



VOLTAS

A **TATA** Enterprise

Annual Report
2004-2005

BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	A. Soni
Directors	N. M. Munjee
	N. J. Jhaveri
	S. D. Kulkarni
	Yash Paul
	S. N. Tripathi
	Ravi Kant
	N. D. Khurody
	N. N. Tata
General Manager - Taxation & Company Secretary	V. P. Malhotra

AUDIT COMMITTEE

Chairman	N. J. Jhaveri
	N. M. Munjee
	S. D. Kulkarni
	Yash Paul

REMUNERATION COMMITTEE

Chairman	S. D. Kulkarni
	N. M. Munjee
	Yash Paul

**SHAREHOLDERS'/INVESTORS'
GRIEVANCE COMMITTEE**

Chairman	Yash Paul
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CORPORATE MANAGEMENT

Managing Director	A. Soni
Executive Director	S. N. Tripathi
Executive Vice Presidents	P. N. Dhume
	M. M. Miyajiwala
	Sanjay Johri
	S. Venkatraman
	A. K. Joshi
Vice Presidents	A. J. Gole
	S. Bilgi

Solicitors

Messrs Mulla & Mulla and
Craigie, Blunt & Caroe

Auditors

Messrs S.B. Billimoria & Co.,
Chartered Accountants

Bankers

State Bank of India
Bank of India
Punjab National Bank
Citibank N.A.
BNP Paribas
State Bank of Hyderabad
Emirates Bank International pjsc (UAE)
Union National Bank (UAE)
Abu Dhabi Commercial Bank (UAE)
HSBC Bank Middle East Limited (UAE)
Doha Bank (Qatar)
The Commercial Bank of Qatar (Qatar)
Export - Import Bank of India

Registered Office

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

Share Service Centre

T.B. Kadam Marg,
Mumbai 400 033

Annual General Meeting :
Monday, 29th August, 2005 at 3.30 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.



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HIGHLIGHTS

		2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
1.	SALES AND SERVICES (incl. Consignment Sales)	Rs. 203504	172383	157107	121123	123463
2.	OTHER INCOME	Rs. 1953	1688	1413	1243	1211
3.	COST OF SALES AND SERVICES (incl. Excise Duty)	Rs. 167931	139951	135992	101359	104314
4.	OPERATING, ADMINISTRATION AND OTHER EXPENSES	Rs. 32265	30422	20122	19191	18641
5.	Staff Expenses (included in 3 & 4)	Rs. (14435)	(12619)	(12573)	(10982)	(10030)
	Number of Employees	Nos. 3550	3593	3935	4329	5136
6.	PROFIT/(LOSS) BEFORE TAXATION#	Rs. 5766	4687	2905	1671	572
	Percentage to Sales	% 2.8	2.7	1.8	1.4	0.5
	Percentage to Total Assets	% 19.2	17.2	11.5	5.9	2.0
7.	TAXATION	Rs. 725	784	348	(12)	14
8.	PROFIT/(LOSS) AFTER TAXATION	Rs. 5041	3903	2558	1683	558
	Percentage to Sales	% 2.5	2.3	1.6	1.4	0.5
	Percentage to Shareholders' Funds	% 26.1	20.6	15.9	9.0	3.6
9.	RETAINED PROFIT	Rs. 3155	2783	1624	1088	120
10.	DIVIDEND ON EQUITY CAPITAL	Rs. 1654	993	827	596	397
	Percentage	% 50	30	25	18	12
11.	FIXED ASSETS (AT COST)	Rs. 24858	24751	23987	23140	26328
12.	DEPRECIATION	Rs. 16615	12491	11799	10500	12097
13.	INVESTMENTS	Rs. 4622	4547	3626	3139	3127
14.	NET CURRENT ASSETS	Rs. 14974	9396	7107	6241	5962
15.	DEFERRED TAX ASSET	Rs. 2153	1021	1375	1169	—
16.	DEFERRED REVENUE EXPENDITURE	Rs. —	—	899	5317	5634
17.	TOTAL ASSETS	Rs. 29992	27224	25195	28506	28954
18.	SHARE CAPITAL	Rs. 3305	3305	3305	3305	3305
19.	RESERVES AND SURPLUS	Rs. 16046	15595	12811	15496	12202
20.	SHAREHOLDERS' FUNDS	Rs. 19351	18900	16116	18801	15507
	Equity per Share	Rs. † 58.48	57.12	48.7	56.8	46.9
	Earnings per Share	Rs. † 15.2	11.8	7.7	5.1	1.7
	Number of Shareholders	Nos. 53674	60622	72174	76512	83615
	Share prices on Stock Exchange – High	Rs. † 248	159	66	57	60
	– Low	Rs. † 88	50	42	31	26
21.	BORROWINGS	Rs. 10641	8324	9079	9705	13447
	Debt/Equity Ratio	% 55	44	56	52	87
	(Percentage to Shareholders' Funds)					

Notes: All amounts are Rupees in lakhs except those marked †
 # After taking into account Extraordinary/Exceptional items



Rs. in Lakhs

1999-2000	1998-1999	1997-1998	1996-1997	1995-1996	1994-1995	1984-1985	1974-1975	1964-65	1954-1955	
111843	131161	152871	144620	144503	120396	36968	17977	4602	991	1
1653	1451	781	2310	818	759	150	40	5	2	2
93457	109868	127673	122746	120810	99675	31441	15899	3847	815	3
19349	23936	27004	25863	22861	19225	5556	1955	522	153	4
(10939)	(14072)	(13077)	(11889)	(11012)	(9997)	(3170)	(1031)	(363)	(109)	5
5807	8796	10269	10711	10801	10667	8147	7252	5082	2324	
596	1412	(931)	(1679)	1576	2177	121	163	238	25	6
0.5	1.1	—	—	1.1	1.8	0.3	0.9	5.2	2.5	
2.0	4.1	—	—	3.2	5.0	1.1	4.6	18.3	6.5	
46	133	24	3	6	5	Nil	83	141	11	7
550	1279	(955)	(1682)	1570	2172	121	80	97	14	8
0.5	1.0	—	—	1.1	1.8	0.3	0.4	2.1	1.4	
3.6	8.4	—	—	9.1	13.2	4.1	6.7	17.6	9.1	
109	839	—	—	725	997	23	5	59	6	9
397	397	—	—	827	1158	98	75	38	8	10
12	12	—	—	25	35	10	12	15	5.5	
23852	22605	39632	39023	35669	30651	5014	1232	447	53	11
10870	9914	16579	14435	12349	10718	1580	642	82	3	12
4230	9033	5454	5806	8584	8245	512	132	67	—	13
8140	12180	18479	18018	16071	14230	6583	2859	867	336	14
—	—	—	—	—	—	—	—	—	—	15
4222	156	86	181	540	720	—	—	—	—	16
29574	34060	47072	48593	48515	43128	10529	3581	1299	386	17
3305	3305	3305	3431	3431	3428	978	623	255	150	18
12082	11973	11134	12108	13809	13048	2002	570	295	4	19
15387	15278	14439	15539	17240	16476	2980	1193	550	154	20
46.5	46.2	43.6	46.6	51.7	49.5	305	191	216	1027	
1.7	3.9	—	—	4.6	6.8	12	13	38	93	
87192	81750	83950	82594	85260	84180	45237	14395	7356	150	
142	142	60	47	87	176	470	211	276		
33	32	21	21	49	92	356	125	183		
14187	18782	32633	33054	31274	26652	7549	2388	749	232	21
92	123	226	213	181	162	253	200	136	151	

REPORT OF THE BOARD OF DIRECTORS

To the Members

Your Directors have pleasure in presenting their Fifty-First Annual Report and the Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	2004-2005	2003-2004
	Rs. in Lakhs	Rs. in Lakhs
2 The Profit for the year after meeting all expenses but before financial items, depreciation and exceptional items	6401	4965
Exceptional items	504	989
Adjusting from the above:		
Financial items	92	(58)
Depreciation	1047	1325
Profit before tax was	5766	4687
Deducting provision for taxation including deferred tax	725	784
Profit after tax was	5041	3903
Adding thereto:		
Balance brought forward from the previous year	1500	1000
Amount transferred from Investment Allowance Reserve (Utilised)	Nil	25
Amount transferred from Foreign Projects Reserve	50	35
Deducting therefrom:		
Amount transferred to Foreign Projects Reserve	Nil	275
Profit available for appropriations:	6591	4688
Appropriations:		
General Reserve	2702	2068
Proposed Dividend	1654	993
Tax on Dividend	235	127
Leaving a balance to be carried forward	2000	1500



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 cash dividend and of retaining capital to meet the Company's investment needs. The Directors recommend a dividend of 50% for the year 2004-05 (2003-04: 30%), including special golden jubilee dividend of 15%.

OPERATIONS

4. The Company's net profit has grown by 29.16% over the previous year due to efficient management of business operations. This has resulted from following a systematic approach towards development of strategic business plans, setting goals and targets, regular periodic reviews and rewards based on the achievements in all its businesses. The prevailing economic conditions have also contributed towards improved performance. There has been an all round increase in productivity of the manpower and other assets of the Company. An area of concern for the Board as well as the Management is the business operations at the Company's Hyderabad Unit (HU). The Company has, in accordance with the Accounting Standard AS-28 issued by the Institute of Chartered Accountants of India and made mandatory effective 1st April, 2004, impaired the entire block of fixed assets of HU. The entire impairment cost including that of some other assets (net of the Deferred tax) has been debited to the General Reserve, as per the requirements of the transitory provisions of the Accounting Standard.

5. As the next step in consolidation of its various business locations, the Company's Electro-mechanical business, which was operating from a different location in Mumbai, was also brought into corporate headquarters at Chinchpokli during the year. This should further help in improving operational efficiencies and reducing costs.

6. As reported last year, the Company's overseas Electro-mechanical business was adversely affected on account of a wrongful foreclosure of a contract undertaken by the Company's Project-Specific Overseas Special Purpose Vehicle. The Company is in negotiations with the concerned parties for a settlement as an alternative to litigation proceedings.

FINANCE

7. Efficient management of finances of the Company continues and the finance costs of the Company remain at a comfortable level. There are growing indications of the borrowing costs inching up globally. To safeguard the Company against this, the Company has raised a term loan of Rs. 30 crores at an attractive fixed rate. The finance and accounting function of the Company has the distinction of being ISO certified.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

8. The Company's adoption of Tata Business Excellence Model (TBEM) continued to yield improvements in several

targeted areas. These include customer relationship management, employee productivity, and cycle time reduction in manufacturing, sales and service operations and waste reduction, among others.

9. In response to the challenges emerging from the new business environment, the Company has taken several steps to improve and sustain its leadership in various businesses. The strategic business planning and the periodic business review processes have been strengthened. All the businesses have revisited their Vision, Mission and Values in line with new imperatives. The Company has also adopted the 'balanced score card' approach for reviewing the performance of the businesses. A structured TBEM internal assessment process has been put in place to assess the business units and provide feedback on improvement areas. Adequate number of management staff has been trained as internal assessors and mentors to carry out the assessment.

10. Various businesses of the Company were also assessed externally through Tata Quality Management Services. The assessment outcome indicated good progress in TBEM deployment.

IT INITIATIVES

11. The implementation of SAP software (ERP) in Cooling Appliances Business (Project Disha) has gathered momentum, and begun to yield benefits like reduction in inventories and accounts receivables.

12. Encouraged by the initial success of Project Disha, the Management had embarked on 'Project Disha-II' for implementing SAP software for all other business operations of the Company. A cross-functional dedicated team including representatives of IBM worked on the project since September 2004 and the software has been implemented in April 2005.

13. The Company's various initiatives in hardware, software and network management have significantly improved its deliverables to internal customers. The Company's IT Department received Quality certification under ISO:9001:2000 in April 2004, and the same has been validated in December 2004.

COMMUNITY DEVELOPMENT AND ENVIRONMENTAL PROTECTION

14. The Company's commitment to help foster a strong and self-reliant community continued to be implemented through a well-defined framework. A key initiative has been the application of the Company's core competencies to nurture employability and self-sufficiency. The activities of more than 600 volunteers have been organised across the Company in locally beneficial activities, with 138 volunteering trips completed in 2004-05.

15. The numerous projects and activities undertaken include a programme to impart hands-on technical education in airconditioning and refrigeration to the

REPORT OF THE BOARD OF DIRECTORS, continued

underprivileged and under-educated, through the Joseph Cardijn Technical School at Mumbai, and with LABS in Hyderabad. Five batches of students have so far completed this course with the Joseph Cardijn Technical School.

16. The Voltas Organisation of Women (VOW) continued to organise volunteering activities at institutions and NGOs like Bal Asha Ghar, Shepherd's Widow's Home, the ANZA special school and Akanksha.

17. The Company extended financial support in the form of donations/contributions to institutions including Cancer Patients Aid Association, Army Wives Welfare Association Fund, VOW, Tata Council for Community Initiatives and Tata Relief Committee for Tsunami Relief and Rehabilitation. A large number of employees had also contributed part of their salary for the Tsunami Relief.

GLOBAL COMPACT

18. The Company had earlier signed the Global Compact with United Nations. The Compact lays down ten key principles based on universally agreed and internationally applicable values and goals in the areas of Human Rights, Labour Standards and Environment. Workshops were conducted to enhance the awareness regarding Global Compact among the employees.

CORPORATE SUSTAINABILITY REPORT

19. During the year under review, the Company embarked upon a new initiative to further reinforce its commitment to 'improving the quality of life of communities we serve,' by adopting the GRI Framework for Corporate Sustainability Reporting. While the Company was already working towards sustainability by instituting systems for balancing the needs of all stakeholders as enshrined in the Tata Business Excellence Model, the GRI Framework brings in a sharper focus on the implications of the emergent global debate on sustainable development for the Company's businesses.

STATEMENT OF EMPLOYEES' PARTICULARS

20. As required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, a statement of information relating to employees has been given by way of an Annexure to this Report.

APPOINTMENT OF COST AUDITOR

21. As per the directions given by the Central Government, the Company has, based on an application made, received the Government approval for appointment of M/s. Sagar & Associates, a firm of Cost Accountants as the Cost Auditors of the Company for the year ending 31st March, 2006 in respect of refrigerators.

SUBSIDIARIES AND JOINT VENTURES

22. 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 its subsidiary companies, namely, Metrovol FZE (Metrovol), VIL Overseas Enterprises B.V. (VOEBV), Voice Antilles N.V. (VANV), Simto Investment Company Limited (Simto), Auto Aircon (India) Limited (Auto Aircon) and Simtools Limited (Simtools). In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a 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, 2005, have not been attached to the Balance Sheet of the Company. However, the Annual Accounts of these subsidiary companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any member of the Company or its subsidiaries interested in obtaining the same.

23. Metrovol, VOEBV, VANV (foreign subsidiaries) and Simto have reported a profit for the year ended 31st March, 2005. The foreign subsidiaries have also declared dividend. Simtools, which was promoted by the Company, and hitherto an associate company, had entered into a Scheme of Arrangement with its shareholders pursuant to Sections 391 to 394 of the Companies Act, 1956. The Scheme envisaged a reduction of capital by payment of consideration to its shareholders other than the Promoters in lieu of their shareholding in Simtools. The Scheme of Arrangement/Reduction of Capital was approved by the shareholders of Simtools and sanctioned by the High Court, Mumbai. Upon payment by Simtools on 23rd August, 2004, to its shareholders, the equity capital of Simtools was reduced from Rs. 63.98 lakhs to Rs. 29.50 lakhs comprising 29496 equity shares of Rs. 100 each. The Company holds 23576 shares and the balance 5920 shares are held by Simto, a subsidiary of the Company. Simtools is a subsidiary of the Company.

24. **SERMO-PM INDIA LIMITED (SPMIL)**, is a joint venture company between Voltas and Sermo Montaigu of France and is engaged in the business of design and manufacture of precision plastic injection moulds. The paid-up capital of SPMIL of Rs. 1300 lakhs is held in equal proportion i.e. Rs.650 lakhs each, by Voltas and Sermo. As reported last year, the Company, with a view to focus on core areas decided to exit from the joint venture by transferring its 50% shareholding in SPMIL to Sermo. Though Sermo had agreed to purchase the Company's shareholding, due to various reasons, including severe liquidity crunch faced by Sermo, the transfer of shares did not materialize. Sermo was declared insolvent in January 2005 and is currently under the Court Receivership in France. Recently, the Company has received an offer from a Japanese listed group, ARRK which has evinced interest to take over the assets of Sermo, including the Company's 50% shareholding in SPMIL.

25. Due to drop in export orders from Sermo and low price realization therefrom, SPMIL suffered a significant loss of Rs. 216 lakhs for the year ended 30th September, 2004. In view of continued poor financial performance of



REPORT OF THE BOARD OF DIRECTORS, continued

SPMIL and accumulated losses, ARRK has agreed to offer a consideration of Euro 450000 for purchase of Company's 50% shareholding in SPMIL. The transfer of shareholding and termination of joint venture is subject to certain clearances from the French Court and execution of relevant documents thereafter, expected before end-September 2005.

26. UNIVERSAL COMFORT PRODUCTS PRIVATE LIMITED (UCPL), a joint venture company between Voltas and Fedders is engaged in the business of manufacturing airconditioners and has its plant at Dadra. UCPL has made good progress and with better management processes, improved the productivity as well as profitability. The paid-up capital of UCPL of Rs. 2764.20 lakhs is held in equal proportion of Rs.1382.10 lakhs each by Voltas and Fedders. UCPL has reported a turnover of Rs.19069.96 lakhs and a profit after tax of Rs. 94.91 lakhs for the year ended 31st March, 2005.

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

27. 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 regards the 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, 2005.

28. DIRECTORS' RESPONSIBILITY STATEMENT

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 them 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

29. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

DIRECTORATE

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

31. Mr. A. Soni was appointed as the Managing Director for a period from 27th October, 2001 to 24th September, 2005. He was earlier appointed as an Executive Director of the Company on 25th September, 2000. The approval of the shareholders is being sought for his re-appointment and remuneration as per the terms and conditions contained in the Notice. Taking into consideration his long association with the Company, since April 1990 and the efforts and initiatives taken by him to restructure the business operations, Mr. A. Soni's re-appointment is justified and is in the interest of the Company.

AUDITORS

32. At the Annual General Meeting, members will be required to appoint Auditors for the current year. M/s. S. B. Billimoria & Co., 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 sought for the appointment of the Branch Auditors of the Company, in consultation with the Company's Auditors. In this connection, the attention of members is invited to Item No.10 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

SPECIAL BUSINESS

33. As regards the items of the Notice of the Annual General Meeting relating to the Special Business, the Resolutions incorporated in the Notice and the Explanatory Statements thereto fully indicate the reasons for seeking the approval of the members to those proposals. The members' attention is drawn to these.

GENERAL

34. 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, 20th June, 2005

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A)(b)(ii), READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005

NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION I - MANAGEMENT STAFF

BALI RAKESH*, 54, SALES MANAGER (CABD), CHANDIGARH, 429608, 411097, DIPLOMA IN MARKETING, B.Sc., 16/10/85, 26, UTILITY AIRCONDITIONING, (2 ½ YEARS)

DHONDE M.S., 45, CONTROLLER (FINANCE & ADMINISTRATION) - QATAR BRANCH, 2617450, 2617450, B.Com., A.C.A., 01/02/88, 22, BATLIBOI & PUROHIT LTD., CHARTERED ACCOUNTANTS, SENIOR ASSISTANT, (5 YEARS)

DHUME P.N., 57, EXECUTIVE VICE PRESIDENT & COO (IOBG), MUMBAI, 3661089, 2081587, B.E.(Elec.), D.B.M., P.G.D.I.M., M.F.M., 11/02/75, 31, LARSEN & TOUBRO LTD., JUNIOR ENGINEER, (1 YEAR)

FAN KI HUNG KEN, 35, SR. ELECTRICAL ENGINEER-HONGKONG BRANCH, 2458570, 2389450, M.E. (Elec.), 02/01/03, 12, ROYDEN SPIE JOINT VENTURE, ELECTRICAL ENGINEER, (4 YEARS)

FU SEE KWONG FRANK, 56, GENERAL MANAGER-HONGKONG BRANCH, 5915520, 5846400, B.Sc., 19/09/01, 31, SHUN CHEONG ENGINEERING LTD., DIRECTOR, (2 YEARS)

GOLE PRAMOD*, 45, ACCOUNTS SUPERVISOR (F&C), PUNE, 400200, 382376, B.Com., 01/09/83, 22, NIL

GOVEAS ARCHIBALD*, 49, ZONAL HEAD (NORTH), NEW DELHI, 929265, 868771, A.C.A., B.Com., 22/10/84, 21, S. AHMED & CO., ASST. TO C.A., (1 YEAR)

JAWA KJ., 45, VICE PRESIDENT - OPERATIONS (CABD), NEW DELHI, 3461715, 2050299, B.E.(Mech.) P.G.D.M., 07/05/01, 24, CARRIER AIRCON LTD., SALES MANAGER, (13 YEARS)

JOHRI SANJAY*, 52, EXECUTIVE VICE PRESIDENT - STRATEGIC GROWTH & ORGANISATION DEVELOPMENT, HO, MUMBAI, 1495745, 465434, M.A, B.A.(HONS), 06/09/04, 30, RDI PRINT & PUBLISHING LTD., MD, (25 YEARS)

KEKUDA T.S.*, 58, SR. SALES MANAGER (MTD), CHENNAI, 739165, 693973, D.M.E., 01/03/74, 30, VICON LTD., (2 YEARS)

LIKHARI JASRAJ*, 59, CHIEF MANAGER-ADMINISTRATION, HO, MUMBAI, 1487828, 1266045, B.Tech., 01/04/73, 31, ASSOCIATED BATTERY MAKES (EASTERN) LTD., SALES & SERVICE ASST., (3 YEARS)

MANAY L.S., 41, CONSTRUCTION MANAGER - SINGAPORE BRANCH, 3247947, 3247947, B.E., D.E.E., 07/01/86, 23, ARMATIC ENGG., ERECTION ENGINEER, (3 YEARS)

MIR SHAUKAT ALI, 47, REGIONAL MANAGER-UNITED ARAB EMIRATES, 5919034, 5919034, B.E. (Mech.), 13/05/83, 22, NIL

MIYAJIWALA M.M., 54, EXECUTIVE VICE PRESIDENT (FINANCE), HO, MUMBAI, 2792467, 1526893, B.A., LL.B., A.C.A., 02/05/80, 34, DARA SORABJI, OFFICE INCHARGE, (1 ½ YEARS)

MURUGESAN GANESAN*, 53, REGIONAL PROJECTS & SERVICE MANAGER (AC&RBG), BANGALORE, 829035, 703195, D.M.E., 01/02/79, 25, KING INSTITUTE, FREEZE DRYING MECHANIC, (2 ½ YEARS)

NARULA OM*, 53, OPERATIONS MANAGER (PPBD), NEW DELHI, 606297, 559017, P.G.D.B.M., B.E., 21/02/80, 32, FLOWMORE (P) LTD., SR. SALES ENGR., (7 ½ YEARS)

