loss Account is Rs. 4.35 Lakhs (2008-09 : Rs.(0.13) Lakh).

Note : Figures in brackets are of the previous year.

12. LEASES

(a) Assets under operating leases :

- (i) The Group has taken on operating lease certain assets. The total lease rent paid on the same amounting to Rs. 4502.83 Lakhs (2008-09: Rs. 4801.34 Lakhs)
- (ii) The minimum future lease rentals payable in respect of non-cancellable lease are as under :-

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Not later than one year	1384.12	1709.30
Later than one year but not later than five years	2306.75	3272.13
Later than five years	127.71	365.12

- (iii) The Company has given on operating lease certain assets. The total lease rent received on the same amounting to Rs. 3067.79 Lakhs (2008-09 : Rs.2553.29 Lakhs) is included under Other Income.

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Not later than one year	2968.37	2181.13
Later than one year but not later than five years	5270.63	3546.00
Later than five years	1732.35	581.59

(v) The Original Cost, Depreciation for the year and Written Down Value are Rs. 1307.78 Lakhs, Rs. 31.10 Lakhs and Rs. 847.33 Lakhs (2008-09 : Rs.1474.54 Lakhs, Rs. 30.91 Lakhs and Rs. 962.35 Lakhs), respectively.

13. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- (a) Bills and Letter of Credits discounted with Banks : Rs.554.49 Lakhs (31-3-2009 : Rs. 364.18 Lakhs)
- (b) Other Guarantees given Rs.16.71 Lakhs (31-3-2009 : Rs.18.76 Lakhs)
- (c) Claims against the Group not acknowledged as debts :

In respect of various matters aggregating Rs. 26330.21 Lakhs (31-3-2009 : Rs. 23500.54 Lakhs) against which a provision has been made for contingencies Rs.1125 Lakhs (31-3-2009 : Rs.1125 Lakhs). In respect of a contingent liability of Rs. 4502.84 Lakhs (31-3-2009 : Rs. 4502.84 Lakhs), the Group has a right to recover the same from a third party.

- (d) Income tax demands decided in Group's favour by Appellate Authorities where the Department is in further appeal - Rs.1300.30 Lakhs (31-3-2009 : Rs. 359.42 Lakhs).
- (e) In respect of guarantees aggregating Rs.97739.05 Lakhs (31-03-2009 : Rs. 96452.68 Lakhs) issued by Banks at the request of the Group in favour of third parties.
- (f) Staff demands under adjudication : Amount indeterminate.
- (g) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount indeterminate.

14. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs.1481 Lakhs (31-3-2009 : Rs. 2712.99 Lakhs). Advance paid against such contracts : Rs. 642.02 Lakhs (31-3-2009 : Rs. 735.54 Lakhs).

15. Auditors' Remuneration:

	Rupees in Lakhs	2008-09 Rupees in Lakhs
Audit Fees	103.15	82.26
Other Services	103.77	93.21
Out of Pocket Expenses	3.31	1.51
	210.23	176.98

[The above excludes Service Tax availed Rs.16.16 Lakhs (2008-09 : Rs.16.38 Lakhs)]



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010(contd.)

16. The Group has consolidated the accounts of the following joint ventures as on 31st March, 2010 and its percentage holding is given below :

Name of the Joint Venture	% Holding
Lalbuksh Voltas Engineering Services & Trading L.L.C., Sultanate of Oman	49.00
Universal Voltas L.L.C., United Arab Emirates	49.00
Naba Diganta Water Management Ltd., India	26.00
Universal Weathermaker Factory L.L.C., United Arab Emirates	49.00
ETA-Voltas-Hitachi Plant, United Arab Emirates	37.50
NDIA Package 19 Project, Qatar	77.08
Sidra Medical & Research Centre Project, Qatar	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 :

	Rupees in Lakhs	2008-09 Rupees in Lakhs
ASSETS		
Net Block (including Capital WIP)	1889.70	1162.31
Current Assets	35947.64	31080.57
Loans and Advances	1140.66	2826.25
	38978.00	35069.13
LIABILITIES		
Reserves and Surplus	7357.31	6570.63
Secured Loans	2536.60	2636.59
Current Liabilities and Provisions	26565.40	25226.20
	36459.31	34433.42
INCOME		
Sale of Products and other Services	39913.54	34744.04
Other Income	329.96	(255.03)
EXPENSES		
Cost of Sales, Services and Expenses	38165.78	33857.45
Depreciation	262.72	199.47
Interest	121.25	(36.70)
Impairment of Assets	Nil	397.88
Taxes :		
- Current	134.45	59.91
- Deferred	Nil	(135.00)
- Earlier years	Nil	27.47
- Fringe Benefit Tax	Nil	0.33
CONTINGENT LIABILITIES	24792.38	32054.22
CAPITAL COMMITMENT	272.90	1108.02

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

17(A). Information about Consolidated Segments :

Particulars	Rupees in Lakhs	2008-09 Rupees in Lakhs
1. SEGMENT REVENUE		
(a) Segment - A (Electro - mechanical Projects and Services)	311340.70	276678.85
(b) Segment - B (Engineering Products and Services)	46802.90	54219.11
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	118709.02	92228.24
(d) Others	3911.13	10390.58
Less : Inter segment revenue	175.36	927.00
Net Sales / Income from Operations	<u>480588.39</u>	<u>432589.78</u>
2. SEGMENT RESULTS		
(a) Segment - A (Electro - mechanical Projects and Services)	30909.39	21341.55
(b) Segment - B (Engineering Products and Services)	7684.76	6264.53
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	12029.26	5503.01
(d) Others	717.64	901.91
	51341.05	34011.00
Less : (i) Interest Paid	984.40	1275.19
(ii) Interest Received	(1090.15)	(1343.28)
(iii) Other unallocable expenditure net of unallocable income	(1732.88)	(3093.15)
Profit from Ordinary Activities before Tax	<u>53179.68</u>	<u>37172.24</u>

Particulars	Segment Assets		Segment Liabilities	
	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2009 Rupees in Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	179345.51	178510.52	158490.51	164979.12
(b) Segment - B (Engineering Products and Services)	19468.58	25990.56	9872.00	13086.97
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	48777.49	38608.37	34633.18	22493.03
(d) Others	2356.52	3449.39	1214.12	2142.47
Segment Total	249948.10	246558.84	204209.81	202701.59
Unallocated	88418.25	75746.60	25639.68	40628.89
	<u>338366.35</u>	<u>322305.44</u>	<u>229849.49</u>	<u>243330.48</u>



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

17(A). Information about Consolidated Segments (contd.) :

Particulars	Capital Expenditure		Depreciation		Non-Cash Expenses other than Depreciation	
	Rupees in Lakhs	2008-09 Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs	Rupees in Lakhs	2008-09 Rupees in Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	1305.75	2381.90	890.30	787.59	1048.96	4023.19
(b) Segment - B (Engineering Products and Services)	216.51	510.88	135.10	122.00	275.56	88.23
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	159.72	175.10	406.63	505.46	1593.94	529.26
(d) Others	33.46	83.92	71.43	78.35	73.55	119.10
Segment Total	1715.44	3151.80	1503.46	1493.40	2992.01	4759.78
Unallocated	843.85	1889.13	637.50	602.96	—	—
	2559.29	5040.93	2140.96	2096.36	2992.01	4759.78

17(B). Information about Consolidated Secondary Business Segments :

Particulars	Rupees in Lakhs	2008-09 Rupees in Lakhs
Revenue by Geographical Market		
India	282424.48	261994.01
Middle East	178309.11	153519.99
Others	19854.80	17075.78
Total	480588.39	432589.78
Capital Expenditure		
India	1066.18	1549.12
Middle East	599.58	1517.17
Others	49.68	85.51
Total	1715.44	3151.80
Carrying Amount of Segment Assets		
India	147275.57	128071.23
Middle East	98323.61	109788.21
Others	4348.92	8699.40
Total	249948.10	246558.84

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

18. Related Party Disclosures :

(a) List of Related Parties and Relationships :

Party	Relation
A. Brihat Trading Private Ltd. Terrot GmbH (upto 20-3-2009)	Associate
B. Universal Voltas L.L.C. Lalbuksh Voltas Engineering Services & Trading L.L.C. Naba Diganta Water Management Ltd. Universal Weathermaker Factory L.L.C. (w.e.f. 26-4-2008) Universal Comfort Products Ltd. (upto 16-6-2008) Saudi Ensas Company for Engineering Services W.L.L. (upto 27-1-2009) AVCO Marine S.a.S. (Under liquidation) Agrotech Industries Ltd. (Under closure)	Joint Venture
C. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
D. Mr. A. Soni - Managing Director	Key Management Personnel