PANT C.D., 50, CHIEF PROJECT MANAGER-QATAR BRANCH, 3944827, 3944827, B.Tech.(Elec.), 01/04/02, 26, TURNER STEINER INTERNATIONAL, SHARJAH, U.A.E., CONSULTING ENGINEER, (3 YEARS)

PRITMANI S., 47, GENERAL MANAGER-FAR EAST & SOUTH EAST ASIA REGION, SINGAPORE, 7448884, 7116038, B.E.(Mech.), 09/02/84, 24, BATLIBOI ENGINEERING LTD., PROJECT ENGINEER, (3 YEARS)

RANE SANDEEP, 39, PROJECT MANAGER - HONGKONG BRANCH, 2557123, 2488003, B.E.(Mech.), 01/03/02, 12, CHOUGULE ENGINEERS LTD., PROJECT ENGINEER, (2 YEARS)

SACHDEV TULSIDAS*, 59, ASSISTANT MANAGER (ADMINISTRATION), HO, MUMBAI, 584325, 540460, B.Com., 05/04/71, 33, NIL

SIDHWANI S., 50, CHIEF PROJECT MANAGER-SINGAPORE BRANCH, 4173170, 3967564, B.E. (Civil), M.Sc. (Environ), C.Engg., MICE, 31/01/03, 25, MAUNSELL CONSULTANTS (ASIA) LTD., RESIDENT ENGINEER, (1 YEAR)

SONI ASHOK, 60, MANAGING DIRECTOR, HO, MUMBAI, 5098085, 2618934, B.Sc., A.C.A., 01/04/90, 36, INMARK PVT. LTD., SR.VICE PRESIDENT, (2 YEARS)

SRINIVASAN S.R.*, 61, EXECUTIVE VICE PRESIDENT & COO (AC&RBG), MUMBAI, 4834983, 3512922, L.M.E.(Mech.), 02/05/74, 33, BLUE STAR LTD., ERECTION ENGINEER, (3 YEARS)

SYED FAZLUL*, 52, SALES MANAGER (MHBD), MUMBAI, 280300, 277933, D.M.E., 01/06/78, 23, NIL

TAN C.K., 46, CONTRACTS MANAGER - SINGAPORE BRANCH, 2879526, 2629336, MBA, 12/01/04, 19, RIDER HENT LEVETT & BAILEY, PROJECT MANAGER, (3 YEARS)

THOMAS O.K., 45, SR. PROJECT MANAGER (ELECTRICAL)-QATAR BRANCH, 2641908, 2641908, B.E.(Elec.), D.E.E., 02/11/92, 24, CENTRAL PUBLIC WORKS DEPT., JUNIOR ENGINEER, (11 YEARS)

TRIPATHI S.N., 63, EXECUTIVE DIRECTOR & COO (UP GROUP), HYDERABAD, 4300497, 2293258, B.Sc.(Engg.), D.B.M., 09/03/70, 42, HYDERABAD METAL ALLWYN WORKS LTD., DEVELOPMENT ENGINEER, (7 YEARS)

VARMA N.R., 54, CHIEF PROJECT MANAGER-UNITED ARAB EMIRATES, 3650881, 3650881, D.E.E., 01/09/82, 32, MAHARASHTRA STATE ELECTRICITY BOARD, MAINTENANCE ENGINEER, (1 YEAR)

VELLANIKARAN S., 38, REGIONAL FINANCIAL CONTROLLER-SINGAPORE, 3565418, 3565418, A.C.A., 29/05/95, 13, SRIMAN PETROCHEMICALS LTD., ASST. MANAGER-FINANCE, (1 YEAR)

VENKATARAMAN S.R., 57, EXECUTIVE VICE PRESIDENT & COO (TMD & MTD), COIMBATORE, 2949504, 1765568, B.Tech. (TEXTILES), P.G.D. IN ENGG., 20/01/97, 35, KOTHARI INDUSTRIAL CORPORATION LTD., GROUP GM (TEXTILE), (2 YEARS)

WAI KIM PING*, 42, SR. MECHANICAL ENGINEER-HONGKONG BRANCH, 346216, 334696, GM-CIBSE, 03/02/05, 14, AMEC E&M ENGINEERING LTD., SR.MECHANICAL ENGINEER, (4 YEARS)

WONG C.K., 39, MANAGER (PLUMBING & DRAINAGE)-HONGKONG BRANCH, 3070080, 3000960, B.Sc. (Mech.), 02/05/01, 15, TREASURE SHELL, PROJECT MANAGER, (3 YEARS)

SECTION II - OTHER STAFF

ANANDE A.B.*, 57, SK II MACHINIST, 1141545, 1091561, SSC, 01/10/71, 33, NIL

BADHE P.A.*, 54, SK I MACHINIST, 1093902, 1052697, 3RD STD., 01/02/71, 33, NIL

BEHLEKAR K.S.*, 53, STORE KEEPER, 1144566, 1103512, SSC, 23/06/74, 31, PRIVATE CONTRACTOR, MAZDOOR, (2 YEARS)

BHOIR R.L.*, 56, DRIVER, 873603, 858471, 3RD STD., 01/03/81, 24, BHOLENATH TRANSPORT CORP., TRUCK DRIVER, (1 ½ YEARS)

CEREJOW F.*, 56, SK III GRINDING, 1151968, 1091775, SSC, 21/08/72, 32, CROMPTON GREAVES LTD., CYLINDRICAL GRINDER, (1 YEAR)

CHAMARE A.B.*, 56, SK II MACHINIST, 1096432, 1051561, SSC, 12/02/74, 31, B.R. STEEL PVT. LTD., MILLER, (2 YEARS)

CHAMOLI SATYAPRASAD*, 58, SK III MACHINIST, 882186, 874410, SSC, 01/02/71, 34, NIL



INFORMATION AS PER SECTION 217(2A)(b)(ii), READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005

NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION II - OTHER STAFF (contd.)

GONSALVES XAVIER*, 60, SELECTION GRADE, 446732, 431242, B.A., 21/12/70, 36, TATA COMPUTER CENTRE, PUNCH OPERATOR, (2 YEARS)	PALKAR B.B.*, 57, SK II WELDER, 1130341, 1067864, SSC, 01/10/74, 30, NIL
GUPTA K.V.*, 51, SK I MECHANIC, 985098, 941860, SSC, 02/01/78, 27, NIL	PATIL M.J.*, 59, SK II MACHINIST, 713580, 705838, SSC, 21/07/74, 30, CRAWA TEX LTD., MACHINIST FITTER, (3 YEARS)
KARNIK A.R.*, 56, SELECTION GRADE, 1228807, 1188208, SSC, 01/06/71, 33, OTIS ELEVATORS, SHOP & VENDOR, (2 YEARS)	PATIL V.R.*, 56, SK I FITTER, 1066192, 1004784, 9TH STD., 01/02/73, 32, NIL
KHAMKAR D.*, 59, MAZDOOR, 361497, 330125, SSC, 30/05/82, 22, FORDHAM PRESSING PVT.LTD., DRIVER, (2 YEARS)	PATWARDHAN BHALCHANDRA*, 60, SELECTION GRADE, 428489, 418957, SSC, 16/05/72, 32, MAHARASHTRA SMALL SCALE INDUSTRIAL DEVP. CORPN.LTD., STENOGRAPHER, (4 1/2 YEARS)
KHULE N.*, 53, SK II WELDER, 987993, 958487, SSC, 03/05/78, 26, NIL	RANE M.D.*, 52, SK I MECHANIC, 1078288, 1019251, SSC, 15/02/74, 31, NIL
MUKADAM K.G.*, 54, SK I MECHANIC, 1065252, 1024410, SSC, 11/04/74, 30, NIL	SHINDE P.B.*, 47, SWEEPER, 431058, 364649, 4TH STD., 01/12/97, 7, NANDA TEXT, MAZDOOR, (5 MONTHS)
MURUGESAN KANDASAMI *, 59, SR. EXPEDITOR, 848517, 838467, P.U.C., D.E.E., 01/02/71, 34, NIL	SOLKAR K.S.*, 54, SK I MECHANIC, 1035628, 995673, SSC, 01/12/73, 31, NIL
NIMKAR N.S.*, 58, SELECTION GRADE, 905430, 889666, SSC, 20/07/71, 33, OFFICE OF DY.DIRECTORATE OF INDUSTRIES, TYPIST CLERK, (1 1/2 YEARS)	

* EMPLOYED FOR PART OF THE YEAR

- NOTES:
- (1) The nature of employment in all cases is contractual. The other terms and conditions are as per the Company's Rules.
 - (2) Remuneration includes salary, dearness allowance, bonus, other allowances, contribution to provident fund and superannuation fund, leave travel assistance, house rent allowance, compensation under VRS, etc. The value of perquisites has been calculated as per Income Tax Rules, 1962. In addition to the above remuneration, managerial staff are also entitled to gratuity and medical insurance benefits, while non-management staff are entitled to gratuity as well as certain medical assistance in accordance with the Company's Rules.
 - (3) Net remuneration is shown after deduction of member's provident fund contribution and income tax from the gross remuneration.
 - (4) None of the employees mentioned above is a relative of any Director of the Company.

Abbreviations used:

AC&RBG	-	Air Conditioning and Refrigeration Business Group
CABD	-	Cooling Appliances Business Division
COO	-	Chief Operating Officer
F&C	-	Finance and Commercial
HO	-	Head Office
IOBG	-	International Operations Business Group
MHBD	-	Materials Handling Business Division
MTD	-	Machine Tools Division
PPBD	-	Pumps and Projects Business Division
TMD	-	Textile Machinery Division
UP	-	Unitary Products

On behalf of the Board of Directors

ISHAAT HUSSAIN
Chairman

Mumbai, 20th June, 2005

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 high temperature hot water (170 degree C) model Vapour Absorption Machine (VAM).
- (ii) Development of Air/Water-Cooled Condensing Units using Scroll Compressors.
- (iii) Development of Chilling Packages with Open Type/Screw Compressors for low temperature application (Brine).
- (iv) Development of Air/Water Cooled Chilling Packages with Semi Hermetic Compressors.
- (v) Development of fork positioner and side shifter for a 16 tonne capacity Forklift Truck.

2. Product and processes developed through in-house technology

- (i) High temperature hot water Vapour Absorption Machine of 400 TR capacity.
- (ii) Water/Air Cooled Condensing Units with Scroll Compressor in the capacity range of 12 TR to 36 TR.
- (iii) Air/Water Cooled Chilling Packages with Semi-Hermetic Compressor in the capacity range of 80 TR to 150 TR.
- (iv) Development of 2 models of unit freezers for walk-in cold rooms.
- (v) Development of double skin Air Handling Units.
- (vi) Development of sub 1 ton high sensible cooling airconditioners for telecom shelters.
- (vii) Development of 1.7 TR and 2.25 TR airconditioners for mobile shelters for specialized applications.
- (viii) Conversion of medium capacity watercoolers from HCFC to eco-friendly refrigerant.
- (ix) Development of 55L and 205L refrigerators.
- (x) Development of in-situ foam doors for freezers.
- (xi) Development of a 30mt capacity hydraulic mobile crane with indigenous components.
- (xii) Development of compressed air actuated power brakes on 5 tonne capacity forklift truck.
- (xiii) Development of a 4 tonne capacity forklift truck with fluid coupling.

(xiv) Development of a 16 tonne capacity forklift truck with indigenous engine and transmission.

(xv) Development of tiltable steering for 3 tonne and 5 tonne capacity forklifts.

(xvi) Development of a 3 tonne capacity at 900 mm load centre forklift with fluid coupling and automatic transmission.

3. Imported Technology

Technology Imported	Year of Import	Has technology been fully absorbed
4 Models of small size direct fired absorption machines of capacities 40 TR –80 TR from Hitachi Limited, Japan (Phase-I)	1999-2000	Yes
3 Models of 2-stage paraflow, steam fired absorption machines of capacities 120 TR, 400 TR and 1250 TR from Hitachi Limited, Japan.	1999-2000	Yes
R134a product and process modification	2000	Yes
4 Models of small size, direct fired absorption machines of capacities 40 TR –80 TR from Hitachi Limited, Japan –Phase II (manufacturing welded components indigenously)	2001	Yes

4. Expenditure on R & D

The expenditure on R & D for the year 2004-2005 was Rs. 83.08 lakhs. In relation to the turnover of own manufactured products, the R & D expenditure was 0.59% of turnover.

5. Energy Conservation

R & D continues to explore the possibility of reducing the energy consumption in the products manufactured by the Company. Redesigning of some of the products like sensicool airconditioners and chest freezers has resulted into lower energy consumption.

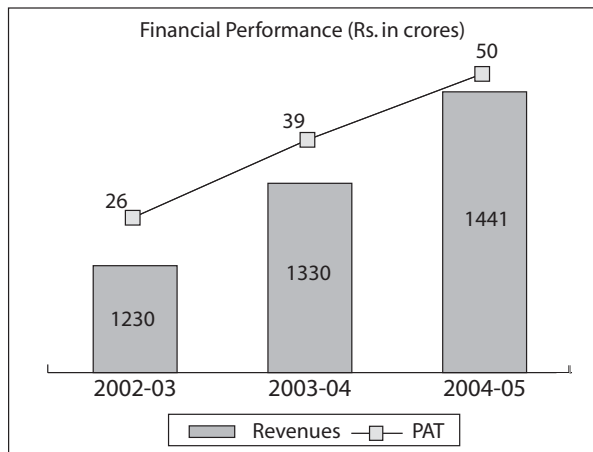


MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

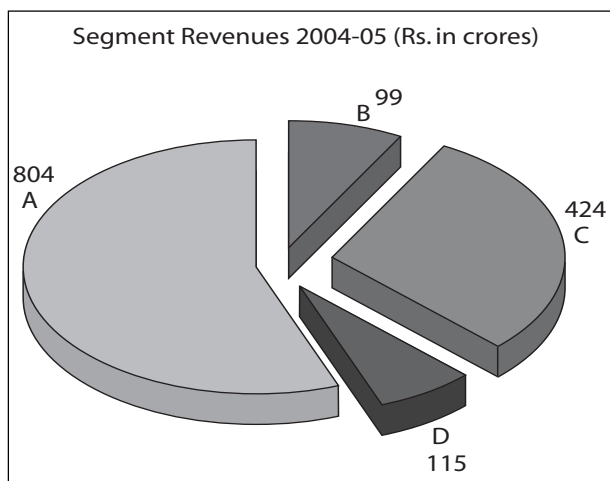
1. The Company sustained its pursuit of active growth in its businesses, building on the gains of the earlier consolidation phase, and achieved the highest ever Profit After Tax of Rs. 50 crores in its 50th year. Most of the businesses registered their highest ever performance by specific parameters in over five decades.

Volta profits have almost doubled over the last two years.



2. Achievement of competitiveness through continuous improvement and excellence remained an on-going priority, with initiatives taken towards driving efficiencies and synergies in cost saving, streamlining of resources, productivity, knowledge management and institutionalising of IT.

3. The business segments of the Company are: -
- Electro-mechanical Projects and Services
 - Engineering Agency and Services
 - Unitary Cooling Products for Comfort and Commercial Use
 - Other Businesses



ELECTRO-MECHANICAL PROJECTS AND SERVICES

4. The domestic market in Heating, Ventilation, Air-conditioning and Refrigeration (HVAC) consists of three main segments, namely Comfort, Critical (in which temperature and humidity are controlled within specified limits) and Process Refrigeration (which includes Process Cooling and Cold Storages in the organised sector). These segments have shown varying growth trends based on underlying drivers like sectoral performance and capacity addition in Agriculture, Industry and Service.

5. The Comfort Segment exhibited significant growth due to steep rise in demand in the Service sector, which includes applications such as multiplexes, shopping malls, IT parks, BPO, hospitals, banks and others. The increase in new construction in these sectors is driving the growth, and there is an increasing trend of builders/developers rather than end-users actively selecting HVAC service providers. The Critical segment has grown marginally, while Process refrigeration has grown consistently due to increased investments in pharmaceuticals and cold storage facilities.

6. The Company's domestic business witnessed revenue growth of 17%, despite severe competition from local and international players. The total orders booked grew by 49% in value. In volume terms, Package and Ductable Split units grew by 27%, while Package Chillers grew by a noteworthy 55%. This remarkable growth was achieved through initiatives like enhanced manufacturing capabilities, introduction of value added products, customer/consultant relationship management, superior after sales service, and creation of a motivated employee base. These actions have also been reflected in improved customer, vendor and employee satisfaction indices over the past 3 years.

7. Through focused efforts in targeting high growth, new business areas such as indoor air quality improvement through controlled ozone injection and in-site duct cleaning have grown by 40% on a low base.

8. The Company's overseas electro-mechanical projects business continues to perform satisfactorily. The Company continued its thrust in overseas markets, particularly in the Middle East. The Company has successfully completed certain prestigious contracts, such as the Conference Palace Hotel project in Abu Dhabi, Metro Railway and Science Park Building projects in Hong Kong. The progress of execution of the Mall of Emirates in Dubai and the Airbase project in Qatar is in line with the contractual completion schedule.

9. The Company's performance in Water Management projects continues to be encouraging. The execution of the Changi Water Reclamation Plant in Singapore is on schedule.

10. The Company secured a sub-contract for the Jumeirah Beach Residence project in Dubai, as well as a contract for HVAC work for a shopping mall in Qatar, further strengthening the Company's position in the region. The carry-forward order book position for the electro-mechanical business remains healthy at Rs.834 crores as on 31st March, 2005.

11. The Company has obtained pre-qualification for several mega electro-mechanical projects in Dubai, some of which are being pursued in partnership with contracting companies of repute. The business follows a well-deployed risk assessment and mitigation process and is selective in regard to the type of projects and clients, to minimise the operational risk.

12. The Company's overseas business ranks among the top two by an Indian company in the electro-mechanical segment, and has won recognition from independent entities. Some noteworthy achievements in the recent past in the overseas electro-mechanical business are:-

Sr.No.	Year	Category of Award	Awarded by
1.	2002-03	Maximum foreign exchange earned and repatriated to India, maximum foreign business attempted, second best performance for maximum turnover	Overseas Construction Council of India
2.	2003-04	Maximum foreign works secured in new areas, second best performance for maximum turnover	Project Export Promotion Council of India
3.	2003-04	Top exporters trophy in the category of Project exporters for 2002-03	Engineering Export Promotion Council

ENGINEERING AGENCY AND SERVICES

13. The capital goods sector of the Indian engineering industry continued its growth trend. The Company's Machine Tools business capitalised on this opportunity, largely driven by the auto and auto ancillary sectors, which has resulted in significant improvement in performance in terms of turnover and profits.

14. Further, the Company has made a modest beginning in the agency line for food processing machinery. This initiative will take some time to reach a critical mass.

15. The business scenario for mining equipment was marked by strong demand due to large investments undertaken by Coal India subsidiaries and other mining companies. The iron ore sector witnessed rapid demand growth due to capacity addition to meet heavy requirements of iron ore for steel production in India and China. However, the Company faced intense competition due to availability of indigenous equipment at lower prices. Nevertheless, the Company's Mining & Construction Equipment business was successful in obtaining orders for large capacity excavators of Terex O&K (Germany) and large wheel loaders of LeTourneau (USA), from leading Indian companies in zinc and coal mining sectors.

16. The demand for construction equipment was also high due to the thrust in several infrastructure projects. However, the road construction programme slowed down due to a change of Government at the Centre, and delay in awarding of new contracts and execution of earlier projects. This affected the sale of construction equipment such as crushers and screening plants for the road sector, which the Company was able to offset through large orders from the iron ore segment. The demand growth for this equipment is expected to pick up, as the Government has renewed its thrust in road construction, mining and infrastructure development.

17. The Company's Textile Machinery business posted impressive performance by achieving 40% growth in sales, with continued support from its principals and their excellent product range. This reflected the significant improvement in the Indian textile industry's performance. Matching the profile of the industry, the spinning segment led the growth in capacity addition by both domestic and export-oriented units seeking more machinery.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

18. The Company's Cooling Appliances business continued its good performance. With more than 30% growth in sales volume of room air conditioners, the Company increased its market share, and also maintained the no. 2 position in a highly competitive market. The offering of a low-priced room



AC (below Rs. 10,000 per unit) proved a significant success, contributing substantially to the performance of the Cooling Appliances business. The breakthrough “value-for-money” proposition was replicated in split ACs, offered at Rs. 15,900/- with every indication of wide consumer popularity. Sustained and highly visible advertising has strengthened the brand’s positioning as ‘ACs with IQ’.

19. Sales performance of the Company’s room air conditioner business was as under :

Category	Industry Sales (Nos.)			Company sales (Nos.)			Company Share (%)	
	2003-04	2004-05	% growth	2003-04	2004-05	% growth	2003-04	2004-05
WRAC	684000	757000	10.7%	58675	80000	36.3%	8.6%	10.6%
SAC	171000	238000	39.2%	37716	46700	23.8%	22.1%	19.6%
Total	855000	995000	16.4%	96391	126700	31.4%	11.3%	12.7%

Source : Industry estimates and Company analysis.

WRAC : Window Room Air Conditioner, SAC : Split Air Conditioner

20. The Company’s offerings in precision air conditioning (under the Sensicool brand) also saw growth of 68%, driven by applications in the telecom and banking sectors. In ductables too, the business registered growth of almost 300% on a modest base. In water coolers and dispensers, the Company notched 60% growth to achieve the no. 1 market position.

21. The Company consolidated its strong position in products for commercial application. The freezers line saw improved performance, wherein the Company achieved the leadership position and increased its market share to 28%.

22. The refrigerator business, however, has declined, caused by substantial demand/supply mismatch. The industry as a whole continues to incur severe losses. The refrigerator manufacturing operations at Hyderabad largely depended upon contract manufacturing. With the reduction in demand from OEMs, coupled with poor off-take of Pepsi coolers and unprecedented increase in input costs, operating margins came under severe pressure, making a negative contribution for the year under review. As the viability of the Hyderabad Plant was at stake, the Company made an application to the Labour Commissioner seeking permission to retrench 450 employees of the Hyderabad Plant, which was not granted. Aggrieved by the order of the Labour Commissioner, the Company has preferred an appeal in the High Court. Rejection

of the retrenchment application has further aggravated the situation, and the losses continue to mount. The Company has offered a fair VRS to the employees so that the losses are contained. With no likelihood of improvement, the Company has fully impaired the fixed assets of the Hyderabad Plant as per the Accounting Standard AS-28, which came into force with effect from 1st April, 2004.

OTHER BUSINESSES

23. Domestic market demand for materials handling equipment continued to show high growth as a result of steady investments in manufacturing and industrial sectors. The growth was driven by the automobiles, engineering and steel sectors, among others. The Company’s Materials Handling business recorded its highest ever revenue growth of 46%. The fork-lifts segment was a major contributor, with volume growth of 38% and increase in market share.

24. The focus on generating higher revenues from sale of parts and service showed good results, with an increase of 30% over the previous year. The revenue from new lines of warehousing equipment such as stackers and pallet trucks also showed significant increase.

25. The Company’s Chemicals trading activities recorded satisfactory performance and healthy growth. Initiatives taken in the past to secure new agency lines from manufacturers in Korea, China and U.K. have strengthened the position of the Company in segments such as paint, personal care, plastics and adhesives. The Company increased its market share in cellulose derivatives and specialty chemicals for the paint industry. Exports to Far Eastern and Middle Eastern regions were also satisfactory.

HUMAN RELATIONS

26. The Company values and appreciates the contribution and commitment of the employees towards improved performance during the year under review. The Company continues its focus on developing its human capital and enhancing the skills and abilities for the employees’ personal development, as well as towards meeting future business challenges. The training process has been customised to suit the specific needs of the Company, its customers and the all-round development of employees. Several steps have been taken to foster a climate of innovation and fresh

thinking. These include a series of business-specific innovation workshops conducted by an expert in innovation processes and methodologies. The Company also took steps to harness its accumulated base of tacit knowledge and initiated its knowledge management programme.

27. The Company has sustained its initiatives in the area of leadership building and succession planning. To maintain high performance work systems, actions were initiated based on feedback from employee satisfaction surveys conducted amongst various groups of employees, with special attention to employee well-being and motivation.

28. Barring Hyderabad Plant, the overall Industrial Relations remained satisfactory during the year under review. The Management and the Federation/Unions have continued their efforts for improvements in productivity, cost reduction, quality, flexibility of operations and employee performance.

29. The total number of employees as on 31st March, 2005 was 3550.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

30. The Company has a proper and adequate system of internal controls geared towards achieving efficiency in its various business operations, safeguarding assets, optimum utilisation of resources, and compliance with statutory regulations.

31. The Company has continued its efforts to align its processes and controls with best practices, and has implemented SAP, a highly integrated ERP solution.

32. The Internal Audit Department of the Company conducts audits of various departments based on an annual audit plan covering key area of operations, including overseas operations. The Department reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems, and recommending improvements for strengthening them. The Company has put in place a Risk Assessment and Control Self-Assessment Process for its overseas operations, which is closely monitored and also periodically reviewed by Internal Audit. A similar exercise is also being initiated in other areas of business operations.

33. Significant audit findings and suggestions along with the 'Action taken Reports' are periodically reported to the

Board Audit Committee, which consists of four non-executive independent directors. The Audit Committee monitors and reviews the significant audit observations, compliance with accounting standards, risk management and control systems, and the status of outstandings and inventory levels.

OPPORTUNITIES

ELECTRO-MECHANICAL PROJECTS AND SERVICES

34. The investment by the service sector in comfort applications is likely to continue. The domestic air conditioning projects business also benefits from policy liberalisations in the areas of FDI in retail and construction, as well as the trend towards modernisation and privatisation of airports. Likewise, trends in the agricultural and allied sectors, such as contract farming and modifications in the APMC Act, may yield opportunities for the cold chain business. The Critical and Process cooling segments are also likely to show better growth, due to investment by pharmaceuticals, steel, power and other sectors. The Company is gearing up to cash in on these opportunities by strengthening its organisational capabilities.

35. The international electro-mechanical business will benefit from the sustained investment boom in the Middle East, especially UAE, arising from high oil prices and the prevailing geopolitical situation, with opportunities particularly in built environments and water management. In the Far East, certain territories should provide promising opportunities as a result of large investments being made in leisure and entertainment sectors. The Company has consolidated its presence in these domains and is prepared to take on large value projects, including several mega electro-mechanical projects in Dubai for which pre-qualification has been obtained, in partnership with local agencies. Such partnerships to undertake mega projects have become a common practice in the Middle East region, and help in resource sharing and mitigating the risk of large financial exposure.

ENGINEERING AGENCY AND SERVICES

36. The revival of the manufacturing sector in India, and especially its growing importance as an off-shore manufacturing base, represents opportunities in capital goods, primarily Machine Tools and Textile Machinery.



37. In addition, the Textile Machinery business is particularly well-placed to capitalize on the Government's thrust on growing the textile industry from \$37 billion to \$85 billion by 2010. The planning focus on technology upgradation offers numerous promising business avenues for the Company.

38. The post-spinning operations in the country continue to be underdeveloped. Industry players believe that the value addition in this area is relatively small as compared to the investments and other hurdles prevalent in the sector. However, the Government has initiated various steps in the recent Budget to promote the post-spinning segment to a desired level and the results are awaited with cautious optimism. The Company is gearing itself to capitalise on this potential.

39. The Government's continuing thrust in infrastructure development offers a significant opportunity in construction equipment. Substantial opportunities for mining equipment are expected from the Rs.14,000 crores allocation for developing the coal mining sector. With strong relationships and linkages with world-renowned principals, the Company is in a strong position to avail of these opportunities.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

40. The market for household and commercial/institutional air conditioners continues to represent a large opportunity, especially the former segment. It is also one of the fastest growing sectors in the consumer durables industry, driven by the sustained real estate boom, increasing disposable incomes, low penetration and availability of easy financing. The drop in the excise rate from 24% to 16% will further swell the market. The Company's prospects have been strengthened by its strong leadership presence and the growing awareness and popularity of its brands.

41. For commercial refrigeration products, the potential appears to be quite large, driven by growth in organized retail, changing food habits and the growth in the service industry. The Company is considering alternate sourcing arrangements to tap this growth potential.

OTHER BUSINESSES

42. New lines of warehousing equipment are expected to witness rapid growth over the next few years with higher demand for logistics, due to industrial and economic growth. The Company has initiated forays into new applications for materials handling solutions, such as baggage and cargo handling, and has tied up with Lodige of Germany, as a partner for these systems.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

43. The domestic market is likely to experience pressures on pricing and delivery times. Also, the construction boom in the Middle East is leading to relatively higher levels of attrition in manpower. The Company plans to invest resources in increasing manufacturing capacities, including a manufacturing location in an excise free zone, in order to offer competitive products and reduce the lead times. The Company is working on a seamless arrangement between domestic and overseas operations to increase talent development and retention.

44. Increased activity in the Middle East is likely to intensify the competition further, with local as well as foreign companies strengthening their operations. The Company's ability to cater to growth opportunities in overseas operations depends on meeting pre-qualification requirements in certain large electro-mechanical projects, including financial criteria, prior experience in the country concerned, and country-specific registrations. At the same time, availability of skilled human resources poses a challenge, due to restrictive visa regimes imposed by certain countries, despite the fact that huge construction activities in these countries are causing a demand-supply mismatch for such human resources. The Company is developing technical and managerial human capital resources in South Asian countries to address this issue.

ENGINEERING AGENCY AND SERVICES

45. The business for capital goods in Engineering Agency and Services may be impacted by availability of low-cost

indigenous products, the Government's policy on price preference for PSUs, and the entry of certain overseas principals into the market on their own account. The Company is working on strengthening its Principal relationships and is also exploring an appropriate mix of imported and indigenous products to meet customer requirements.

46. The Company's expectations resulting from the Government's thrust in infrastructure development are contingent on allocation and disbursement of the proposed funds and securing of the relevant contracts.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

47. There will be pressure on profitability due to increased competition from large numbers of local and foreign players. Issues pertaining to FTA vis-à-vis certain countries remain critical, as the inverted duty structure is yet to be resolved. The Company is improving its offering by working closely with its JV partner Fedders, and also taking up policy-related issues at appropriate forums like RAMA, CII etc.

OUTLOOK

48. With a healthy carry-forward order book position, and a promising outlook for the Company's electro-mechanical business in both domestic and overseas markets, the Company expects higher segmental growth.

49. In the current upbeat investment climate, coupled with the Government's thrust in infrastructure development, most of the core sectors of the economy –including coal, steel, power, textiles, automobiles and ancillaries –will see large investments for capacity addition, offering potential for the Company's engineering products and services. The Company expects the capacity expansion in domestic industry to continue, which will result in sustaining growth in the engineering agency and services segment. The Company is poised to exploit the resulting opportunities through a combination of local assembly and aggressive marketing.

50. In the unitary products segment, the Company is well poised to further consolidate its leadership position. The issue of alternate sources for Unitary products will need to be carefully managed. Overall, though there will be pressure on profitability due to increased competition and rise in

input prices, the Company is gearing up for better performance.

FINANCIAL PERFORMANCE

51. Financial performance as a measure of operational performance

	% of turnover Year ended 31st March	
	2005	2004
• Turnover including other income and net of excise duty	100.0%	100.0%
• Expenditure		
– Material (including changes in stock)	73.2%	73.4%
– Employee Cost	10.2%	9.8%
– Manufacturing and other expenses	11.9%	12.8%
• Total Expenditure	95.3%	96.0%
• Profit before depreciation, interest, exceptional items and tax	4.7%	4.0%
• Depreciation	0.7%	1.0%
• Interest (Net)	0.3%	0.1%
• Profit before tax and exceptional items	3.7%	2.9%

The above table gives the key expense items as a %age of net revenues. EBITDA margins have increased from 4% to 4.7%. Employee cost has increased, primarily because of project related expenses. Other operating costs have come down from 12.8% to 11.9% and may reduce further with SAP implementation. As a result of an overall improvement in revenues, realizations and cost reductions, the EPS has increased from Rs.11.80 to Rs.15.24.

LIQUIDITY AND CAPITAL RESOURCES

52. The Company's liquidity position remains comfortable. There are no long-term debts other than working capital borrowings. Debt:Equity ratio remains at a healthy level of 0.55:1. A significant amount of collections at the year end could not be set off against borrowings. Making allowance for this, the net Debt:Equity ratio further comes down to 0.46:1. As a result of tight control on working capital, cash generation from operating activities has risen significantly to Rs. 44 crores as against cash utilization of Rs. 23 crores in the previous year. There are indications of rise in global interest rates, and to safeguard against this, the Company



has taken a long term loan of Rs. 30 crores at fixed interest rate.

RISKS AND CONCERNS

53. Input costs: In 2004-05, most of the inputs like steel, copper, plastics reached a very high cost level. The increase in 2005-06 may not be as high as the earlier ones, but will still put a pressure on profitability in various segments. The Company plans to address this issue through initiatives like value engineering and integrated cost reduction exercises.

54. Foreign Exchange Rate: After a long run of the rupee depreciating against USD, in the recent past the rupee has appreciated against the dollar, while it depreciated against other currencies such as the Euro. In the Middle East market, where the Company has substantial operations, local currencies are pegged to USD and any appreciation of the rupee against USD will have an adverse impact on earnings in rupee terms.

55. Regulations in Middle East relating to Visa restrictions to Indians: In fast track electro-mechanical projects, quick

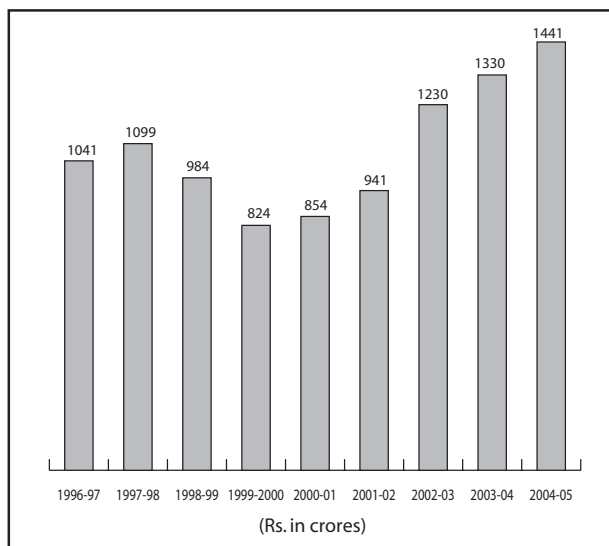
resource mobilization becomes one of the differentiators. In the recent past, various governments have been trying to promote ethnic balances and local employment. Consequently, there are restrictions on visas for Indian workmen. This may result in hiring locals or workmen from other countries, which will lead to higher costs. The Company is trying to address this problem by seeking more visas in a timely manner through project sponsors and also developing workmen from other countries.

CAUTIONARY STATEMENT

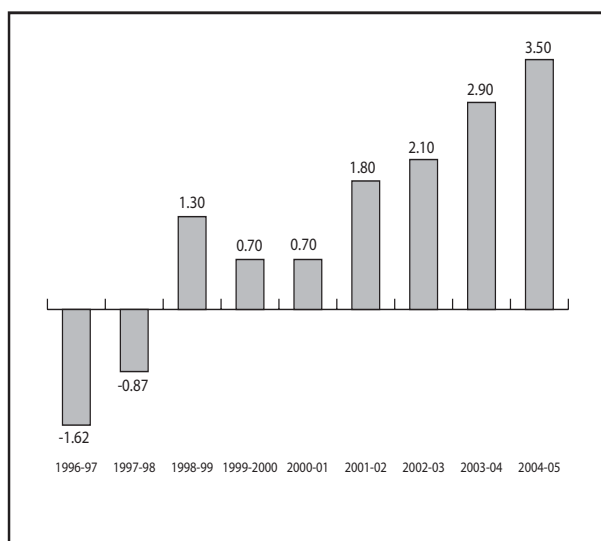
56. Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. 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.

SIGNIFICANT TRENDS AT VOLTAS

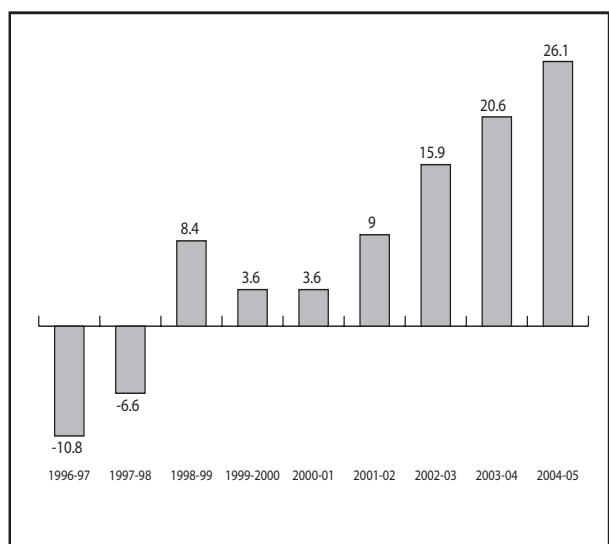
SALES AND SERVICES



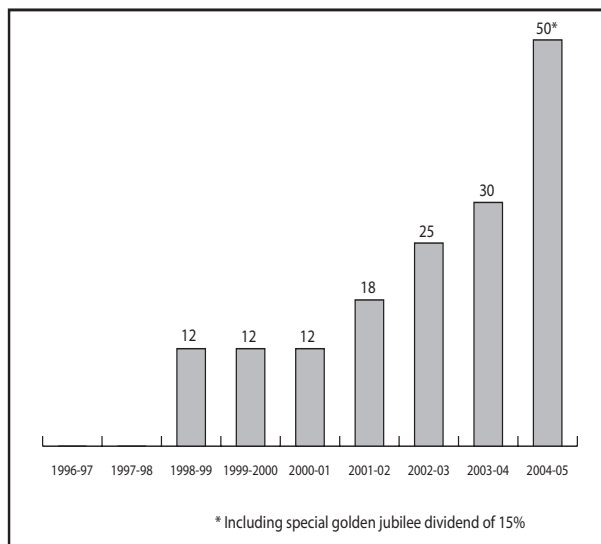
PAT % TO SALES



PAT % TO SHAREHOLDER'S FUND



DIVIDEND % ON EQUITY CAPITAL

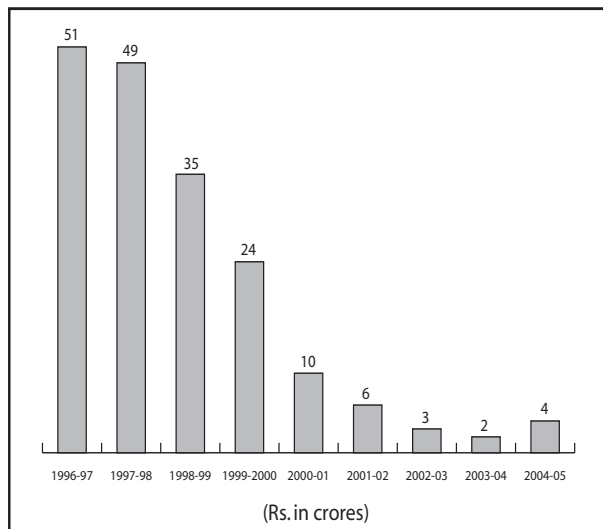


* Including special golden jubilee dividend of 15%

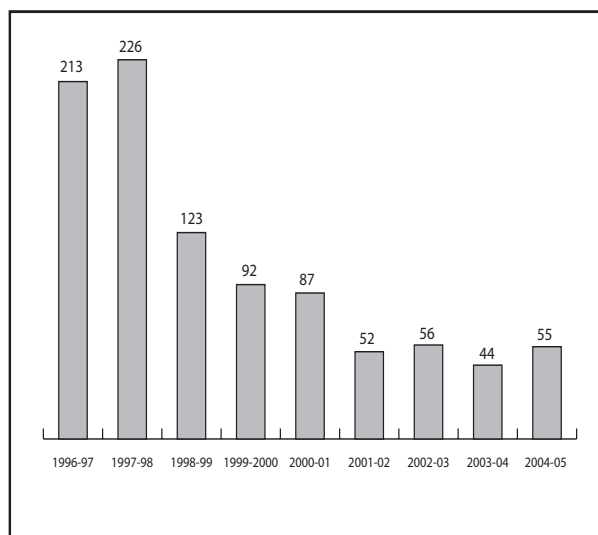


SIGNIFICANT TRENDS AT VOLTAS

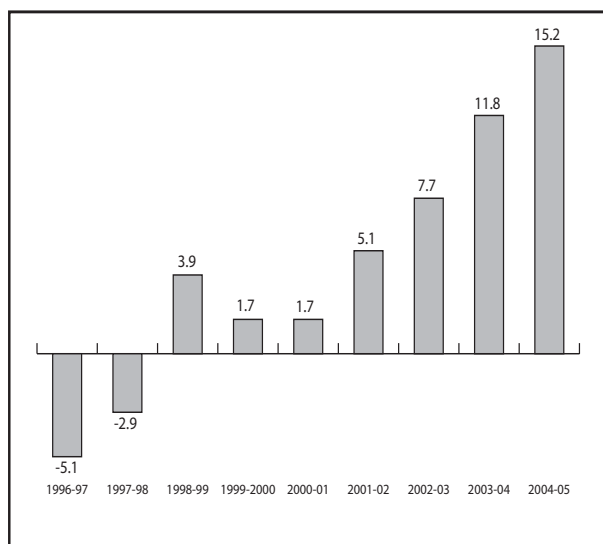
INTEREST COST



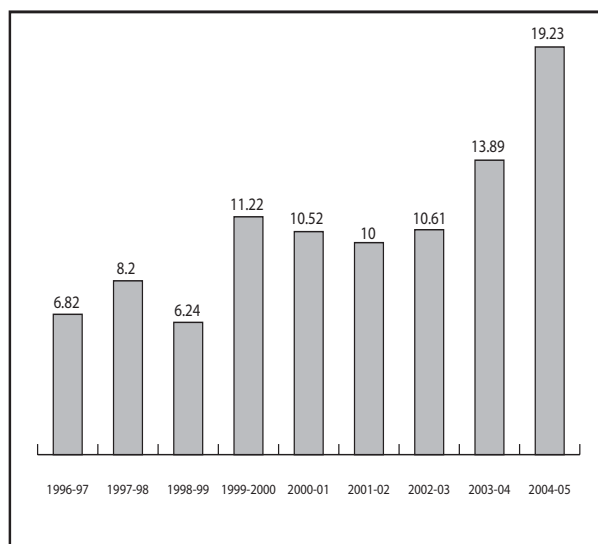
DEBT/EQUITY RATIO - %



EARNINGS PER SHARE (RS.)



ROCE %



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 Company's Board and the Management are aware that the standards of governance are rising and provide critical yardsticks by which the stakeholders judge Corporates and their managements.

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 through the organization as also the Balanced Score Card 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.

2. Board of Directors

(a) Composition

The present Board comprises 10 members: 2 Executive Directors (EDs) and 8 Non-Executive Directors (NEDs). Of the 8 NEDs, 4 are Independent Directors including a Director representing LIC, a major shareholder of the Company. All the Directors (EDs and NEDs) of the Company are liable to retire by rotation and there is no permanent director.

The NEDs with their diverse knowledge, experience and expertise provide valuable contribution in the deliberations and decisions of the Board. Apart from the sitting fees paid for attending Board/Committee Meetings, the NEDs did not have any material pecuniary relationship or transactions with the Company, during the year 2004-2005.

The Company has a Non-Executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of NEDs is more than 50% of the total number of Directors. The Company, therefore meets with the requirements relating to the composition of Board of Directors.

(b) Board Meetings and Attendance

The gap between two Board Meetings does not generally exceed 2 months as against the statutory requirement of the gap not exceeding 4 months. During the year 2004-2005, ten Board Meetings were held on the following dates:

15th April, 2004; 9th June, 2004; 28th July, 2004; 18th August, 2004; 7th September, 2004; 29th October, 2004; 10th December, 2004; 11th December, 2004; 27th January, 2005 and 9th March, 2005.

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 - I 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 mega projects and credit facilities in respect thereof are placed before the Board for its consideration and appropriate decision in the matter. Similarly, the actions taken in respect of suggestions made and decisions taken at the Board Meetings and Board Audit Committee Meetings are 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 borne out by the number of meetings held during the year and attended by the Directors.



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	Attendance at the last AGM held on 27 th August, 2004	Number of Directorships in other public limited companies (excluding private/foreign companies)	Number of Committee positions held in other public companies	
					Chairman	Member
Mr. Ishaat Hussain (Chairman)	Promoter Not Independent Non-Executive	9	Yes	14	3	6
Mr. A. Soni (Managing Director)	Not Independent Executive	10	Yes	2	-	-
Mr. N. M. Munjee	Independent Non-Executive	10	Yes	13	2	5
Mr. N. J. Jhaveri	Independent Non-Executive	5	No	8	2	5
Mr. S. D. Kulkarni	Independent Non-Executive	8	Yes	5	3	4
Mr. Yash Paul	Independent Non-Executive	10	No	1	-	2
Mr. S. N. Tripathi	Not Independent Executive	10	Yes	-	-	-
Mr. Ravi Kant	Promoter Not Independent Non-Executive	6	Yes	4	-	1
Mr. N. D. Khurody	Not Independent Non-Executive	10	Yes	6	-	3
Mr. Noel N. Tata	Promoter Not Independent Non-Executive	10	Yes	5	-	-

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.

3. Audit Committee

(a) Terms of reference and composition, name of Members and Chairman

The Audit Committee comprises 4 Non-Executive Independent Directors - Mr. N. J. Jhaveri, Mr. N. M. Munjee, Mr. S. D. Kulkarni and Mr. Yash Paul. Mr. N. J. Jhaveri is the Chairman of the Audit Committee. The Managing Director, the Executive Vice President (Finance), the Chief Internal Auditor and the Statutory Auditors attend the meetings as Invitees. The Cost Auditor also attends the meetings at which Cost Audit related issues are discussed. The Company Secretary acts as the Secretary of the Audit Committee.