18. (b) Related Party Transactions :

Transactions	Rupees In Lakhs			
	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 18 (c) (1)]	871.69 (4196.49)	— (—)	— (—)	871.69 (4196.49)
Sale of Goods [Refer 18 (c) (2)]	331.00 (228.99)	— (—)	5.02 (4.36)	336.02 (233.35)
Service Income [Refer 18 (c) (3)]	38.97 (2.16)	— (—)	0.84 (5.22)	39.81 (7.38)
Rental Income [Refer 18 (c) (4)]	— (—)	— (—)	0.94 (1.45)	0.94 (1.45)
Freight Recovery [Refer 18 (c) (5)]	— (16.28)	— (—)	— (—)	— (16.28)
Advertising Recovery [Refer 18 (c) (6)]	— (67.25)	— (—)	— (—)	— (67.25)
Commission Received [Refer 18 (c) (7)]	— (128.87)	— (—)	— (—)	— (128.87)
Remuneration Paid / Payable [Refer 18 (c) (8)]	— (—)	244.55 (179.08)	— (—)	244.55 (179.08)
Dividend Paid [Refer 18 (c) (9)]	— (—)	— (—)	1259.71 (1062.88)	1259.71 (1062.88)



SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

18. (b) Related Party Transactions (contd.):

Transactions	Rupees In Lakhs			
	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Tata Brand Equity [Refer 18 (c) (10)]	— (—)	— (—)	679.72 (610.19)	679.72 (610.19)
Other Operating and Administration Expenses - Received /Receivable [Refer 18 (c) (11)]	— (0.54)	— (—)	— (—)	— (0.54)
Other Operating and Administration Expenses -Paid/Payable [Refer 18 (c) (12)]	— (—)	— (—)	48.86 (70.84)	48.86 (70.84)
Advances Given [Refer 18 (c) (13)]	— (—)	— (—)	0.46 (—)	0.46 (—)
Warranty Recovery [Refer 18 (c) (14)]	— (8.53)	— (—)	— (—)	— (8.53)
Debit Balance Outstanding as on 31-3-2010 [Refer 18 (c) (15)]	74.24 (29.59)	— (—)	— (—)	74.24 (29.59)
Credit Balance Outstanding as on 31-3-2010 [Refer 18 (c) (16)]	407.25 (221.06)	— (—)	677.91 (591.91)	1085.16 (812.97)

Note: Figures in bracket are of previous year.

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

Name of Party	Rupees In Lakhs	
	Transaction Value	Transaction Value 2008-09
1. Purchase of Goods		
Universal Voltas L.L.C.	382.33	—
Universal Weathermaker Factory L.L.C.	489.35	—
Universal Comfort Products Ltd.	—	3868.49
2. Sale of Goods		
Naba Diganta Water Management Ltd.	331.00	226.55
3. Service Income		
Universal Weathermaker Factory L.L.C.	38.97	—
Tata Sons Ltd.	—	5.22
Universal Comfort Products Ltd.	—	2.16
4. Rental Income		
Tata Sons Ltd.	0.94	1.45
5. Freight Recovery		
Universal Comfort Products Ltd.	—	16.28
6. Advertising Recovery		
Universal Comfort Products Ltd.	—	67.25

SCHEDULE 'M' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

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

Name of Party	Transaction Value	Rupees In Lakhs
		Transaction Value 2008-09
7. Commission Received		
Terrot GmbH	—	42.45
Universal Comfort Products Ltd.	—	86.42
8. Remuneration Paid / Payable		
Mr. A. Soni - Managing Director	244.55	179.08
9. Dividend Paid		
Tata Sons Ltd.	1259.71	1062.88
10. Tata Brand Equity		
Tata Sons Ltd.	679.72	610.19
11. Other Operating and Administration Expenses-Received/Receivable		
Lalbuksh Voltas Engineering Services & Trading L.L.C.	—	0.49
12. Other Operating and Administration Expenses -Paid/Payable		
Tata Sons Ltd.	48.86	70.84
13. Advances Given		
Tata Sons Ltd.	0.46	—
14. Warranty Recovery		
Universal Comfort Products Ltd.	—	8.53
15. Debit Balance Outstanding as on 31-3-2010		
Naba Diganta Water Management Ltd.	70.63	26.43
Brihat Trading Private Ltd.	—	3.06
16. Credit Balance Outstanding as on 31-3-2010		
Tata Sons Ltd.	677.91	591.91
Universal Voltas L.L.C.	257.12	221.06
Universal Weathermaker Factory L.L.C.	150.13	—