The broad terms of reference of the Committee involves overseeing the Company's financial reporting process and disclosure of financial information to ensure that it reflects a true and fair

position, reviewing with Management the quarterly and annual financial statements before submission to the Board, effective system of internal controls, recommending the appointment of external auditors and their remuneration, approving payment to Auditors for other services, reviewing the Company's financial and risk management policies, reviewing the adequacy of internal audit function including the structure of internal audit department, discussions with the internal auditor on any significant finding and follow up on such issues and cover the matters specified under the Listing Agreement. Moreover, the Audit Committee also periodically reviews the progress on execution of overseas projects including the Company exposure on bank credit facilities and guarantees, the cash flow position and the risk assessment mechanism, position of inventory and outstandings levels including the action plan for its

realization and deliberates on the new accounting policies and accounting standards as applicable to the Company. The Minutes of the 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 2004-2005 on the following dates:

21st May, 2004; 7th June, 2004; 15th July, 2004; 28th July, 2004; 7th September, 2004; 29th October, 2004; 27th January, 2005 and 14th February, 2005.

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

Name of Directors	No. of Meetings attended
Mr. N. J. Jhaveri	6
Mr. N. M. Munjee	6
Mr. S. D. Kulkarni	6
Mr. Yash Paul	8

In the absence of Mr. N. J. Jhaveri, the Committee had elected Mr. N. M. Munjee to act as the Chairman of the Audit Committee. Mr. Munjee attended the Annual General Meeting held on 27th August, 2004.

4. Remuneration Committee

The Remuneration Committee comprises 3 Non-Executive Independent Directors –Mr. S. D. Kulkarni, Mr. N. M. Munjee and Mr. Yash Paul. Mr. S. D. Kulkarni is the Chairman of the Remuneration Committee. The Committee reviews and recommends the revision in salary (annual increment) and incentive remuneration of the Managing Director/Executive Director based on the financial performance of the Company, trend in the industry, qualification, experience and the goals and achievements of the concerned managerial person. The Remuneration Committee also reviews and recommends the revision in pension payable to the retired managerial personnel. During the financial year 2004-2005, two meetings were held on 21st May, 2004 and 10th December, 2004. The Non-Executive Chairman attends the Meeting by invitation. The Minutes of the Remuneration Committee Meetings are circulated and discussed at the Board Meetings.

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

Name of Directors	No. of Meetings attended
Mr. S. D. Kulkarni	2
Mr. N. M. Munjee	1
Mr. Yash Paul	2

Remuneration of Executive Directors

Details of the remuneration paid to the Managing Director/ Executive Director during the financial year ended 31st March, 2005 are given below:

(Rs. in Lakhs)

Name of Directors	Salary	Incentive Remuneration	Perquisites and allowances including contribution to PF and Superannuation fund
Mr. A. Soni	16.80	18.00	16.18
Mr. S. N. Tripathi	13.20	12.00	17.80

Notes:

(a) The existing agreements with the Managing Director and the Executive Director are given below. Either party is entitled to terminate the agreement by giving not less than six months notice in writing to the other party. No severance fees is payable.

Name of Directors	Designation	Period of contract
Mr. A. Soni	Managing Director	27.10.2001 to 24.09.2005
Mr. S. N. Tripathi	Executive Director	25.09.2000 to 24.09.2005

(b) The Company has not introduced any stock options to its directors/employees.

Remuneration of Non-Executive Directors

(a) As the Company continues to face the situation of inadequate profits, basically due to excess of expenditure over income brought forward from preceding years, as per the requirements of Section 349 of the Companies Act, 1956, no commission has been paid to the NEDs for the last many years including the financial year 2004-2005.

(b) The sitting fees for attending Board Meetings and Board Audit Committee Meetings is Rs. 10,000 and for Remuneration Committee Meeting and Shareholders/ Investors Grievance Committee Meeting, it is Rs. 5,000. The maximum sitting fees permitted under the Companies Act, as applicable to the Company, is Rs. 20,000 for each Director per meeting of the Board/Committees.

(c) Details of Sitting Fees paid to the NEDs for the financial year ended 31st March, 2005 are given below:

Non-Executive Directors	Sitting Fees (Rs. in Lakhs)
Mr. Ishaat Hussain	0.90
Mr. N. M. Munjee	1.65
Mr. N. J. Jhaveri	1.10
Mr. S. D. Kulkarni	1.50
Mr. Yash Paul	2.00
Mr. Ravi Kant	0.60
Mr. N. D. Khurody	1.00
Mr. Noel N. Tata	1.00



5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee, apart from reviewing the operations of in-house Share Service Centre 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. Yash Paul, Non-Executive Independent Director is the Chairman of this Committee. The Shareholders/Investors Grievance Committee Meeting is attended by the Company Secretary and the Share Manager. During the financial year 2004-2005, two Meetings were held on 15th April, 2004 and 7th September, 2004. The Minutes of the Shareholders/Investors Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

In line with the directions issued by the Securities Exchange Board of India (SEBI) to have a common share registry, the entire share related work for physical as well as demat shares is carried out by the Company's in-house Share Service Centre. The Company has established direct connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) –the Depositories in respect of shares in demat form. The Share Service Centre is prompt in attending to requests received from shareholders/investors for transfer, split, consolidation as well as for issue of duplicate certificates and completes the process and despatches the certificates quickly, well within the stipulated time. The demat requests are also processed within the stipulated time. Requests for transfer of shares are processed weekly. The number of complaints received from SEBI/Stock Exchange were very few, 9 during the financial year 2004-2005 and the same have been suitably dealt with and resolved. The number of transfers pending as on 31st March, 2005 was 8.

Mr. V. P. Malhotra, General Manager –Taxation & Company Secretary and Mr. A. H. Khilnani, Share Manager liaise with SEBI and other Regulatory authorities in the matter of investor 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.

6. Other Committees

In addition to the above mandatory Committees, the Board has constituted 3 other Committees i.e. Board Committee, Investment Committee and Ethics and Compliance Committee.

(a) The Board Committee comprising any two Directors meet periodically 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 comprising Mr. S. D. Kulkarni, a Non-Executive Independent Director, Mr. A. Soni, Managing Director and Mr. M. M. Miyajiwala, Executive Vice President (Finance) and Chief Financial Officer of the Company, has been constituted to consider and take decisions for investment/ deployment of surplus funds of the Company.

(c) The Ethics and Compliance Committee comprising Mr. N. M. Munjee and Mr. N. D. Khurody, NEDs 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.

7. General Body Meetings

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

Date of AGM	Time
48th AGM - 12 th August, 2002	3.30 p.m.
49th AGM - 18 th August, 2003	3.30 p.m.
50th AGM - 27 th August, 2004	3.30 p.m.

There were no special Resolutions passed by the Company through postal ballot at any of the above Meetings. No Special Resolutions are proposed to be passed through postal ballot at the ensuing Annual General Meeting.

There was no Extraordinary General Meeting held during the year.

8. Details of Directors seeking appointment/reappointment as required under Clause 49VI(A) of the Listing Agreement entered into with Stock Exchanges.

As required under Clause 49VI(A), particulars of Directors seeking reappointment are given in the Explanatory Statements annexed to the Notice of the Annual General Meeting to be held on 29th August, 2005.

9. Disclosures

During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No. 34), 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 related parties do not vote on the related party transactions. 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.

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.

In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a firm of practising 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.

10. Means of Communication

The quarterly and half-yearly results are published in widely circulated newspapers: Asian Age in English and Lokmat 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. are uploaded on the SEBI's EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

The financial results, official news releases and presentations, if any, made to institutional investors or to the analysts are displayed on the Company's website www.voltas.com.

The Management Discussion & Analysis forms part of this Annual Report.

11. General Shareholders Information

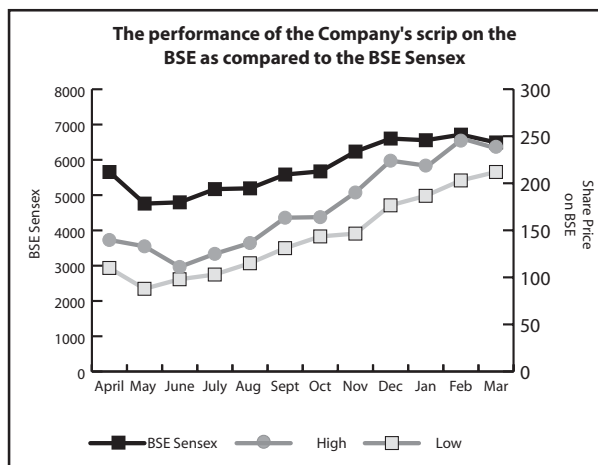
- AGM: Date, time and venue : Monday, 29th August, 2005 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020.
- Financial Calender : (a) 1st April to 31st March
(b) First Quarter Results -By end July
(c) Second Quarter Results -By end October
(d) Third Quarter Results -By end January
(e) Results for the year ending 31st March, 2006 -By end June 2006
- Date of Book closure : Tuesday, 2nd August, 2005 to Monday, 29th August, 2005 (both days inclusive).
- Dividend Payment date : Dividend would be paid on or after 30th August, 2005.
- Listing on Stock Exchange : The Stock Exchange, Mumbai National Stock Exchange of India Limited

The approval of Calcutta Stock Exchange for delisting of Company's equity shares which was pending last year, was received on 30th September, 2004. The Company has paid the listing fees to BSE and NSE for the year 2005-2006.

- Stock Code
 - NSE : VOLTAS
 - BSE : 500575
 - ISIN Number for NSDL/CDSL : INE226A01013

• 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 on the said exchanges is given hereunder :

Month	BSE Sensex	Bombay Stock Exchange (BSE)				National Stock Exchange (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
2004									
April	5655.09	139.75	110.00	779583	1009.09	139.40	110.50	2108096	2716.21
May	4759.62	133.00	87.85	211435	250.24	136.85	90.50	795494	958.71
June	4795.46	111.10	98.00	351145	373.87	113.00	96.00	438850	464.45
July	5170.32	125.00	103.00	675227	790.18	124.00	100.10	1266046	1467.80
August	5192.08	136.50	115.00	1800181	2295.10	136.50	115.00	2580685	3280.03
September	5583.61	163.40	131.05	2587536	3810.96	160.95	130.55	3910761	5747.68
October	5672.27	164.00	143.50	638212	977.61	163.50	144.00	1135312	1736.66
November	6234.29	190.20	146.50	1828530	3039.30	190.00	146.20	3492699	5890.76
December	6602.69	224.00	176.55	2669032	5558.65	225.00	177.15	2720465	5511.41
2005									
January	6555.94	218.80	186.65	439548	882.21	217.70	181.20	924034	1857.61
February	6713.86	247.90	203.00	1705514	3941.74	245.15	204.10	1362833	3062.77
March	6492.82	242.00	212.00	384761	862.84	243.00	210.00	570785	1300.47





• **Distribution of shareholding as on 31st March, 2005**

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Issued Share Capital
Upto 500	51332	4460550	13.48
501 to 1000	1392	1022368	3.09
1001 to 2000	552	790247	2.39
2001 to 3000	165	416026	1.26
3001 to 4000	72	253969	0.76
4001 to 5000	41	189103	0.57
5001 to 10000	44	307658	0.93
10001 and above	76	25648553	77.52
Total	53674	33088474	100.00
Physical Mode	31065	3146349	9.51
Electronic Mode	22609	29942125	90.49

• **Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2005**

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	7873178	23.79
Life Insurance Corporation of India	2842167	8.59
HDFC Trustee Co. Ltd. -HDFC Equity Fund	1465000	4.43
Citigroup Global Markets Mauritius Pvt. Ltd.	1237990	3.74
The New India Assurance Co. Ltd.	1148808	3.47
Tata Investment Corporation Ltd.	1088507	3.29
The Lokprakashan Ltd.	789194	2.39
DSP Merrill Lynch Trustee Co. Pvt. Ltd. A/c DSP Merrill Lynch Opportunities Fund	723998	2.19
General Insurance Corporation of India	679785	2.05
Templeton Mutual Fund A/c Franklin India Flexi CAP Fund	503903	1.52
Templeton Mutual Fund A/c Franklin India Prima Fund	500000	1.51
ABN Amro Asia (Mauritius) Ltd. Class-D	500000	1.51
Tata Trustee Co. Pvt. Ltd. A/c Tata Mutual Fund - Tata Infrastructure Fund	407533	1.23
The India Fund Inc.	385893	1.17
The Oriental Insurance Co. Ltd.	382224	1.16
Prudential IICI AMC Ltd. A/c PMS	381666	1.15
Emerging Markets Management LLC A/c The EMM Umbrella Fund	376956	1.14
Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Advantage Fund	346784	1.05

• **Shareholding Pattern as on 31st March, 2005**

Category	No. of Shares held	% of Issued Share Capital
Tata Group of companies	9177622	27.74
Mutual Funds	5299228	16.02
Financial Institutions	5244554	15.85
FII's	3810073	11.51
Bodies Corporate	2240883	6.77
NRIs	251585	0.76
Nationalised Banks	86418	0.26
Foreign companies	8985	0.03
Directors	1450	0.00
Public	6967676	21.06
Total	33088474	100.00

- Registrar & Transfer Agent : In-house
Voltas Limited,
Share Service Centre
T.B.Kadam Marg
Mumbai - 400 033
Tel : 56656511
Fax : 56656311
e-mail : shareservices@voltas.com
- Share Transfer System : The transfers are processed and approved by the Share Transfer Committee on a weekly basis.
- Dematerialisation of shares and liquidity : 90.49% of the share capital has been dematerialised as on 31st March, 2005.
- 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 Thane, Dadra and Hyderabad
- Addresses for correspondence : Shareholders' correspondence should be addressed to the Company's Share Service Centre at the address mentioned above.
Shareholders holding shares in electronic mode should address all their correspondence to the respective Depository Participants.

• **Unclaimed Dividends**

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim

shall lie against the said fund or the Company for the amount of dividend so transferred. Shareholders are advised to claim the un-cashed dividends lying in the unpaid dividend accounts of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Date of declaration/ payment of dividend	Dividend for the year	Due for transfer to the IEPF
7 th September, 1999	1998-1999	25 th October, 2006
26 th May, 2000 (Interim)	1999-2000	13 th July, 2007
8 th August, 2001	2000-2001	13 th September, 2008
12 th August, 2002	2001-2002	17 th September, 2009
18 th August, 2003	2002-2003	23 rd September, 2010
27 th August, 2004	2003-2004	1 st October, 2011

• **Remittance of Dividend through ECS**

Members desirous of receiving dividend by direct electronic deposit through Electronic Clearing Service (ECS) Scheme of Reserve Bank of India to their bank accounts may authorize the Company with their ECS mandate. For details, kindly write to the Company's Share Service Centre.

• **Bank details for Electronic Shareholding**

While opening Accounts with Depository Participants (DPs), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. However, members who wish to receive dividend in a bank account, other than the one specified while opening the Depository Account, may notify their DPs about any change in bank account details. Members are requested to furnish complete details of their bank accounts including MICR codes of their Banks to their DPs.

• **Bank details for Physical Shareholdings**

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 Share Service Centre to incorporate the same on the dividend warrants.

12. Non-Mandatory Requirements

The Company at present 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.

AUDITORS' CERTIFICATE

To the Members of VOLTAS LIMITED

We have examined the compliance of conditions of Corporate Governance by VOLTAS LIMITED, for the year ended on 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that, according to the statements placed before the Investors' Grievance Committee, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days as at 31st March, 2005.

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

For S.B. BILLIMORIA & CO.
Chartered Accountants

Udayan Sen
Partner

Membership No. 31220

Mumbai,
20th June, 2005



AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of **VOLTAS LIMITED** as at 31st March, 2005, the Profit and Loss Account of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the Returns from the Abu Dhabi and Qatar 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 auditing standards generally accepted in India. These 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose 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 Abu Dhabi and Qatar Branches audited by other auditors;
 - (iii) the report on the accounts of the Abu Dhabi and Qatar 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 and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns;
 - (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (vi) on the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vii) 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, 2005;
 - (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.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

Membership No.31220

Mumbai
20th June, 2005

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation in most cases of such assets.
- (b) As explained to us, most of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us, in our opinion, the procedures for 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) According to the information and explanations given to us, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, having regard to the size of the operations of the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence paragraphs (iii)(b), (c) and (d) are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence paragraphs (iii)(f) and (g) are not applicable.
- (iv) 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 are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, we are of the opinion that the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under the aforesaid Section.
- (b) In our opinion and according to the information and explanations given to us and having regard to our comments in para (iv) above, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, we are of the opinion that the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from public. As per information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) 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 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 and 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.
- (ix) In respect of statutory and other dues :
- (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable other than undisputed Service Tax of Rs. 1,81,302 and undisputed Sales Tax of Rs. 47,730, which have been paid after the year end.



- (b) According to the information and explanations given to us, details of dues of income tax, excise duty and sales tax which have not been deposited as on 31st March, 2005 on account of any dispute are given below :

	Particulars	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
1	Income Tax	High Court	1973-1975, 1990-1991, 1991-1992	9.57
2	Excise Duty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)	1993-1995	40.73
3	Sales Tax	High Court	1987-1989, 1990-2001, 2002-2004	779.89
		Sales Tax Appellate Tribunal	1986-1988, 1989-1999	841.24
		Commissioner (Appeals)	1985-1988, 1989-2004	611.49
		Assessing Authorities	1981-1982, 1985-1988, 1989-1998, 2000-2003	582.33

- (x) The Company does not have accumulated losses as at 31st March, 2005 and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (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 financial institutions, banks and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under Clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- (xv) 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.
- (xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, no fund raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, during the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no material fraud on or by the Company was noticed or reported during the year.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

Mumbai
20th June, 2005

Membership No. 31220

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3305.53	3305.53
2. RESERVES AND SURPLUS	B		16045.62	15594.73
3. TOTAL SHAREHOLDERS' FUNDS			19351.15	18900.26
4. SECURED LOANS	C		7446.73	5208.45
5. UNSECURED LOANS	D		3193.67	3114.79
	TOTAL		29991.55	27223.50
APPLICATION OF FUNDS				
6. FIXED ASSETS	E		8242.73	12259.71
7. INVESTMENTS	F		4621.60	4546.67
8. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Inventories	G	24000.58		15865.65
2. Sundry Debtors	H	36132.81		35770.56
3. Cash and Bank Balances	I	14566.29		9157.96
		74699.68		60794.17
(B) Loans and Advances	J	11742.05		10684.85
		86441.73		71479.02
9. LESS: CURRENT LIABILITIES AND PROVISIONS	K	71467.51		62082.90
10. NET CURRENT ASSETS			14974.22	9396.12
11. DEFERRED TAX ASSET (See Note 10, Schedule 'P')			2153.00	1021.00
	TOTAL		29991.55	27223.50

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

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner
Mumbai, 20th June, 2005

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata

General Manager - Taxation
& Company Secretary
Mumbai, 20th June, 2005

V.P. Malhotra



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. SALES AND SERVICES (See Notes 11 and 32, Schedule 'P')		144143.17		132993.76
Less : EXCISE DUTY		5477.05		5674.46
NET SALES AND SERVICES			138666.12	127319.30
2. OTHER INCOME	L		1952.85	1688.37
3. COST OF SALES, SERVICES AND EXPENSES	M		134217.65	124042.50
4. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS			6401.32	4965.17
5. FINANCIAL ITEMS	N		91.93	(58.31)
6. DEPRECIATION ON FIXED ASSETS			1047.63	1325.49
7. PROFIT BEFORE EXCEPTIONAL ITEMS			5261.76	3697.99
8. EXCEPTIONAL ITEMS	O		504.26	989.29
9. PROFIT BEFORE TAXATION			5766.02	4687.28
10. PROVISION FOR TAXATION				
– Provision for Current Tax [Including Foreign Income Tax Rs.9.15 Lakhs (2003-04 : Rs.44.64 Lakhs)]		488.00		401.64
– Provision for Taxation of Earlier Years [2003-04 : Foreign Income Tax written back Rs. 1.61 Lakhs]		(14.31)		3.01
– Provision for Deferred Tax		239.00		354.00
– Provision for Wealth Tax [Including net provision for earlier years Nil (2003-04 : Rs. 10.61 Lakhs)]		12.00		25.61
			724.69	784.26
11. PROFIT AFTER TAXATION			5041.33	3903.02
12. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			1500.00	1000.00
13. AMOUNT TRANSFERRED FROM INVESTMENT ALLOWANCE RESERVE (UTILISED)			Nil	25.00
14. AMOUNT TRANSFERRED TO FOREIGN PROJECTS RESERVE			Nil	275.00
15. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			50.00	35.00
16. PROFIT AVAILABLE FOR APPROPRIATIONS			6591.33	4688.02
17. APPROPRIATIONS :				
(a) GENERAL RESERVE		2702.33		2068.18
(b) PROPOSED DIVIDEND		1654.42		992.65
(c) TAX ON DIVIDEND		234.58		127.19
			4591.33	3188.02
18. BALANCE CARRIED FORWARD			2000.00	1500.00
Basic and diluted earnings per share (with Exceptional items) (in Rs.) (See Note 14, Schedule 'P')			15.24	11.80

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

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner
Mumbai, 20th June, 2005

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata

General Manager - Taxation
& Company Secretary
Mumbai, 20th June, 2005

V.P. Malhotra

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2005
A. CASH FLOW FROM OPERATING ACTIVITIES

	Rupees in Lakhs	Rupees in Lakhs	2003-2004 Rupees in Lakhs
Net Profit before taxation		5766.02	4,687.28
Add - Adjustments for :			
Depreciation	1047.63		1325.49
Provision for Contingencies	300.00		225.00
Loss on revaluation of assets of discontinued business	29.97		16.15
Provision for Diminution in value of Investments	261.30		(130.43)
Net Profit on Sale/Retirement of Fixed Assets	(1380.92)		(4762.50)
(Profit)/Loss on Sale of Non-Trade Investments	(2.87)		(88.04)
Interest paid [Net]	386.37		180.10
Income from Investments	(294.44)		(238.41)
Provision for Leave Encashment	117.56		42.59
Provision for Gratuity	120.10		(253.52)
(Profit)/Loss on Sale of Trade Investments	(74.05)		(5.11)
(Profit)/Loss on Sale of assets of discontinued business	(12.75)		(5.25)
Deferred Revenue Expenditure Amortised	353.31		3507.98
		851.21	(185.95)
Operating Profit before Working Capital changes		6617.23	4501.33
Less - Adjustments for:			
Increase/(Decrease) in Inventories	8152.15		3088.91
Increase/(Decrease) in Trade and other Receivables	362.25		2509.07
Increase/(Decrease) in Loans and Advances	746.55		388.38
Decrease/(Increase) in Advances from Customers	(3789.43)		1795.47
Decrease/(Increase) in Trade Payables	(4342.53)		(4347.48)
		1128.99	3434.35
Cash generated from operations		5488.24	1066.98
Less:			
Taxes paid	698.48		720.25
Deferred Revenue Expenditure	412.60		2629.74
		1111.08	3349.99
<i>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</i>		4377.16	(2283.01)

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(1330.63)		(1499.30)
Sale of Fixed Assets	1468.85		5133.55
Proceeds from Surrender of Tenancy Rights	139.60		73.50
Purchase of Investments	(851.55)		(3484.24)
Sale of Investments	592.25		2787.46
Interest received	52.83		356.56
Dividend received	241.67		238.41
Advance against issue of Share Capital	Nil		(67.55)
Inter Corporate Deposits & Loans including to Subsidiary companies	0.30		1121.64
<i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i>		313.32	4660.03

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Share Capital (Calls in arrears)	Nil		0.14
Securities Premium (Calls in arrears)	Nil		0.65
Proceeds of Term Loan	3000.00		Nil
Increase/(Decrease) in other Borrowings	(682.84)		(755.65)
Interest paid	(453.98)		(541.68)
Decrease in unpaid Debentures/Deposits	(34.74)		(5.60)
Dividend paid including dividend tax	(1110.59)		(930.05)
<i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i>		717.85	(2232.19)
<i>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		5408.33	144.83
CASH AND CASH EQUIVALENTS AS AT 1-4-2004		9157.96	9013.13
CASH AND CASH EQUIVALENTS AS AT 31-3-2005		14566.29	9157.96

In terms of our Report of even date.

 For S. B. Billimoria & Co.
 Chartered Accountants

Udayan Sen
 Partner

 Mumbai, 20th June, 2005

 Chairman
 Managing Director
 Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata

 General Manager - Taxation
 & Company Secretary
 Mumbai, 20th June, 2005

V.P. Malhotra



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. AUTHORISED		
6,00,00,000 Equity Shares of Rs. 10 each	6000.00	6000.00
40,00,000 Redeemable Preference Shares of Rs.100 each	4000.00	4000.00
TOTAL	10000.00	10000.00
2. ISSUED, SUBSCRIBED AND CALLED UP (See Note 2 ,Schedule 'P')		
3,30,88,474 Equity Shares of Rs.10 each	3308.85	3308.85
Less : Calls in Arrears	3.32	3.32
TOTAL	3305.53	3305.53

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. SECURITIES PREMIUM			
As per last Balance Sheet	617.51		616.86
Add: Calls in Arrears received during the year	Nil		0.65
		617.51	617.51
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. INVESTMENT ALLOWANCE RESERVE (UTILISED)			
As per last Balance Sheet	Nil		25.00
Less : Transferred to Profit and Loss Account	Nil		25.00
		Nil	Nil
5. GENERAL RESERVE			
As per last Balance Sheet	11576.00		9507.82
Add : Transferred from Profit and Loss Account	2702.33		2068.18
Less : Impairment of Fixed Assets [Net of Deferred Tax Asset of Rs.1371 Lakhs] (See Note 10, Schedule 'P')	2701.44		Nil
		11576.89	11576.00
6. STAFF WELFARE RESERVE			
As per last Balance Sheet		1.00	1.00
7. FOREIGN PROJECTS RESERVE			
As per last Balance Sheet	1619.00		1379.00
Add : Transferred from Profit and Loss Account	Nil		275.00
Less : Transferred to Profit and Loss Account	50.00		35.00
		1569.00	1619.00
8. PROFIT AND LOSS ACCOUNT		2000.00	1500.00
TOTAL		16045.62	15594.73

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
LOANS FROM BANKS (See Note 3, Schedule 'P')	7446.73	5208.45
TOTAL	7446.73	5208.45

SCHEDULE 'D': UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. FIXED DEPOSITS	1193.67	1614.79
2. SHORT TERM LOANS AND ADVANCES Commercial Paper	2000.00	1500.00
TOTAL	3193.67	3114.79

Commercial Paper from Banks [maximum amount outstanding at any time during the year : Rs.4000 Lakhs (2003-2004 : Rs. 2000 Lakhs)]

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

Particulars	GROSS BLOCK AT COST OR BOOK VALUE				DEPRECIATION					NET BLOCK	
	As at March 31, 2004	Additions	Deductions	As at March 31, 2005	Up to March 31, 2004	For the Year	On Dedu- ctions	Impair- ment	Up to March 31, 2005	As at March 31, 2005	As at March 31, 2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				(1+2-3)					(5+6-7+8)	(4-9)	(1-5)
	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. Leasehold Land	3.03	Nil	Nil	3.03	Nil	Nil	Nil	Nil	Nil	3.03	3.03
2. Other Land	81.22	Nil	2.08	79.14	Nil	Nil	Nil	8.63	8.63	70.51	81.22
3. Buildings *	5289.05	25.18	133.47	5180.76	1491.91	102.65	78.06	650.52	2167.02	3013.74	3797.14
4. Plant & Machinery **	15499.43	614.99	980.67	15133.75	8587.36	671.67	794.71	3287.51	11751.83	3381.92	6912.07
5. Furniture & Fittings	1536.57	51.06	47.91	1539.72	1000.11	117.28	42.59	56.72	1131.52	408.20	536.46
6. Vehicles (See Note 21 ,Schedule 'P')	617.89	41.40	59.22	600.07	184.92	51.49	34.76	23.37	225.02	375.05	432.97
7. Intangible Assets											
- Manufacturing Rights & Technical Know-how	1299.54	Nil	Nil	1299.54	1221.31	39.17	Nil	Nil	1260.48	39.06	78.23
- Software	326.83	Nil	Nil	326.83	5.44	65.37	Nil	Nil	70.81	256.02	321.39
	24653.56	732.63	1223.35	24162.84	12491.05	1047.63	950.12	4026.75***	16615.31	7547.53	12162.51
8. Capital Work-in-Progress [Including advances against Capital Expenditure Rs. 271.38 Lakhs (31-03-2004: Rs. 23.86 Lakhs)]				695.20						695.20	97.20
				24858.04						8242.73	12259.71

* includes Rs.0.46 Lakh being cost of shares and bonds in Co-operative Housing Societies.

** The opening original cost and accumulated depreciation of plant and machinery has been increased by Rs. 10.56 Lakhs and Rs. 10.04 Lakhs respectively as assets of discontinued operations lying in inventories have been taken to fixed assets.

*** The impairment of Rs. 4026.75 Lakhs is net of reversal of Rs. 45.69 Lakhs consequent upon sale of certain impaired assets which has been accounted for under Profit on Sale of Assets (Schedule 'L').


SCHEDULE 'F' : INVESTMENTS (at Cost)

	No.	Currency/ Face Value		Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 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. (12,937 shares purchased during the year)	14,56,087	Rs.	10	203.54		202.25
Agro Foods Punjab Ltd. (See Note 4, Schedule 'P')	2,80,000	Rs.	100	Nil		Nil
Westerwork Engineers Ltd.	9,600	Rs.	100	109.29		109.29
Simtools Ltd.	23,576	Rs.	100	37.29		37.29
Metrovol FZE, Jebel Ali, UAE	1	AED	2000000	10.78		10.78
VIL Overseas Enterprises B.V., The Netherlands	13,635	EURO	45.38	265.21		265.21
					1191.11	1189.82
Other fully paid 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.	60,000	Rs.	100	600.48		600.48
Hindustan Oil Exploration Ltd. (1,00,000 shares sold during the year)	Nil	Rs.	10	Nil		15.00
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 Pvt. Ltd.	24	Rs.	1000	0.23		0.23
Universal Comfort Products Pvt. Ltd. (35,00,000 shares subscribed during the year)	1,38,21,000	Rs.	10	1382.10		1032.10
Tata Industries Ltd.	8,70,480	Rs.	100	874.59		874.59
Tata Projects Ltd.	22,500	Rs.	100	26.25		26.25
Sermo - PM India Ltd.	65,00,000	Rs.	10	650.00		650.00
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
Lalbuksh Voltas Engineering Services and Trading LLC, Muscat, Sultanate of Oman	3,000	RO	10	8.14		8.14
Weathermaker Ltd., Jebel Ali, UAE	98,026	US \$	1	31.01		31.01
Emirates Voltas LLC, Dubai, UAE	980	AED	1000	Nil		95.55
Saudi Ensas Company for Engineering Services Ltd., Saudi Arabia	2,000	SR	100	17.90		17.90
AVCO Marine S.a.S., France	1,910	Euro	10	7.97		7.97
Rujuvalika Investments Ltd.	1,83,333	Rs.	10	30.00		30.00
Rallis India Ltd.						
7.5% Cumulative Redeemable Preference Shares	50,00,000	Rs.	10	500.00		500.00
					4619.20	4379.75

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

	No.	Currency/ Face Value		Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
2. OTHER INVESTMENTS						
Fully paid 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
Hyderabad Allwyn Employees' Consumer Co-operative Stores Ltd.	250	Rs.	10	0.02		0.02
Debentures:						
QUOTED:						
9% Secured Fully paid Redeemable non convertible debentures of Hindustan Lever Ltd. (46,110 debentures redeemed during the year)	Nil	Rs.	6	Nil		Nil
UNQUOTED:						
6.5% non-redeemable registered debentures of the Bengal Chamber of Commerce and Industry (7 debentures redeemed during the year)	Nil	Rs.	1000	Nil		0.07
Units of Mutual Funds:						
QUOTED:						
Unit Trust of India - 6.75% Tax Free US 64 Bonds	1,64,585	Rs.	100	164.59		164.59
					164.74	164.81
TOTAL LONG TERM INVESTMENTS					595.05	5734.38
CURRENT INVESTMENTS						
Units of Mutual Funds:						
QUOTED:						
Tata Liquid Super High Investment Fund –Daily Dividend (4,83,383 units purchased and sold during the year – Cost Rs.500.26 Lakhs)				Nil		Nil
Government Securities:						
UNQUOTED:						
National Saving Certificates				0.50		0.56
Other than Treasury Bills				0.05		0.05
Other Securities						
QUOTED:						
Tata Finance Ltd.	1,21,027	Rs.	10	38.91		38.91
Hindustan Lever Ltd.	20,000	Re.	1	4.88		4.88
TOTAL CURRENT INVESTMENTS					44.34	44.40
TOTAL INVESTMENTS					6019.39	5778.78
Less : PROVISION FOR DIMINUTION IN VALUE					1397.79	1232.11
				TOTAL	4621.60	4546.67
* Cost Rs.100 (31-3-2004 : Rs. 100)					1017.35	1032.35
** Cost Rs.20 (31-3-2004 : Rs. 20)					5414.78	3358.04
Quoted : Cost					5002.04	4746.43
: Market Value						
Unquoted : Cost						
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 'G' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. STORES AT OR BELOW COST		17.13	86.89
2. ASSETS OF DISCONTINUED OPERATIONS AT ESTIMATED REALISABLE VALUE		Nil	52.80
3. STOCK-IN-TRADE :			
(a) Raw Materials and Components, at the lower of Cost (Less : Written off for obsolescence) and Market Value	5450.87		3822.76
(b) Work-in-Progress, at cost (See Note 5, Schedule 'P') Less : Amounts Invoiced	44859.89 35097.58		13940.94 <u>9424.53</u>
	9762.31		4516.41
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less : Written off for obsolescence) and Market Value	8770.27		<u>7386.79</u>
		23983.45	15725.96
TOTAL		24000.58	<u>15865.65</u>

SCHEDULE 'H' : SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT			
(i) Over six months old	141.54		168.67
(ii) Others	Nil		<u>Nil</u>
		141.54	168.67
2. OTHER SALES			
(i) Over six months old	13236.15		12929.17
(ii) Others [including due from subsidiaries : Nil (31-3-2004 : Nil)]	25370.30		<u>24628.97</u>
		38606.45	<u>37558.14</u>
		38747.99*	37726.81*
3. Less : PROVISION FOR DOUBTFUL DEBTS		2615.18	<u>1956.25</u>
TOTAL		36132.81	<u>35770.56</u>
* Of the above debts			
(a) Fully secured		1287.63	1340.10
(b) Unsecured, considered good		34845.18	34430.46
(c) Considered doubtful		2615.18	<u>1956.25</u>
TOTAL		38747.99	<u>37726.81</u>
1. Due by Officers		0.07	0.08
2. Maximum due by Officers at any time during the year		0.08	0.10
3. Due by Government and Semi-Government parties		5414.29	6312.15
4. Due by firms or private companies respectively in which any Director of the Company is a Partner, a Director or a Member		277.01	55.50

SCHEDULE 'I' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	1701.74	1679.46
2. BANK BALANCES WITH SCHEDULED BANKS (See Note 6, Schedule 'P')	4604.07	2234.96
3. BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 7, Schedule 'P')	8260.48	5243.54
TOTAL	14566.29	9157.96

SCHEDULE 'J' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. ADVANCES TO SUBSIDIARY COMPANIES (See Note 8, Schedule 'P')	343.91	217.03
2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	7880.56	6936.75
3. ADVANCE PAYMENT OF TAXES	2597.83	2317.00
4. LOANS TO EMPLOYEES	223.55	211.00
5. DEPOSITS WITH CUSTOMERS / OTHERS	1033.05	1107.34
6. INTERCORPORATE DEPOSITS	1000.00	1000.00
7. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	450.84	358.43
	13529.74*	12147.55*
Less : PROVISION FOR DOUBTFUL ADVANCES	1787.69	1462.70
TOTAL	11742.05	10684.85
* Of the above advances		
(a) Fully Secured	203.53	198.10
(b) Unsecured, considered good	11538.52	10486.75
(c) Considered doubtful	1787.69	1462.70
TOTAL	13529.74	12147.55
1. Due by Officers	6.64	7.67
2. Maximum due by Officers at any time during the year	7.67	8.65



SCHEDULE 'K': CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		3473.35	2256.87
2. SUNDRY CREDITORS (See Note 9, Schedule 'P') [including subsidiaries : Rs. 52.23 Lakhs (31-3-2004 : Nil)]		41184.99	38378.36
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers / Others [including subsidiaries Rs.16.54 Lakhs (31-3-2004 : Nil)]	14085.48		10231.80
(b) Against Unexpired Service Contracts	966.87		1031.12
		15052.35	11262.92
4. OTHER LIABILITIES		1792.77	1915.64
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		135.12	164.42
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * :			
(a) Unpaid Dividend		48.96	37.17
(b) Unpaid Matured Deposits		25.22	54.04
(c) Unpaid Matured Debentures		22.13	28.05
(d) Interest accrued on (b) and (c) above		17.83	25.96
TOTAL (A)		61752.72	54123.43
(B) PROVISIONS			
7. PROVISION FOR TAXATION		735.71	667.67
8. PROPOSED DIVIDEND		1654.42	992.65
9. PROVISION FOR CORPORATE DIVIDEND TAX		232.03	127.19
10. PROVISION FOR TRADE GUARANTEES (See Note 9, Schedule 'P')		1990.89	1548.59
11. PROVISION FOR LEAVE ENCASHMENT		806.77	689.21
12. PROVISION FOR FUTURE PENSION		1117.98	1177.27
13. PROVISION FOR GRATUITY		1451.99	1331.89
14. PROVISION FOR CONTINGENCIES (See Note 9, Schedule 'P')		1725.00	1425.00
TOTAL (B)		9714.79	7959.47
TOTAL (A) + (B)		71467.51	62082.90

* The figures reflect the position as at 31st March, 2005. The actual amount to be transferred to Investor Education and Protection Fund in respect thereof shall be determined on the due dates.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE 'L': OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Miscellaneous Income	977.04	571.69
2. Profit/(Loss) on Sale/Retirement of Fixed Assets (Net) (including Capital Surplus of Rs. 57.59 Lakhs)	18.88	Nil
3. Profit on Sale of Non-Trade Investments	2.87	88.04
4. Rent Received	812.32	817.35
5. Sundry Recoveries	141.74	132.39
6. Adjustment in respect of previous years (Net)	Nil	78.90
TOTAL	1952.85	1688.37

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

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2004 [including Work-in-Progress : Rs.13940.94 Lakhs (1-4-2003 : Rs.16943.41 Lakhs)]		25150.49	26331.13
2. Purchases and cost of jobs, manufacture and services		137023.63	93707.20
3. Stock-in-Trade per 31-3-2005 [including Work-in-Progress : Rs. 44859.89 Lakhs (31-3-2004 : Rs. 13940.94 Lakhs)]		59081.03	25150.49
4. Cost of Sales and Services (1 + 2 - 3)		103093.09	94887.84
5. Staff Expenses			
(a) Salaries, Wages and Bonus	12210.74		10259.41
(b) Company's contribution to Provident Funds and other Funds	831.00		815.57
(c) Retiring Gratuity	420.24		526.54
(d) Welfare Expenses	973.27		1017.06
		14435.25	12618.58
6. Forwarding Charges (Net) (See Note 12, Schedule 'P')		852.15	574.90
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		1327.58	2278.82
8. Advertising (Net) (See Note 12, Schedule 'P')		828.90	315.98
9. Rent paid	953.39		710.83
Less : Rent recovered	40.16		50.96
		913.23	659.87
10. Rates and Taxes		155.97	156.22
11. Insurance		279.91	224.86
12. Stores Consumed		196.30	197.48
13. Power		350.25	407.05
14. Repairs to Buildings		93.15	76.00
15. Repairs to Plant and Machinery		252.54	388.08
16. Travelling		2169.42	1587.94
17. Conveyance		701.50	628.59
18. Stationery, Postage, Telex and Telephone		1169.06	1030.20
19. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs. 4.48 Lakhs (2003-2004 : Rs. 1.85 Lakhs) and Service Tax Rs. 3.67 Lakhs (2003-2004 : Rs. 2.40 Lakhs)	44.15		34.25
(b) In Other capacity	38.01		32.85
		82.16	67.10
20. Audit fees payable to Branch Auditors (See Note 19, Schedule 'P')		13.41	14.33
21. Audit fees payable to Cost Auditors		0.23	0.21
22. Legal and Professional charges		1065.87	2360.97
23. Other expenses (See Note 12, Schedule 'P')		4805.33	3851.87
24. Bad and Doubtful Debts / Advances (Net)		1363.37	1672.90
25. Donations and Charities		47.56	15.23
26. Adjustment in respect of previous years (Net)		21.42	Nil
27. Net Loss on Sale of Fixed Assets [including capital surplus Nil (2003-2004 : Rs. 1.57 Lakhs)]		Nil	27.48
TOTAL		134217.65	124042.50



SCHEDULE 'N' : FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	480.10		506.20
(b) On other accounts	197.80		157.44
		677.90	663.64
2. Less: Interest received in respect of sales on deferred payment terms and other accounts-Gross (See Note 13, Schedule 'P') [Tax deducted at source Rs. 7.58 Lakhs (2003-2004 : Rs. 41.02 Lakhs)]		291.53	483.54
		386.37	180.10
3. Less : Income from Investments [Tax deducted at source Rs. 5.31 Lakhs (2003-2004 : Nil)]			
(a) Dividend from Subsidiary companies	147.76		138.36
(b) Trade Investments	133.79		86.48
(c) Other Investments	12.89		13.57
		294.44	238.41
TOTAL		91.93	(58.31)

SCHEDULE 'O' : EXCEPTIONAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Profit on Sale of Property / Transfer of Development Rights/ Surrender of Tenancy Rights (See Note 23, Schedule 'P') [Including Capital Surplus Rs. 1200.46 Lakhs (2003-2004 : Rs. 4713.93 Lakhs)]		1362.04	4789.98
2. Profit on Sale of Trade Investments		74.05	5.11
3. Net Provision for doubtful advances written back		Nil	77.71
4. Profit on Conversion of Units of UTI - US 64 into UTI - US 64 Bonds (Net of Provision)		Nil	0.40
		1436.09	4873.20
Less:			
5. Provision for diminution in value of Investments		261.30	7.97
6. Cost of Voluntary Retirement Scheme amortised		353.31	3507.98
7. Loss on revaluation of assets of discontinued business [Net of Profit on sale of assets Rs. 12.75 Lakhs (2003-2004 : Rs. 5.25 Lakhs)]		17.22	10.90
8. Provision for doubtful advances (Net)		Nil	132.06
9. Provision for Contingencies (See Note 9, Schedule 'P')		300.00	225.00
		931.83	3883.91
TOTAL		504.26	989.29

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

1. ACCOUNTING POLICIES

(i) All revenues, costs, assets and liabilities are accounted for on accrual basis.

(ii) SALES AND SERVICES

(a) Sales exclude sales tax and works contract tax but include excise duty. Consignment sales are excluded from sales and services, but commission earned on such 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 are completed.

(c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion on 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 contract costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

(iii) DEPRECIATION / AMORTIZATION

Depreciation on all fixed assets has been provided on 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 Written Down Value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

(iv) PROVISION FOR TRADE GUARANTEES

Provision for estimated cost to be incurred in providing warranty service is made in the accounts in the year in which the sale of goods is effected and any shortfall or excess is accounted as revenue on expiry of the guarantee period.

(v) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

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

Machinery developed in-house is capitalized at prime cost exclusive of standing charges but inclusive of excise duty net of MODVAT, octroi duty and receiving/installation charges. Additional cost arising out of increase in liability on loans taken for acquisition of plant and machinery resulting from exchange fluctuation is adjusted to the cost of the asset and depreciated over the balance life of the asset.

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date of capitalization is capitalized.

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.

(vi) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization.

(vii) 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 those assets is estimated and Impairment is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. In accordance with the Transitional Provision in Accounting Standard (AS) 28, impairment of assets determined at the commencement of the year has been adjusted against the opening balance of General Reserve.

(viii) PROVISIONS AND CONTINGENCIES

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its 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 not recognised.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

(ix) INVESTMENTS

Long term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

(x) CURRENT ASSETS

Current Assets are accounted at cost or realisable value whichever is lower.

Inventories including Work-in-Progress other than Construction Contracts, are valued at cost or market value whichever is lower, cost being worked out on weighted average basis. Cost includes all charges incurred for bringing the goods to the point of sale, including excise duty, octroi and other levies, transit insurance and receiving charges. With regard to Construction Contracts, Work-in-Progress includes profits/losses to the extent recognised.

(xi) TAXES ON INCOME

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

Deferred Tax is recognised, on timing differences, being the difference between taxable income and 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 realize such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

(xii) FOREIGN EXCHANGE TRANSACTIONS/TRANSLATIONS

(a) The foreign branches of the Company have been classified as "Integral foreign operations." Revenue transactions (other than depreciation) of foreign branches are incorporated in the Company's accounts at 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 rate of exchange prevailing on the last working day of the year. Depreciation is translated at the average rate applicable to fixed assets.

(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 (other than for fixed assets) are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

(xiii) DEFERRED REVENUE EXPENDITURE

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

(xiv) PREOPERATIVE EXPENSES OF NEW PROJECTS

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under Capital Work-in-Progress, pending capitalisation.

(xv) RETIRAL BENEFITS

Cost of retiral benefits in respect of employees in India like Provident Fund, Superannuation Fund, Pension, Gratuity and Leave Encashment are accounted on accrual basis. The liability in respect of Gratuity, Pension and Leave Encashment is determined on actuarial basis.

The cost of retirement benefits in respect of employees abroad, like Gratuity and Leave Encashment are accounted on accrual basis and in accordance with local laws of respective countries.