19. Figures for the previous year have been regrouped, wherever necessary.

For and on behalf of the Board

Chairman
Managing Director
Directors

Ishaat Hussain
Sanjay Johri
Nasser Munjee
N. J. Jhaveri
Ravi Kant
N. D. Khurody
N. N. Tata
J. S. Bilimoria
S. N. Menon
Nani Javeri

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 28th May, 2010

M. M. Miyajiwala
V. P. Malhotra



Details of Subsidiary Companies as at 31st March, 2010

Name of Subsidiary Company	Universal Comfort Products Limited (UCPL)	Rohini Industrial Electricals Limited (RIEL)	Weathermaker Limited (WML) #		Saudi Ensas Company for Engineering Services WLL (Saudi Ensas) #		Metrovol FZE (Metrovol) #		Simto Investment Company Limited (Simto)	VIL Overseas Enterprises B. V. (VOEBV) #		Voice Antilles N. V. (VANV) #		Auto Aircon (India) Limited (AAIL)
	Rupees in Lakhs	Rupees in Lakhs	Dirhams (AED)	Rupees in Lakhs	Saudi Riyal (SR)	Rupees in Lakhs	Dirhams (AED)	Rupees in Lakhs	Rupees in Lakhs	Euro	Rupees in Lakhs	USD	Rupees in Lakhs	Rupees in Lakhs
1. Capital	2764.20	182.58	1500000	190.65	2600000	323.70	2000000	245.80	152.99	618729	374.15	400000	180.52	1130.00
2. Reserves and Surplus	—	3873.84	18723306	2379.73	(3739943)	(465.63)	1830939	225.02	1226.37	1690285	1022.12	200330	90.41	—
3. Total Assets (Fixed Assets+Current Assets)	9410.20	15260.50	26229650	3333.79	5385569	670.50	4087928	502.40	46.30	1909419	1154.63	1824048	823.19	39.26
4. Total Liabilities (Debts+Current Liabilities)	6646.00	11204.08	6006344	763.41	6525512	812.43	256989	31.58	21.32	41000	24.79	1613718	728.27	113.14
5. Investments * excluding investment in subsidiary	—	—	—	—	—	—	—	—	1354.38	25934*	15.68	390000	176.01	—
6. Turnover/Total Income	33215.37	21389.79	33422529	4248.00	10247946	1275.87	2006059	246.54	91.91	712919	431.10	505101	227.95	—
7. Profit/(Loss) before Tax	1334.77	1437.65	5052684	642.20	109248	13.60	(1754000)	(215.57)	89.40	671009	405.76	492494	222.26	(0.21)
8. Provision for Taxation	(71.68)	508.58	—	—	—	—	—	—	2.56	—	—	3558	1.61	—
9. Profit/(Loss) after Tax	1406.45	929.07	5052684	642.20	109248	13.60	(1754000)	(215.57)	86.84	671009	405.76	488936	220.66	(0.21)
10. Equity Dividend	—	—	—	—	—	—	—	—	—	154682	93.54	800000	361.04	—

The foreign currency figures of Metrovol, VOEBV, VANV, WML and Saudi Ensas have been converted into Indian Rupees on the basis of appropriate exchange rates.

Exchange rate as on 31st March, 2010: 1 AED = Rs.12.29; 1 Euro = Rs.60.47; 1 USD = Rs.45.13.

@ Financials of WML and Saudi Ensas are for the year ended 31st December, 2009: 1 AED = Rs.12.71; 1 SR = Rs.12.45.

Notes

A series of horizontal lines for writing notes, starting below the 'Notes' header and extending to the bottom of the page.

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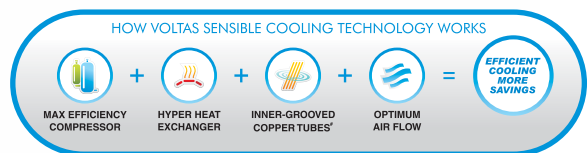
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