The cost in respect of post retirement medical benefits available to certain categories of staff is accounted on the basis of claims received as they are not categorized as Defined Benefit Schemes under AS-15 –Accounting for Retirement Benefits in the Financial Statements of Employers.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)
2. SHARE CAPITAL

Equity Share Capital includes:

- (a) 97,66,130 shares of Rs.10 each allotted as fully paid bonus shares by capitalising Rs. 80.82 Lakhs out of Securities Premium Account, Rs.100.00 Lakhs from Capital Reserve and Rs. 795.79 Lakhs out of General Reserve.
- (b) 17,72,904 shares of Rs.10 each allotted to 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) 1,19,78,400 shares of Rs.10 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 Lakhs	As at 31-3-2004 Rupees Lakhs
(a) Loan from Exim Bank [Deposit of title deeds of certain immovable properties of the company]	3000.00	Nil
(b) Working Capital Demand Loan	4000.00	5000.00
(c) Loan from ICICI Bank (Against hypothecation on vehicles)	18.27	30.57
(d) Cash Credit [Items (b) to (d) are hypothecated by way of a first charge to and in favour of the participating banks ranking <i>pari passu inter se</i> without any preference or priority to one over the other(s) on all stocks and book debts].	428.46	177.88
	7446.73	5208.45

4. INVESTMENTS

- (a) Under a loan agreement for Rs. 60.00 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.
- (b) In respect of Company's investment in 2640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur, restraining the transfer of these shares. The share certificates are however in the possession of the Company. Pending disposal of the case, dividend on these shares has not been received.

5. INVENTORIES –WORK-IN-PROGRESS, AT COST

With regard to construction contracts that are in progress as at the year end, the aggregate amounts of costs incurred and net recognised profits is Rs. 32954.49 Lakhs. For such contracts in progress, the total amount of advances received is Rs. 4562.61 Lakhs and the amount of Retentions is Rs. 1067.62 Lakhs. The gross amount due from customers is Rs. 6069.70 Lakhs and the gross amount of billing and advances from customers are Rs. 10911.34 Lakhs.

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

	Rupees Lakhs	As at 31-3-2004 Rupees Lakhs
(a) On Current Accounts	3257.12	1680.36
(b) On Fixed Deposit Account	1346.95	554.60
	4604.07	2234.96



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

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

	Rupees Lakhs	As at 31-3-2004 Rupees Lakhs
(a) ON CURRENT ACCOUNTS		
Abu Dhabi Commercial Bank, Abu Dhabi, UAE; HSBC Bank Middle East, Abu Dhabi, UAE; Doha Bank, Qatar; Commercial Bank of Qatar, Qatar; Union National Bank, Abu Dhabi, UAE; HSBC Bank Middle East, Qatar; Emirates Bank International, Dubai, UAE [Maximum balance during the year Rs. 9719.08 Lakhs (2003-2004 : Rs. 9901.31 Lakhs)]	2279.68	605.83
(b) ON FIXED DEPOSIT ACCOUNTS		
Abu Dhabi Commercial Bank, Abu Dhabi, UAE; Commercial Bank of Qatar, Qatar; Doha Bank, Qatar; HSBC Bank Middle East, Abu Dhabi, UAE; Union National Bank, Abu Dhabi, UAE; Emirates Bank International, Dubai, UAE [Maximum balance during the year Rs. 8248.20 Lakhs (2003-2004 : Rs. 9675.75 Lakhs)]	5980.80	4637.71
	8260.48	5243.54

8. LOANS AND ADVANCES

Loans and Advances in the nature of Loans given to Subsidiaries and Associates etc:

Sr.No.	Name of the Company	Maximum Balance during the year	
		As at 31-3-2004 Rupees Lakhs	As at 31-3-2004 Rupees Lakhs
1.	Auto Aircon (India) Ltd.	72.37	77.28
2.	Metrovol FZE	Nil	0.90
3.	Simtools Ltd.	271.54	138.85

Notes :

Loans and Advances shown in 1 and 2 above, to subsidiaries fall under the category of 'Loans and Advances in nature of Loans where there is no repayment schedule and no interest is payable.'

9. CURRENT LIABILITIES AND PROVISIONS

(a) Sundry Creditors include Rs. 457.08 Lakhs (31-3-2004: Rs. 845.04 Lakhs) due to Small Scale Industrial Undertakings (SSI Units) as identified by the Company and relied upon by the auditors.

(b) SSI Units to whom the Company owes a sum outstanding for more than 30 days are as follows:

Advance Valves Co., Advance Valves Pvt. Ltd., Air-Master Equipments India Pvt. Ltd., Anergy Instruments, C & R Pumps & Valves (P) Ltd., Caryaire Equipments (I) Pvt. Ltd., Castles Valves Ltd., Composite Aqua Systems & Equipments (P) Ltd., Divine Engineering & Associates, Emerald Enterprises, Flowlink Industries (P) Ltd., H Guru Industries, H Sarkar & Co., Hemant Engineers, Instrumentation Engineers Pvt. Ltd., Inteco Colloids Pvt. Ltd., Intertec., J. S. Engineering Works, Keystone India Pvt. Ltd., Khokhar Electricals Pvt. Ltd., Navtech Enterprises Pvt. Ltd., O. P. Engineering, O. P. Industries, Om Prakash & Associates Pvt. Ltd., Peekey International, Rapid Controls Pvt. Ltd., Rapid Cool, Resistoflex (P) Ltd., Ratisvar Udyog, Sandhu Engineering Works, Sant Industrial Controls Pvt. Ltd., Sri Balaji Insulations (P) Ltd., Suburban Indl. Works (Lessee), Swastika Industries, Tanus Sheet Metal Industries, Thermadyne Pvt. Ltd., TSC Instruments Pvt. Ltd., Valtec Controls Pvt. Ltd., Zeco Aircon Ind Pvt Ltd., New M. Electric Works, AC Duct Works Ltd., Advanced Reinforced Plastics Ltd., Air Action Equipments Ltd., Ajanta Engineering Works, Ajanta Sheet Metal Works, Boopathy Associates, KC Industries & Fabricators, Micrologic Automation, Purogen Industries, Three Star Airtech, Thittanix Instruments, Aerosol Filters Pvt. Ltd., Autocom Industries, Airtech, Allwyn Rubber Industries, Amit Engineering, Chokshi Industrial Products Pvt. Ltd., Ethos HVAC System Pvt. Ltd., Industrial Instruments, Jai Rubber Products, Metasys Corporation, Micro Power Control, Neogen Chemicals Pvt. Ltd., Nutech Construction Pvt. Ltd., Shreyas Gaskets, Softhard Automation Pvt. Ltd., Softhard Sales & Services, Susham & Co., Volthermic Heaters Pvt. Ltd., Pulsers Engineering, Howrach Machinery Corpn., Dipsi Chemicals Pvt. Ltd., Anil & Sridhar Plastic Works, Annapurna Earcanal Private Ltd., Annapurna Electr. & Ser. Pvt. Ltd., Annapurna Kenmore Tube Pro., Aparna Controls (P) Ltd., Arasna Industries, Cheekatla Polymers (P) Ltd., Classic Motors, Classic Service Engineers, Crystal Coated Products (P) Ltd., Dieco Industries, Esvee Industries, Hyderabad Coils Pvt. Ltd., Hyderabad Press Products, Innovative Polymers (P) Ltd., Jyoti Press Products, K. A. A. Cottage Metal Works, Kusuma Venkateswara Plastics, Lakshmi Srinivasa Press, Light Engineering Industries,

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

Mahesh Enterprises, Perfect Packaging Industries, Precision Press Products, Push Trading Company Private Ltd., Rajat Coats Private Ltd., S V S Wires Pvt. Ltd., Sai Sowmya Products, Saketh Industries, Sampat Industries, Screen Graphics, Siri Technologies, Sravanthi Electronics, Sree Tirumala Industries, Sreerama Press Products, Sri Ram Industries, Sri Tech., Sudha Enterprises, Sun Plast 'O' Met Ltd., Valmeti Industries, VSK Electronics, G. B. Iron & Steel Industries, Jsons Foundry Pvt. Ltd., Tatyasaheb Enterprises, Suk-Har Engineering Pvt. Ltd., BM Engineers, Curtis Instruments Pvt. Ltd., Dalip Manufacturers & Co., Dantal Hydraulics Ltd., Jhawar Industries, Sea Linkers., BM Engineers, Jaico Seals., National Radiators, Uniwel Industries, Weldon Engineers, Bemco India Pvt. Ltd., Doshi Enterprises, Excel Engineers, Fitzer Instruments, Hind Engineering., Midland Industries, Mechdes Engineers, New Bharat Mechanical Works, Neogen Chemicals, Precise Vaccum Systems, Process Instruments Corporation, Pune Fin Tube P Ltd., Quality Product Finishers, Rajesh Industries, Royal Engineering Works, Steel Weld, S. B. Workshop, U. M. Engineering Ltd., Vinod Enterprises, S. M. Engineers, Super Alloys & 233 Mertals, Shlokama Enterprises, Aryan Paper Containers, J. K. Insulations, Cassio Electronics Pvt. Ltd., Hansel Electronics (Kolkata), Presvi Controls, Systematic Engineering, Comcon, The Calicut Tile Company, Bell Engineering Works.

(c) Provisions

	Opening Balance	Additions	Utilisation/ Reversal	Rupees Lakhs Closing Balance
Trade Guarantee	1548.59	1649.85	1207.55	1990.89
Contingencies	1425.00	850.00	550.00	1725.00

With regard to Trade Guarantee, proportionate reversal of provision is made over the period of the guarantee and the costs are charged directly to Cost of Sales. With regard to provision for Contingencies Rs. 550.00 Lakhs is a reversal of provision.

10. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are:

	Deferred Tax Assets	Deferred Tax Liabilities	As at 31st March, 2004	
	Rs. Lakhs	Rs. Lakhs	Deferred Tax Assets	Deferred Tax Liabilities
			Rs. Lakhs	Rs. Lakhs
(i) Depreciation [Net of Deferred tax asset of Rs. 1371 Lakhs arising from Impairment of Fixed Assets]	—	1238	—	2681
(ii) Unabsorbed Depreciation	—	—	232	—
(iii) VRS	637	—	1084	—
(iv) Unpaid Statutory Liability	836	—	792	—
(v) Provision for Doubtful Debts and Advances	1482	—	1227	—
(vi) Provision for Contingency	295	—	314	—
(vii) Others	141	—	53	—
Total	3391	1238	3702	2681
Net Timing Differences	2153	—	1021	—

11. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs. 67212.77 Lakhs.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

12. OPERATING AND ADMINISTRATION EXPENSES

- (i) Forwarding charges are net of Freight Recovery of Rs. 318.21 Lakhs (2003-2004 : Rs. 246.54 Lakhs).
(ii) Advertising Expenses are net of Advertisement Recovery of Rs. 287.05 Lakhs (2003-2004 : Rs. 602.78 Lakhs).
(iii) Other Expenses include :

	2003-2004
	Rupees Lakhs
(a) Payment to Directors other than Wholetime Directors for Sitting Fees	9.75
(b) Lease rentals	46.32
(c) Foreign Exchange Loss (Net)	119.98

2003-2004
Rupees
Lakhs

13. Interest received in respect of sales on deferred payment terms and other accounts includes Rs 81.52 Lakhs (2003-2004 : Rs 49.49 Lakhs) being the interest received on Income Tax Refund.

14. Earnings per Share has been computed as under:

	2003-2004
Net profit (Rs. Lakhs)	5041.33
Weighted average number of Equity shares Outstanding	330,88,474
Earnings Per Share (Rs.) –Basic and Diluted (Face value of Rs. 10 per share)	15.24

2003-2004

15. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 1926.21 Lakhs (31-3-2004 : Rs. 44.17 Lakhs). Advance paid against such contracts: Rs. 668.18 Lakhs (31-3-2004 : Rs. 23.86 Lakhs).

16. Contingent liabilities not provided for

- (a) Guarantees on behalf of other companies:

Limits Rs. 2466.01 (31-3-2004 : Rs. 2114.29 Lakhs) against which amount outstanding was Rs 1891.00 Lakhs (31-3-2004 : Rs. 2114.29 Lakhs).

- (b) Cheques discounted with Banks: Amount Indeterminate.

- (c) Claims not acknowledged as debts:

In respect of various matters Rs. 21499.09 Lakhs (31-3-2004 : Rs. 21035.11 Lakhs), net of tax Rs. 19813.35 Lakhs (31-3-2004 : Rs. 19418.03 Lakhs) against which a provision has been made for contingencies Rs 1725 Lakhs (31-3-2004 : Rs. 1425 Lakhs). In respect of a contingent liability of Rs. 2956 Lakhs (31-3-2004 : Rs. 2956 Lakhs) the Company has a right to recover the same from a third party.

	Rupees Lakhs
Taxes, Cesses and Duties	9285.35
Contractual matters in the course of business	7871.52
Real Estate Disputes and Demands	3885.77
Ex-employees matters	200.00
Others	256.45
	21499.09

- (d) Income tax demands :

(i) In respect of matters decided in Company's favour by Appellate Authorities where the Department is in further appeal –Rs. 453.55 Lakhs (31-3-2004 : Rs. 501.76 Lakhs)

(ii) In respect of other matters –Rs. 1891.99 Lakhs (31-3-2004 : Rs. 2744.47 Lakhs).

- (e) Staff demands under adjudication : Amount indeterminate.

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

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

17. In respect of guarantees issued by the Company's bankers against Acceptances co-accepted, aggregating Rs. 184.72 Lakhs (31-3-2004: Rs. 2256.87 Lakhs) there is a charge in favour of the Company's bankers by hypothecation of all tangible movable assets, part of book debts and part of the fixed assets of the Company. In addition, in respect of guarantees aggregating Rs. 26256.63 Lakhs (31-3-2004: Rs.17820.91 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 'Q' for Computation of Net Profit in accordance with Sections 198 and 309 of the Companies Act, 1956):

	Rupees Lakhs	2003-2004 Rupees Lakhs
Remuneration to the Managing Director and Wholetime Director (inclusive of contribution to Provident and other funds : Rs.8.10 Lakhs, estimated money value of benefits : Rs. 6.71 Lakhs and commission : Nil)	93.98	78.67

19. (a) Amounts payable to Auditors in Other capacity :

	Rupees Lakhs	2003-2004 Rupees Lakhs
Tax Matters	11.25	7.58
Company Law Matters	0.30	0.25
Other Services	23.14	22.58
Service Tax	3.32	2.44
(b) Remuneration to Branch Auditors		
Audit Fees	13.29	14.14
Other Services	0.12	0.19

20. The Company had taken over, on amalgamation of Hyderabad Allwyn Ltd. with the Company, borrowings from Financial Institutions (FIs) and Banks. The Company has since repaid the borrowings including interest. However, letters of satisfaction/release were received from seven banks and five FIs. Two banks and six FIs are under the process of settlement.

21. Fixed assets acquired under Lease:

- (a) Vehicles costing Rs. 48.68 Lakhs having net book value of Rs. 41.31 Lakhs as at 31st March, 2005 acquired on finance lease.

	Rupees Lakhs
Vehicles Taken on Lease:	
Total minimum lease payments at the year end	19.38
Present value of minimum lease payments	18.27
Not later than one Year:	
Minimum lease payments	14.38
Present Value	13.36
Later than one year but not later than five years:	
Minimum lease payments	5.00
Present Value	4.91
Later than five years:	
Minimum lease payments	Nil
Present Value	Nil

- (b) Fixed assets under operating lease :

Total future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following future periods :

	Rupees Lakhs
Not later than one year	20.93
Later than one year but not later than five years	62.80
Later than five years	12.59



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

22. 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 the land for the Nandalur Plant, Deed of Conveyance is pending completion.
23. The Company has accounted in the current year the profit on transfer of development rights Rs. 505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities will be completed at a later date.
24. The Company has accounted in 2003-2004 the profit on transfer of development rights 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 will be completed at a later date.
25. The Company had accounted in 1999-2000 for the profit on transfer of development rights 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 will be completed at a later date.
26. Earnings in foreign exchange received in India:

	2003-2004
	Rupees Lakhs
(a) F.O.B. Value of exports (including amounts invoiced against work-in-progress)	1967.65
(b) Service Commission	1891.55
(c) Other Income	317.97
(d) Foreign Projects Profit	3873.82

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

	2003-2004
	Rupees Lakhs
Royalty	3.59
Know-how	Nil
Other matters	399.57

28. Remittances in foreign currencies for dividends:

The particulars of remittances in foreign currencies on account of dividends made by the Company during the year are as under:

	2003-2004
Number of non-resident equity shareholders	2
Number of equity shares held by them	1,25,000
Gross amount of dividend (Rupees in Lakhs)	3.75

29. Value of imports on C.I.F. basis:

	2003-2004
	Rupees Lakhs
Raw Materials	1980.81
Finished Goods	4833.57
Components & Spares	2634.42
Capital goods	36.18

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

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

(a) Items	Unit of Measurement	Quantity	2003-2004		
			Quantity	Value Rupees Lakhs	
Steel/Ferrous Metals	M.Tonnes	7798	7709	3001.81	2446.33
Non-Ferrous Metals	M.Tonnes	947	612	1356.96	1013.42
Engines	Numbers	435	307	318.53	209.77
Motors	Numbers	11829	11787	639.22	396.83
Castings & Forgings	Numbers	64135	49376	423.60	420.61
Compressors	Numbers	196212	320047	4858.00	5864.18
Shells	Numbers	796	676	44.31	30.33
Valves	Numbers	18376	13193	183.22	130.95
Thermostats & Pressurestats	Numbers	203819	326085	146.45	235.49
Tyres, Tubes, Flaps and Rims	Numbers	6791	4971	115.20	78.54
Centrifugal Components	Numbers	129	87	92.03	73.63
Relays	Numbers	NIL	327	NIL	0.41
Others				12967.59	13281.26
				24146.92	24181.75
(b)				2003-2004	2003-2004
		% to total Consumption	Value Rupees Lakhs	% to total Consumption	Value Rupees Lakhs
Imported		7.80	1878.22	7.46	1805.04
Indigenous		92.20	22268.70	92.54	22376.71
		100.00	24146.92	100.00	24181.75

Note: Above consumption figures are without adjustment for realisation on sale of scrap of Rs. 39.55 Lakhs (2003-2004 : Rs. 385.59 Lakhs).

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

	Installed Capacity	Installed Capacity 2003-2004	Actual Production	Actual Production 2003-2004
Air Conditioners and Water Coolers:				
Room Air Conditioners (Numbers)			868	Nil
Airconditioners for Specialised Applications (Numbers)			3,145	1,924
Water Coolers (Numbers)	6,30,000	5,27,300	13,317	11,586
White Goods:				
Refrigerators (Numbers)			1,34,835	2,57,325
Commercial Refrigerators (Numbers)			35,043	41,282
Open Type Compressors with Accessories (Numbers)	1,000	1,000	458	356
Packaged Airconditioners (Numbers)	10,050	7,550	7,382	5,825
Package Chillers (Numbers)	830	530	417	346
Semi Hermetic Compressors (Numbers)	3,600	3,600	1,572	1,336
Materials Handling Equipment:				
Forklift Trucks (Numbers)	500	500	539	368
Mining and Other Engineering Equipment:				
Hydraulic Truck Cranes/Rough Terrain Cranes (Numbers)	100	100	2	Nil
Power Driven Pumps (Numbers)	2,400	2,400	298	369



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

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. These are alternative and not cumulative and as such production is not strictly comparable with the same. In respect of spares, installed capacity has been determined as the excess capacity available after full utilisation of the installed capacity for the equipment.
 - (iii) Production includes for captive consumption.
32. 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			
		Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004
Airconditioners and Water Coolers									
Room Airconditioners	Number	129,118	89,215	15977.61	16763.86	105234	79,989	18465.99	14322.09
Airconditioners for Specialised Applications	Numbers	Nil	Nil	Nil	Nil	3071	1,767	2289.62	1386.39
Water Coolers	Numbers	12,744	18,559	470.60	550.30	28312	20,937	3422.29	2884.62
White Goods									
Refrigerators	Numbers	Nil	Nil	Nil	Nil	156609	252,720	8404.62	13720.48
Freezers and Bottle Coolers	Numbers	168	556	19.55	40.18	35800	40,808	4494.34	5116.57
Airconditioning and Refrigeration									
Turnkey jobs	Number of jobs					1213	1,378	25160.70	25034.23
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts									
				7487.07	6005.01			9840.53	5597.29
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers					523	372	4337.44	3064.26
Sundry Material handling Eqpt., Spares for Forklift Trucks, etc.				4.38	11.77			1332.16	977.05
Hydraulic Truck Cranes	Numbers	Nil	Nil	Nil	Nil	2	Nil	229.84	Nil
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				Nil	Nil			Nil	4.22
Pollution Control Equipment and Systems									
Water Pollution Control Equipment and Systems				367.77	367.09			821.13	1032.89

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

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

Class of Goods	Unit of Measurement	Purchases				Sales			
		Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004
Mining and Other Engineering Items									
Sundry Construction & Earthmoving Equipment & Spares				Nil	Nil			6.25	8.57
Sundry Equipment, Accessories and Spares for Drilling and Mining				988.82	606.09			2657.17	2444.19
Textile Machinery and Equipment				1427.29	1056.42			2033.03	1615.19
Pesticides and Chemicals									
Chemicals and Minerals				2270.52	1775.33			2675.57	2384.56
Agro Industrial Products									
Hydraulic Pumps, Motors, and Other Agro Industrial Products				1761.55	2236.49			5513.17	2261.73
Others									
Other Engineering Production				183.18	97.89			244.01	132.25
Turnkey Contracts								34057.12	34829.35
Services Rendered								18158.19	16177.83
								144143.17	132993.76

(B) Opening and Closing Stocks

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004	2003-2004
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	13107	4104	1494.51	693.09	36812	13107	3111.91	1494.51
Water Coolers	Numbers	11106	1846	607.40	177.49	8757	11106	642.28	607.40
Airconditioners for Specialised Applications	Numbers	58	52	38.30	26.46	132	58	74.85	38.30
White Goods									
Refrigerators	Numbers	35910	37230	1928.78	2272.93	13858	35910	732.98	1928.78
Freezers and Bottle Coolers	Numbers	6667	38	632.84	Nil	6078	6667	561.76	632.84
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts									
				1572.95	1428.71			1946.98	1572.95



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

(B) Opening and Closing Stocks (contd.)

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Quantity 2003-2004	Quantity 2003-2004	Rupees Lakhs	Rupees Lakhs	Quantity 2003-2004	Quantity 2003-2004	Rupees Lakhs	Rupees Lakhs
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers	1	5	7.04	81.58	17	1	166.33	7.04
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc.				246.77	246.77			291.14	246.77
Hydraulic Truck Cranes	Numbers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				Nil	0.47			Nil	Nil
Pollution Control Equipment and Systems									
Electrostatic Precipitators, Mechanical Dust Collectors etc. - Components and Parts				12.14	14.34			6.81	12.14
Mining and Other Engineering Items									
Sundry Equipment, Accessories and Spares for Drilling and Mining				178.48	346.10			746.23	178.48
Textile Machinery and Equipment				135.08	115.44			164.15	135.08
Chemicals									
Chemicals and Minerals				212.15	198.62			269.45	212.15
Agro Industrial Products									
Hydraulic Pumps, Motors, etc.				204.99	11.78			4.40	204.99
Others									
Property held for sale				115.36	Nil			51.00	115.36
				7386.79	5613.78			8770.27	7386.79

Note: Quantities of finished goods capitalised or (decapitalised), scrapped and/or transferred to jobs during the year.

	Unit of Measurement	Quantity	Quantity 2003-2004
Room Airconditioners	Numbers	1047	373
Water Coolers	Numbers	98	(52)
Refrigerators	Numbers	278	326
Airconditioners for Specialised Application	Numbers	Nil	1

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

33A. Information about Business Segments

Particulars	2003-2004	
	Rupees Lakhs	Rupees Lakhs
1. SEGMENT REVENUE		
(a) Segment - A (Electro-Mechanical Projects and Services)	80374.33	73422.76
(b) Segment - B (Engineering Agency and Services)	9850.95	8367.05
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	42653.42	42324.14
(d) Others	11530.11	8879.81
Less : Inter segment revenue	265.64	NIL
NET SALES / INCOME FROM OPERATIONS	144143.17	132993.76
2. SEGMENT RESULTS		
(a) Segment - A (Electro-Mechanical Projects and Services)	4388.77	1320.88
(b) Segment - B (Engineering Agency and Services)	3693.11	2714.68
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	(788.88)	109.70
(d) Others	2644.57	3841.25
Total	9937.57	7986.51
Less: (i) Interest	386.37	180.10
(ii) Other unallocable expenditure net of unallocable income	3785.18	3119.13
PROFIT BEFORE TAX	5766.02	4687.28

Particulars	Segment Assets		Segment Liabilities	
	Rupees Lakhs	As at	Rupees Lakhs	As at
		31-3-2004		31-3-2004
(a) Segment - A (Electro-Mechanical Projects and Services)	51970.58	36511.07	43831.36	30510.10
(b) Segment - B (Engineering Agency and Services)	4232.07	2931.80	1674.53	1364.69
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	17610.85	24006.08	12701.37	16831.66
(d) Others	6621.22	6617.09	3744.37	3903.41
Total	80434.72	70066.04	61951.63	52609.86

Particulars	Capital Expenditure		Depreciation		Non-Cash Expenses Other than Depreciation	
	Rupees Lakhs	2003-2004	Rupees Lakhs	2003-2004	Rupees Lakhs	2003-2004
		Rupees Lakhs		Rupees Lakhs		Rupees Lakhs
(a) Segment - A (Electro-Mechanical Projects and Services)	337.36	279.63	357.90	367.75	780.24	1897.61
(b) Segment - B (Engineering Agency and Services)	37.47	31.26	31.63	26.63	65.43	86.88
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	241.95	866.80	228.31	431.97	402.02	345.01
(d) Others	29.77	44.88	103.69	143.25	292.55	270.13
(e) Non-Divisional	86.08	223.16	326.10	355.89	1030.01	4011.69
Total	732.63	1445.73	1047.63	1325.49	2570.25	6611.32



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

33 B. Information about Secondary Business Segments

	Rupees Lakhs	2003-2004 Rupees Lakhs
Revenue by Geographical Market		
India	110269.91	97826.11
Middle East	23576.51	32070.40
Others	10296.75	3097.25
Total	144143.17	132993.76
Additions to Fixed Assets and Intangible Assets		
India	522.75	1340.51
Middle East	182.76	73.90
Others	27.12	31.32
Total	732.63	1445.73
		As at 31-3-2004
	Rupees Lakhs	Rupees Lakhs
Carrying Amount of Segment Assets		
India	46948.99	49093.47
Middle East	26036.14	18282.70
Others	7449.59	2689.87
Total	80434.72	70066.04

34. 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. Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation) Simtools Limited (w.e.f. 23.08.2004)	Subsidiary
B. Simtools Limited (upto 22.08.2004) Brihat Trading Private Ltd.	Associate – Shareholding of the Company on its own or along with subsidiaries exceed 20%
C. Joint Ventures Universal Comfort Products Private Ltd. Sermo-PM India Ltd. Saudi Ensas Company for Engineering Services Limited Universal Voltas LLC Weathermaker Ltd. Lalbuksh Voltas Engineering Services & Trading LLC AVCO Marine S.a.S. (Under liquidation) Emirates Voltas LLC (Closed) Agrotech Industries Ltd. (Under closure)	Holdings and/or agreements in conjunction with group companies
D. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
E. Key Management Personnel Mr. A. Soni Mr. S.N.Tripathi	Managing Director Executive Director

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

34. (b) Related Party Transactions

Rupees Lakhs

Transactions	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods (Refer 34 (c) (1))	103.46 (0.50)	11705.54 (12100.94)	— —	5.52 —	11814.52 (12101.44)
Sale of Goods (Refer 34 (c) (2))	0.14 (0.11)	81.28 (78.42)	— —	2.93 (653.68)	84.35 (732.21)
Service Income (Refer 34 (c) (3))	— (0.90)	757.80 (960.13)	— —	12.47 (89.30)	770.27 (1050.33)
Purchase of Fixed Assets (Refer 34 (c) (4))	— (1.12)	— —	— —	— —	— (1.12)
Rental Income (Refer 34 (c) (5))	— —	26.90 (22.49)	— —	41.53 (47.36)	68.43 (69.85)
Interest Income (Refer 34 (c) (6))	12.08 —	11.65 (20.95)	— —	— —	23.73 (20.95)
Deputation Charges received/receivable (Refer 34 (c) (7))	— (1.92)	— (18.39)	— —	— —	— (20.31)
Dividend Income (Refer 34 (c) (8))	147.76 (138.36)	36.85 (30.12)	— —	— —	184.61 (168.48)
Freight recovery (Refer 34 (c) (9))	— —	211.80 (228.25)	— —	— —	211.80 (228.25)
Advertising Recovery (Refer 34 (c) (10))	— —	368.78 (539.59)	— —	— —	368.78 (539.59)
Warranty Recovery (Refer 34 (c) (11))	— —	182.07 (197.94)	— —	— —	182.07 (197.94)
Commission Paid	— —	— —	— —	— —	— —
Remuneration Paid (Refer 34 (c) (12))	— —	— —	93.98 (74.00)	— —	93.98 (74.00)
Debit Balance Outstanding as on 31-3-2005 (Refer 34 (c) (13))	390.98 (78.18)	1122.34 (1739.66)	1.42 (1.90)	— —	1514.74 (1819.74)
Credit Balance outstanding as on 31-3-2005 (Refer 34 (c) (14))	68.78 —	1845.92 (2193.41)	— —	213.45 (266.19)	2128.15 (2459.60)
Deposit Received (Refer 34 (c) (15))	— —	— —	— —	— (175.00)	— (175.00)
Recovery of Loan (Refer 34 (c) (16))	— —	— —	0.48 (0.46)	— —	0.48 (0.46)
Interest on Housing Loan (Refer 34 (c) (17))	— —	— —	0.08 (0.10)	— —	0.08 (0.10)
Unsecured Advances Given - Others (Refer 34 (c) (18))	5.59 (4.56)	112.93 (841.26)	— —	— (1.46)	118.52 (847.28)



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

(b) Related Party Transactions (contd.)

Rupees Lakhs

Transactions	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Repayment of Unsecured Advances Given (Refer 34 (c) (19))	5.00 —	2.97 (49.80)	— —	— —	7.97 (49.80)
Other Operating & Administration Expenses - Received/Receivable (Refer 34 (c) (20))	1.50 —	9.01 (7.42)	— —	0.30 (9.66)	10.81 (17.08)
Other Operating & Administration Expenses - Paid/Payable (Refer 34 (c) (21))	— (2.56)	295.75 (475.94)	— —	3.33 (11.28)	299.08 (489.78)
Intercompany Deposits Placed (Refer 34 (c) (22))	— —	1000.00 (300.00)	— —	— —	1000.00 (300.00)
Refund of Intercompany Deposits Placed (Refer 34 (c) (23))	— —	— (300.00)	— —	— —	— (300.00)
Provision for Debts and Advances Due (Refer 34 (c) (24))	72.37 (77.28)	782.45 (782.45)	— —	— —	854.82 (859.73)
Provision/Write off of Debts and Advances (Refer 34 (c) (25))	— —	— (782.45)	— —	— —	— (782.45)
Write back of Debts and Advances (Refer 34 (c) (26))	4.91 (60.14)	— (17.57)	— —	— —	4.91 (77.71)
Consulting Charges paid (Refer 34 (c) (27))	— —	— —	— —	13.10 (38.10)	13.10 (38.10)
Refund of Sitting Fees Received from Subsidiary (Refer 34 (c) (28))	— —	— —	0.01 (0.01)	— —	0.01 (0.01)
Tata Brand Equity (Refer 34 (c) (29))	— —	— —	— —	224.00 (193.51)	224.00 (193.51)
Unsecured Advances Received (Refer 34 (c) (30))	16.54 —	— —	— —	— —	16.54 —
Interest Expenses (Refer 34 (c) (31))	— —	5.84 —	— —	— —	5.84 —
Commission Received (Refer 34 (c) (32))	— —	5.06 —	— —	— —	5.06 —
Investments (Refer 34 (c) (33))	— —	350.00 —	— —	— —	350.00 —
Intercompany Deposits Placed Due (Refer 34 (c) (34))	— —	1000.00 —	— —	— —	1000.00 —

Note: Figures in brackets are of previous year.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

34. (c) Related Party Transaction Details

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

		Rupees Lakhs	
Name of Party	Transaction Value	Transaction Value	
		2003-2004	
1. Purchase of Goods			
Universal Comfort Products Private Ltd.	11290.38	11689.84	
2. Sale of Goods			
Universal Comfort Products Private Ltd.	70.70	—	
Tata Sons Ltd.	—	653.68	
3. Service Income			
Universal Comfort Products Private Ltd.	665.69	808.80	
Universal Voltas LLC	88.39	112.09	
4. Purchase of Fixed Assets			
Auto Aircon (India) Ltd.	—	1.12	
5. Rental Income			
Sermo-PM India Ltd.	26.90	22.49	
Tata Sons Ltd.	41.53	47.36	
6. Interest Income			
Simtools Ltd. (As an Associate)	5.14	14.29	
Simtools Ltd. (As Subsidiary)	12.08	—	
Universal Comfort Products Private Ltd.	6.51	6.66	
7. Deputation Charges received/receivable			
Universal Comfort Products Private Ltd.	—	16.60	
8. Dividend Income			
Lalbuksh Voltas Engineering Services & Trading LLC	28.19	25.62	
Metrovol FZE	96.64	87.50	
VIL Overseas Enterprises B.V.	51.12	50.86	
9. Freight recovery			
Universal Comfort Products Private Ltd.	211.80	228.25	
10. Advertising Recovery			
Universal Comfort Products Private Ltd.	368.78	539.59	
11. Warranty Recovery			
Universal Comfort Products Private Ltd.	182.07	197.94	
12. Remuneration Paid			
Mr. A. Soni	50.98	39.02	
Mr. S.N. Tripathi	43.00	34.98	
13. Debit Balance Outstanding as on 31-3-2005			
AVCO Marine S.a.S.	782.45	780.29	
Simtools Ltd. (As Subsidiary)	271.54	—	
Universal Voltas LLC	—	583.23	
14. Credit Balance Outstanding as on 31-3-2005			
Universal Comfort Products Private Ltd.	1731.15	2191.25	
Tata Sons Ltd.	213.45	266.19	
15. Deposit Received			
Tata Sons Ltd.	—	175.00	
16. Recovery of Loan			
Mr. S.N. Tripathi	0.48	0.45	



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

34. (c) Related Party Transaction Details

Details of materials (more than 10% of the total related party transaction of the same type) transactions with related party (contd.)

Name of Party	Transaction Value	Rupees Lakhs	
		Transaction Value	2003-2004
17. Interest on Housing Loan Mr. S.N. Tripathi	0.08		0.10
18. Unsecured Advances - Given - Others AVCO Marine S.a.S.	—		782.45
Simtools Ltd. (As an Associate)	112.93		—
19. Repayment of Unsecured Advances Given Universal Comfort Products Private Ltd.	—		49.80
Auto Aircon (India) Ltd.	5.00		—
Simtools Ltd. (As an Associate)	2.97		—
20. Other Operating & Administration Expenses - Received/Receivable Metrovol FZE	1.50		—
Sermo-PM India Ltd.	6.38		7.42
Tata Sons Ltd.	—		9.66
21. Other Operating & Administration Expenses - Paid/Payable Universal Comfort Products Private Ltd.	216.03		449.80
Universal Voltas LLC	79.72		—
22. Intercorporate Deposits Placed Universal Comfort Products Private Ltd.	1000.00		300.00
23. Refund of Intercorporate Deposits Placed Universal Comfort Products Private Ltd.	—		300.00
24. Provision for Debts and Advances Due AVCO Marine S.a.S.	782.45		782.45
25. Provision / Write off of Debts and Advances AVCO Marine S.a.S.	—		782.45
26. Write back of Debts and Advances Auto Aircon (India) Ltd.	4.91		60.14
Emirates Voltas LLC	—		17.57
27. Consulting Charges Paid Tata Sons Ltd.	13.10		38.10
28. Refund of Sitting Fees Received from Subsidiary Mr. A. Soni	0.01		0.01
29. Tata Brand Equity Tata Sons Ltd.	224.00		193.51
30. Unsecured Advances - Received Metrovol FZE	16.54		—
31. Interest expenses Universal Comfort Products Private Ltd.	—		5.84
32. Commission Received Sermo-PM India Ltd.	5.06		—
33. Investments Universal Comfort Products Private Ltd.	350.00		—
34. Intercorporate Deposits Placed Due Universal Comfort Products Private Ltd.	1000.00		—

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005 (contd.)

35. The Company has consolidated the accounts of the following joint ventures as on 31st March, 2005 and its percentage holding, the proportionate share of assets, liabilities, income and expenditure of the joint venture companies are given below:

Rupees Lakhs

As at 31st March, 2005						Year ended 31st March, 2005	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenses
Universal Comfort Products Private Ltd.	50	5668.71 (4947.18)	4222.82 (3925.88)	1217.85 (2.77)	38.55 (20.40)	7642.63 (7846.21)	7595.04 (7819.41)
Lalbuksh Voltas Engineering Services & Trading LLC	49	1015.98 (828.52)	522.66 (413.59)	Nil (Nil)	Nil (Nil)	1089.63 (1184.28)	923.00 (1028.47)
* Weathermaker Ltd.	49	615.46 (441.02)	343.58 (198.35)	Nil (Nil)	Nil (Nil)	700.69 (550.90)	648.28 (513.73)
* Universal Voltas LLC	49	1711.68 (1618.78)	1100.92 (1053.76)	67.28 (Nil)	Nil (Nil)	2817.17 (2489.81)	2632.91 (2259.23)
* Saudi Ensas Company for Engineering Services Ltd.	49	1924.04 (1738.12)	1622.41 (1364.49)	9.56 (9.51)	Nil (Nil)	1933.07 (1670.49)	2012.97 (1680.84)

* As the accounting year of these companies ends on 31st December, 2004, the figures are as of that date.

Note: Figures in brackets are of previous year.

36. Previous year's figures have been regrouped wherever necessary.



SCHEDULE 'Q' : 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, 2004 Rupees in Lakhs
1. Profit before Taxation as per Profit and Loss Account		5766.02	4687.28
2. Add :			
(a) Managerial Remuneration, including benefits in cash or in kind	93.98		78.67
(b) Provision for Diminution in value of Investments written back	261.30		(196.33)
(c) Bad and Doubtful Debts/Advances	1363.37		1727.25
		1718.65	1609.59
		7484.67	6296.87
3. Less:			
(a) Capital Surplus on Sale/Retirement of Fixed Assets	57.59		1.57
(b) Profit/(Loss) on Sale of Investments	76.92		93.15
(c) Wealth Tax	12.00		25.61
(d) Profit on Sale of Undertakings/Sale of property/ Transfer of Development Rights	1362.04		4789.98
(e) Bad and Doubtful Debts/Advances written off (Net of Recoveries)	578.18		699.61
(f) Excess of Expenditure over Income brought forward from preceding years as per Section 349 of the Companies Act, 1956.	10045.10		10732.05
		12131.83	16341.97
Net profit/(deficit) for Directors'		(4647.16)	(10045.10)
Commission referred to below :			
Commission to Directors (other than Wholetime Directors) at 1% of the net profit		Nil	Nil
Commission to Wholetime Directors		Nil	Nil

*Chairman
Managing Director
Directors*

**Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata**

*General Manager - Taxation
& Company Secretary*

V.P. Malhotra

Mumbai, 20th June, 2005

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.

9	3	7	1
---	---	---	---

State Code

1	1
---	---

Balance Sheet Date :

3	1
---	---

 /

0	3
---	---

 /

2	0	0	5
---	---	---	---

Date Month Year

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

Public Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement

			N	I	L				
--	--	--	---	---	---	--	--	--	--

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands):

Total Liabilities

		2	9	9	9	1	5	5
--	--	---	---	---	---	---	---	---

Total Assets

		2	9	9	9	1	5	5
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		3	3	0	5	5	3
--	--	---	---	---	---	---	---

Reserves & Surplus

		1	6	0	4	5	6	2
--	--	---	---	---	---	---	---	---

Secured Loans

		7	4	4	6	7	3
--	--	---	---	---	---	---	---

Unsecured Loans

		3	1	9	3	6	7
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		8	2	4	2	7	3
--	--	---	---	---	---	---	---

Investments

		4	6	2	1	6	0
--	--	---	---	---	---	---	---

Net Current Assets

		1	4	9	7	4	2	2
--	--	---	---	---	---	---	---	---

Deferred Tax Asset

		2	1	5	3	0	0
--	--	---	---	---	---	---	---

Misc. Expenditure

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Accumulated Losses

			N	I	L				
--	--	--	---	---	---	--	--	--	--

IV. Performance of the Company (Amount in Rs. Thousands):

Turnover

		1	4	4	1	4	3	1	7
--	--	---	---	---	---	---	---	---	---

Total Expenditure

		1	3	8	3	7	7	1	5
--	--	---	---	---	---	---	---	---	---

Profit Before Tax

		5	7	6	6	0	2
--	--	---	---	---	---	---	---

Profit After Tax

		5	0	4	1	3	3
--	--	---	---	---	---	---	---

Earnings Per Share in Rs.

							1	5
--	--	--	--	--	--	--	---	---

Dividend Rate %

							5	0
--	--	--	--	--	--	--	---	---

V. Generic name of Three Principal Products/Services of the Company (as per Monetary Terms):

Item Code No. (ITC Code)

8	4	1	8	2	1	0	0		
---	---	---	---	---	---	---	---	--	--

Product Description

R	E	F	R	I	G	E	R	A	T	O	R	S	H	O	U	S	E	H	O	L	D
C	O	M	P	R	E	S	S	I	O	N	T	Y	P	E							

Item Code No. (ITC Code)

8	4	1	5	1	0	0	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		W	I	N	D	O	W		O	R		W	A	L	L
T	Y	P	E	S		S	E	L	F		C	O	N	T	A	I	N	E	D			

Item Code No. (ITC Code)

8	4	1	8	6	9	0	9		
---	---	---	---	---	---	---	---	--	--

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	E	N	T	R	I	F	U	G	A	L		C	H	I	L	L	E	R	S			



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') and its subsidiaries ('the Group') as at 31st March, 2005 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns from Abu Dhabi and Qatar 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 generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The financial statements of certain subsidiaries which in the aggregate represent as at 31st March, 2005, total assets (net) of Rs. 1281.24 Lakhs, total revenues for the year ended on that date of Rs. 1170.18 Lakhs, and the Group's share of losses (net) for the year of Rs. 43.31 Lakhs have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements.
- (b) The financial statements of certain joint ventures which in the aggregate represent as at 31st March, 2005, total assets (net) of Rs. 1933.35 Lakhs, total revenues for the year ended on that date of Rs. 6375.56 Lakhs and the Group's share of profit (net) for the year of Rs. 284.79 Lakhs have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements, Accounting Standard-23, Accounting for Investment in Associates in Consolidated Financial Statements and Accounting Standard-27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries, associates and joint ventures.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company, its subsidiaries, joint ventures and associates, 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 consolidated state of affairs of the Group as at 31st March, 2005;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Udayan Sen
Partner

Mumbai,
20th June, 2005

Membership No. 31220

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3305.53	3305.53
2. RESERVES AND SURPLUS	B		18648.52	18174.13
3. TOTAL SHAREHOLDERS' FUNDS			21954.05	21479.66
4. MINORITY INTEREST			24.17	26.35
5. SECURED LOANS	C		9426.32	7114.21
6. UNSECURED LOANS	D		3221.74	3176.52
	TOTAL		34626.28	31796.74
APPLICATION OF FUNDS				
7. FIXED ASSETS	E		11125.93	14917.94
8. INVESTMENTS	F		3055.80	3332.14
9. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Inventories	G	26165.52		17303.02
2. Sundry Debtors	H	40369.01		39247.38
3. Cash and Bank Balances	I	16183.37		10371.60
			82717.90	66922.00
(B) Loans and Advances	J	11469.87		11272.92
			94187.77	78194.92
10. LESS: CURRENT LIABILITIES AND PROVISIONS	K	75859.47		65670.51
11. NET CURRENT ASSETS			18328.30	12524.41
12. DEFERRED TAX ASSET (See Note 5, Schedule 'P')			2116.25	1022.25
	TOTAL		34626.28	31796.74

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

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 20th June, 2005

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata

General Manager - Taxation
& Company Secretary

V. P. Malhotra

Mumbai, 20th June, 2005



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

					Year ended 31st March, 2004 Rupees in Lakhs
	Schedule	Rupees in Lakhs	Rupees in Lakhs		Rupees in Lakhs
1.	SALES AND SERVICES	155078.79			143752.06
	Less : EXCISE DUTY	7372.03			7756.70
	NET SALES AND SERVICES		147706.76		135995.36
2.	OTHER INCOME		1965.31	L	1685.15
3.	COST OF SALES, SERVICES AND EXPENSES		142388.83	M	131843.15
4.	PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS		7283.24		5837.36
5.	FINANCIAL ITEMS		443.95	N	229.48
6.	DEPRECIATION ON FIXED ASSETS		1326.90		1595.24
7.	PROFIT BEFORE EXCEPTIONAL ITEMS		5512.39		4012.64
8.	EXCEPTIONAL ITEMS		515.71	O	834.26
9.	PROFIT BEFORE TAXATION		6028.10		4846.90
10.	PROVISION FOR TAXATION				
	– Provision for Current Tax [Including Foreign Income Tax Rs. 9.15 Lakhs (2003-2004: Rs.44.64 Lakhs)]	526.69			434.28
	– Provision for Taxation of Earlier Years (2003-2004 : Foreign Income Tax written back Rs. 1.61 Lakhs)	(14.57)			1.76
	– Provision for Deferred Tax	277.00			354.00
	– Provision for Wealth Tax	12.12			25.61
			801.24		815.65
11.	PROFIT AFTER TAXATION		5226.86		4031.25
12.	MINORITY INTEREST IN PROFIT		1.77		2.17
13.	PROFIT AFTER MINORITY INTEREST AND SHARE OF PROFIT / (LOSSES) OF ASSOCIATES		5225.09		4029.08
14.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		1841.40		953.16
15.	AMOUNT TRANSFERRED FROM FOREIGN EXCHANGE TRANSLATION RESERVE		29.39		Nil
16.	AMOUNT TRANSFERRED FROM INVESTMENT ALLOWANCE RESERVE (UTILISED)		Nil		25.00
17.	AMOUNT TRANSFERRED TO FOREIGN PROJECTS RESERVE		Nil		275.00
18.	AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE		50.00		35.00
19.	PREACQUISITION ADJUSTMENTS TRANSFERRED TO CAPITAL RESERVE		406.02		345.57
20.	MINORITY INTEREST IN LOSSES UPTO 31-3-2004		4.60		7.14
21.	PROFIT AVAILABLE FOR APPROPRIATIONS		7556.50		5119.95
22.	APPROPRIATIONS :				
	(a) GENERAL RESERVE	2748.82			2142.53
	(b) SPECIAL RESERVE	7.36			7.70
	(c) LEGAL RESERVE	Nil			8.48
	(d) PROPOSED DIVIDEND	1654.42			992.65
	(e) TAX ON DIVIDEND	234.58			127.19
			4645.18		3278.55
23.	BALANCE CARRIED FORWARD		2911.32		1841.40
	Basic and diluted earnings per share (with Exceptional items) (in Rs.) (See Note 8, Schedule 'P')		15.79		12.18

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

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 20th June, 2005

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
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Ravi Kant
N.D. Khurody
Noel N. Tata

General Manager - Taxation
& Company Secretary

V.P. Malhotra

Mumbai, 20th June, 2005

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

A. CASH FLOW FROM OPERATING ACTIVITIES	Rupees in Lakhs	Rupees in Lakhs	2003-2004 Rupees in Lakhs
Net Profit before taxation		6028.10	4846.90
Add - Adjustments for :			
Exchange Fluctuation	15.89		19.95
Depreciation	1326.90		1595.24
Provision for Contingencies	300.00		225.00
Loss on revaluation of assets of discontinued business	29.97		16.15
Provision for Diminution in value of Investments	261.30		(130.43)
Net Profit on Sale/Retirement of Fixed Assets	(1388.49)		(4748.58)
(Profit)/Loss on Sale of Non-Trade Investments	(3.04)		(89.70)
Interest paid (Net)	589.88		335.48
Income from Investments	(145.93)		(106.00)
Provision for Leave Encashment	134.13		44.91
Provision for Gratuity	177.60		(206.67)
(Profit)/Loss on Sale of Trade Investments	(74.05)		(5.11)
(Profit)/Loss on assets of discontinued operations	(12.75)		(5.25)
Deferred Revenue Expenditure Amortised	353.31		3507.98
Technical Fees written off	Nil		48.75
		1564.72	501.72
Operating Profit before Working Capital changes		7592.82	5348.62
Less - Adjustments for:			
Increase/(Decrease) in Inventories	8887.28		2481.36
Increase/(Decrease) in Trade and other Receivables	1256.44		2018.99
Increase/(Decrease) in Loans and Advances	597.07		383.15
Decrease/(Increase) in Advances from Customers	(3965.47)		1913.90
Decrease/(Increase) in Trade Payables	(4919.95)		(3708.37)
		1855.37	3089.03
Cash generated from operations		5737.45	2259.59
Less:			
Taxes paid	727.90		735.45
Deferred Revenue Expenditure	412.60		2629.74
		1140.50	3365.19
<i>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</i>		4596.95	(1105.60)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(1548.44)		(2011.08)
Sale of Fixed Assets	1485.43		5184.20
Proceeds from Surrender of Tenancy Rights	139.60		73.50
Purchase of Investments	(501.55)		(3484.24)
Sale of Investments	592.42		2807.54
Interest received	60.86		362.34
Dividend received	145.93		106.00
Advance against issue of Share Capital	Nil		(67.55)
Inter Corporate Deposits & Loans	500.00		1000.00
<i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i>		874.25	3970.71
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital	Nil		0.14
Proceeds from Securities Premium	Nil		0.65
Payment for buyback of shares by subsidiary	(103.63)		Nil
Proceeds of Term Loan	3000.00		Nil
Payment of Finance lease liabilities	(26.04)		(29.60)
Increase/(Decrease) in other Borrowings	(736.00)		(637.96)
Interest on Fixed Deposits	(651.24)		(703.29)
Decrease in Unpaid Debentures/Deposits	(34.74)		(5.60)
Dividend paid including dividend tax	(1110.59)		(930.05)
<i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i>		337.76	(2305.71)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5808.96	559.40
CASH AND CASH EQUIVALENTS AS AT 1-4-2004		10371.60	9812.20
Add: Cash Added on conversion of Associate into a Subsidiary during the year		2.81	Nil
CASH AND CASH EQUIVALENTS AS AT 31-3-2005		16183.37	10371.60

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata
V.P. Malhotra

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 20th June, 2005

General Manager - Taxation
& Company Secretary
Mumbai, 20th June, 2005



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. AUTHORISED		
6,00,00,000 Equity Shares of Rs. 10 each	6000.00	6000.00
40,00,000 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		
3,30,88,474 Equity Shares of Rs.10 each	3308.85	3308.85
Less: Calls-in-Arrears	3.32	3.32
TOTAL	<u>3305.53</u>	<u>3305.53</u>

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. SECURITIES PREMIUM	617.52	617.52
2. CAPITAL RESERVE	155.52	155.52
3. CAPITAL REDEMPTION RESERVE	125.70	125.70
4. CAPITAL RESERVE ON CONSOLIDATION	760.39	686.26
5. GENERAL RESERVE (Net of Deferred Tax Asset of Rs.1371 Lakhs) (See Note 5, Schedule 'P')	12016.23	11973.52
6. STAFF WELFARE RESERVE	1.00	1.00
7. FOREIGN PROJECTS RESERVE	1569.00	1619.00
8. FOREIGN CURRENCY TRANSLATION RESERVE	247.65	347.90
9. SPECIAL RESERVE	7.36	7.70
10. ADJUSTMENTS ON CONSOLIDATION	162.59	706.51
11. LEGAL RESERVE (See Note 3, Schedule 'P')	74.24	92.10
12. PROFIT AND LOSS ACCOUNT	2911.32	1841.40
TOTAL	<u>18648.52</u>	<u>18174.13</u>

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
LOANS FROM BANKS	9426.32	7114.21
TOTAL	<u>9426.32</u>	<u>7114.21</u>

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. FIXED DEPOSITS		1193.67	1614.79
2. SHORT TERM LOANS AND ADVANCES			
(a) Commercial Paper	2000.00		1500.00
(b) Other than Banks	28.07		Nil
		2028.07	1500.00
3. OTHER LOANS AND ADVANCES			
(a) From Others	Nil		2.18
(b) From Banks	Nil		59.55
		Nil	61.73
TOTAL		<u>3221.74</u>	<u>3176.52</u>

Commercial Paper from Banks [maximum amount outstanding at any time during the year : Rs. 4000 Lakhs (2003-2004 : Rs. 2000 Lakhs)]

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

Particulars	GROSS BLOCK AT COST OR BOOK VALUE					DEPRECIATION						NET BLOCK	
	As at March 31, 2004	Additions	Deduc- tions	Exchange Difference	As at March 31, 2005	Up to March 31, 2004	For the Year	On Deduc- tions	Impairment (Refer Note h)	Exchange Difference	Up to March 31, 2005	As at March 31, 2005	As at March 31, 2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
					(1+2-3-4)						(6+7-8+9-10)	(5-11)	(1-6)
	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	Rupees in Lakhs	Rupees in Lakhs
1. Goodwill on Consolidation (Refer Note a below)	Nil	304.58	Nil	Nil	304.58	Nil	Nil	Nil	Nil	Nil	Nil	304.58	Nil
2. Leasehold Land	3.02	Nil	Nil	Nil	3.02	Nil	Nil	Nil	Nil	Nil	Nil	3.02	3.02
3. Other Land	163.42	2.33	2.08	Nil	163.67	Nil	Nil	Nil	8.63	Nil	8.63	155.04	163.42
4. Buildings (Refer Notes b, c, d below)	6003.04	83.43	133.47	8.49	5944.51	1616.60	164.31	78.06	650.52	6.84	2346.53	3597.98	4386.44
5. Plant & Machinery (Refer Notes below)	17941.57	1074.75	1019.64	78.02	17918.66	9554.49	859.04	833.38	3287.51	58.36	12809.30	5109.36	8387.08
6. Furniture & Fittings	1638.55	66.90	48.86	7.28	1649.31	1069.90	128.04	42.90	59.87	6.16	1208.75	440.56	568.65
7. Vehicles (See Note 10, Schedule 'P')	999.61	120.45	73.06	33.89	1013.11	450.99	109.23	43.88	23.37	25.00	514.71	498.40	548.62
8. Intangible Assets													
- Manufacturing Rights & Technical Know-how	1299.55	Nil	Nil	Nil	1299.55	1221.30	39.17	Nil	Nil	Nil	1260.47	39.08	78.25
- Software	340.31	Nil	Nil	1.37	338.94	10.50	68.44	Nil	Nil	0.56	78.38	260.56	329.81
	28389.07	1652.44	1277.11	129.05	28635.35	13923.78	1368.23	998.22	4029.90	96.92	18226.77	10408.58	14465.29
9. Capital Work-in-Progress* [Including advances against Capital Expenditure Rs. 271.38 Lakhs (31-3-2004 : Rs. 31.92 Lakhs)]					717.35							717.35	452.65
					29352.70							11125.93	14917.94

Notes:

- Goodwill on Consolidation is on account of consolidation of Simtools Limited, which became a subsidiary.
- Includes Rs. 0.46 Lakh being cost of shares and bonds in Cooperative Housing Societies.
- Includes Rs. 10.26 Lakhs (original cost) and Rs. 4.92 Lakhs (net book value) being lease office improvements. The lease is renewed annually.
- Includes factory building of Rs. 52.72 Lakhs (original cost) and Rs. 9.32 Lakhs (net book value) of factory building constructed on leasehold land, the lease period being fifteen years with a renewal option.
- Includes Rs. 183.04 Lakhs (original cost) and Rs. 63.10 Lakhs (net book value) of rigs acquired on sale and finance lease back and hypothecated to the lessor.
- The opening original cost and accumulated depreciation of plant and machinery has been increased by Rs. 10.56 Lakhs and Rs. 10.04 Lakhs respectively as assets of discontinued operations lying in inventories have been taken to fixed assets and decreased on account of reclassification of assets (original cost Rs. 24.03 Lakhs and accumulated depreciation Rs. 13.99 Lakhs).
- Additions and depreciation for the year include Rs. 67.96 Lakhs and Rs. 41.33 Lakhs respectively on account of assets of Simtools Limited which has become a subsidiary in the current year.
- The impairment of Rs. 4029.90 Lakhs is net of reversal of Rs. 45.69 Lakhs consequent upon sale of certain impaired assets which has been accounted for under Profit on Sale of Assets (Schedule 'L').

SCHEDULE 'F': INVESTMENTS (at Cost)

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
LONG TERM INVESTMENTS		
1. TRADE INVESTMENTS (See Note 4, Schedule 'P')		
Subsidiary Companies	119.63	119.63
Shares (Quoted)	1155.84	1170.84
Shares (Unquoted)	2379.88	2475.43
2. OTHER INVESTMENTS		
Shares (Quoted)	Nil	0.06
Shares (Unquoted)	0.49	0.49
Debentures (Unquoted)	Nil	0.07
Units of Mutual Fund (Quoted)	164.59	164.59
TOTAL LONG TERM INVESTMENTS	3820.43	3931.11


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

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
CURRENT INVESTMENTS		
Units of Mutual Fund (Quoted)	42.87	42.87
Government Securities (Unquoted)	0.56	0.61
Other Securities (Quoted)	43.86	43.79
TOTAL CURRENT INVESTMENTS	<u>87.29</u>	<u>87.27</u>
TOTAL INVESTMENTS	<u>3907.72</u>	4018.38
LESS: PROVISION FOR DIMINUTION IN VALUE	<u>851.92</u>	686.24
TOTAL	<u><u>3055.80</u></u>	<u><u>3332.14</u></u>

SCHEDULE 'G': INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. STORES AT OR BELOW COST		17.13	86.89
2. ASSETS OF DISCONTINUED OPERATIONS AT ESTIMATED REALISABLE VALUE		Nil	52.80
3. STOCK-IN-TRADE :			
(a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Market Value	6732.54		4764.93
(b) Work-in-Progress, at cost	45071.22		14049.93
Less: Amounts Invoiced	<u>35097.58</u>		<u>9424.53</u>
	9973.64		4625.40
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less: Written off for obsolescence) and Market Value	<u>9442.21</u>		7773.00
		<u>26148.39</u>	<u>17163.33</u>
TOTAL		<u><u>26165.52</u></u>	<u><u>17303.02</u></u>

SCHEDULE 'H': SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT Over six months old		141.54	168.67
2. OTHER SALES			
(i) Over six months old	13835.80		13763.89
(ii) Others	<u>29180.16</u>		<u>27360.25</u>
		<u>43015.96</u>	41124.14
3. Less: PROVISION FOR DOUBTFUL DEBTS		43157.50*	41292.81*
		<u>2788.49</u>	<u>2045.43</u>
TOTAL		<u><u>40369.01</u></u>	<u><u>39247.38</u></u>
* Of the above debts			
(a) Fully secured		1287.63	1340.10
(b) Unsecured, considered good		39081.38	37907.28
(c) Considered doubtful		<u>2788.49</u>	<u>2045.43</u>
TOTAL		<u><u>43157.50</u></u>	<u><u>41292.81</u></u>
1. Due by Officers		0.07	0.08
2. Maximum due by Officers at any time during the year		0.08	0.10
3. Due by Government and Semi-Government parties		5414.29	6312.15
4. Due by firms or private companies respectively in which any Director of the Company is a Partner, a Director or a Member.		<u>277.01</u>	55.50

SCHEDULE 'I': CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	1711.87	1692.34
2. BANK BALANCES WITH SCHEDULED BANKS	4909.75	2359.85
3. BANK BALANCES WITH NON-SCHEDULED BANKS	9561.75	6319.41
TOTAL	16183.37	10371.60

SCHEDULE 'J': LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	8266.68	7597.43
2. ADVANCE PAYMENT OF TAXES	2663.81	2359.44
3. LOANS TO EMPLOYEES	224.16	212.73
4. DEPOSITS WITH CUSTOMERS / OTHERS	1055.97	1125.99
5. INTERCORPORATE DEPOSITS	500.00	1000.00
6. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	547.16	362.97
	13257.78*	12658.56*
Less: PROVISION FOR DOUBTFUL ADVANCES	1787.91	1385.64
TOTAL	11469.87	11272.92
* Of the above advances		
(a) Fully Secured	203.53	198.10
(b) Unsecured, considered good	11266.34	11074.82
(c) Considered doubtful	1787.91	1385.64
TOTAL	13257.78	12658.56
1. Due by Officers	6.64	7.67
2. Maximum due by Officers at any time during the year	7.67	8.65



SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2004 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		4642.17	2325.35
2. SUNDRY CREDITORS		43366.18	41129.90
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers / Others	14429.06		10444.21
(b) Against Unexpired Service Contracts	966.87		1031.12
		15395.93	11475.33
4. OTHER LIABILITIES		1858.60	2003.80
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		135.12	164.42
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED *:-			
(a) Unpaid Dividend		49.09	50.75
(b) Unpaid Matured Deposits		25.22	54.04
(c) Unpaid Matured Debentures		22.13	28.05
(d) Interest accrued on (b) and (c) above		17.83	25.96
TOTAL (A)		65512.27	57257.60
(B) PROVISIONS			
7. PROVISION FOR TAXATION		863.09	749.98
8. PROPOSED DIVIDEND		1654.42	992.65
9. PROVISION FOR CORPORATE DIVIDEND TAX		232.03	127.19
10. PROVISION FOR TRADE GUARANTEES		2013.03	1488.58
11. PROVISION FOR LEAVE ENCASHMENT		887.78	756.94
12. PROVISION FOR FUTURE PENSION		1117.99	1177.27
13. PROVISION FOR GRATUITY		1853.86	1695.30
14. PROVISION FOR CONTINGENCIES		1725.00	1425.00
TOTAL (B)		10347.20	8412.91
TOTAL (A) + (B)		75859.47	65670.51

* The figures reflect the position as at 31st March, 2005. The actual amount to be transferred to Investor Education and Protection Fund in respect thereof shall be determined on the due dates.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE 'L' : OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Miscellaneous Income	981.04	566.81
2. Profit on Sale/Retirement of Fixed Assets (Net)	26.45	Nil
3. Profit on Sale of Non-Trade Investments	3.04	89.70
4. Rent Received	812.32	817.35
5. Sundry Recoveries	142.46	132.39
6. Adjustment in respect of previous years (Net)	Nil	78.90
TOTAL	1965.31	1685.15

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

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Stock in Trade per 1-4-2004		26587.84	27631.91
2. Purchases and cost of jobs, manufacture and services		143468.36	99179.07
3. Stock-in-Trade per 31-3-2005		61245.97	26587.84
4. Cost of Sales and Services (1 + 2 - 3)		108810.23	100223.14
5. Staff Expenses			
(a) Salaries, Wages and Bonus	13074.24		11079.54
(b) Company's contribution to Provident Funds and other Funds	842.04		825.48
(c) Retiring Gratuity	496.17		592.58
(d) Welfare Expenses	1051.11		1100.78
		15463.56	13598.38
6. Forwarding Charges (Net)		959.42	689.77
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		1338.85	2293.71
8. Advertising (Net)		1028.33	596.57
9. Rent paid	1135.18		884.86
Less: Rent recovered	40.28		51.03
		1094.90	833.83
10. Rates and Taxes		161.69	156.59
11. Insurance		313.37	258.49
12. Stores Consumed		224.01	225.30
13. Power		439.08	493.64
14. Repairs to Buildings		94.96	79.54
15. Repairs to Plant and Machinery		353.85	445.91
16. Travelling		2241.62	1659.90
17. Conveyance		760.55	691.31
18. Stationery, Postage, Telex and Telephone		1249.95	1113.34
19. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs. 4.48 Lakhs (2003-2004 : Rs. 1.85 Lakhs) and Service Tax Rs. 3.67 Lakhs (2003-2004 : Rs. 2.40 Lakhs)	59.40		56.94
(b) In Other capacity	39.90		37.99
		99.30	94.93
20. Audit fees payable to Branch Auditors		13.41	14.33
21. Audit fees payable to Cost Auditors		0.50	0.70
22. Legal and Professional charges		1094.88	2376.19
23. Other expenses (See Note 6, Schedule 'P')		5127.13	4220.71
24. Bad and Doubtful Debts / Advances (Net)		1450.18	1720.07
25. Donations and Charities		47.64	15.40
26. Adjustment in respects of previous years (Net)		21.42	Nil
27. Loss on Sale of Fixed Assets		Nil	41.40
		142388.83	131843.15
TOTAL		142388.83	131843.15


SCHEDULE 'N': FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	587.04		659.10
(b) On other accounts	286.82		162.82
		873.86	821.92
2. Less: Interest received in respect of sales on deferred payment terms and other accounts (See Note 7, Schedule 'P')		283.98	486.44
		589.88	335.48
3. Less : Income from Investments			
(a) Trade Investments	131.32		90.74
(b) Other Investments	14.61		15.26
		145.93	106.00
TOTAL		443.95	229.48

SCHEDULE 'O': EXCEPTIONAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2004 Rupees in Lakhs
1. Profit on Sale of Property/Transfer of Development Rights/ Surrender of Tenancy Rights (See Note 12, Schedule 'P') [Including Capital Surplus Rs. 1200.46 Lakhs (2003-2004 : Rs. 4713.93 Lakhs)]		1362.04	4789.98
2. Profit on Sale of Trade Investments		74.05	5.11
3. Net Provision for doubtful advances written back		Nil	17.57
4. Profit on Conversion of Units of UTI - US 64 into UTI - US 64 Bonds (Net of Provision)		Nil	0.40
5. Advances received written back		22.99	64.37
		1459.08	4877.43
Less:			
6. Provision for diminution in value of Investments		261.30	7.97
7. Provision for diminution in value of inventory of discontinued business		11.54	79.19
8. Cost of Voluntary Retirement Scheme amortised		353.31	3507.98
9. Advances written off		Nil	31.32
10. Loss on revaluation of assets of discontinued business [Net of Profit on sale of assets Rs. 12.75 Lakhs (2003-2004 : Rs. 5.25 Lakhs)]		17.22	10.90
11. Provision for doubtful advances		Nil	132.06
12. Provision for Contingencies		300.00	225.00
13. Product Development Expenses written off		Nil	48.75
		943.37	4043.17
TOTAL		515.71	834.26

SCHEDULE 'P': NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

1. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Voltas Limited ('the Company') and its subsidiary companies, joint ventures and associates. 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 issued by The Institute of Chartered Accountants of India.
- (ii) Foreign subsidiaries and joint ventures of the Company have been classified as 'Non Integral Foreign operations'. Revenue items of such entities are consolidated 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 Currency Translation Reserve.
- (iii) Investments in associate companies have been accounted under the equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (iv) 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 issued by The Institute of Chartered Accountants of India.
- (v) The Financial Statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn upto the same reporting dates of the Company i.e. 31st March, 2005 except Saudi Ensas Company for Engineering Services Ltd., Weathermaker Ltd. and Universal Voltas LLC where the accounts are drawn upto 31st December, 2004. The accounts of Agrotech Industries Ltd. have not been consolidated as it is under closure and the investment in the books of Voltas Ltd. is fully provided. Similarly, the accounts of Agro Foods Punjab Ltd., Westerwork Engineers Ltd. and AVCO Marine S.a.S have not been consolidated as they are under liquidation and the investments in the books of Voltas Ltd. are fully provided. The accounts of Emirates Voltas Ltd., a joint venture, have not been consolidated since the company has been closed during the year. Also, the accounts of Sermo-PM India Ltd. have not been consolidated as Voltas Ltd. proposes to divest from the joint venture.
- (vi) 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. The excess of cost of investment over the Company's portion of equity as at the date of investment is treated as Goodwill.
- (vii) Minority interest in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to 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.
- (viii) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (ix) Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

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	
		2004-2005	2003-2004
Indian Subsidiaries:			
- Simto Investment Company Ltd.		95.18	94.33
- 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
- Simtools Ltd. (Refer Note (a) below)		100.00	N.A.



Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2004-2005	2003-2004
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
Indian Joint Ventures:			
- Sermo-PM India Ltd. (Refer Note (b) below)		50.00	50.00
- Universal Comfort Products Private Ltd.		50.00	50.00
Foreign Joint Ventures:			
- Lalbuksh Voltas Engineering Services and Trading LLC, Muscat	Sultanate of Oman	49.00	49.00
- Weathermaker Limited	Isle of Mann	49.00	49.00
- Emirates Voltas LLC, Dubai (Closed during the year)	United Arab Emirates	Nil	49.00
- Saudi Ensas Company for Engineering Services Ltd.	Saudi Arabia	49.00	49.00
- Agrotech Industries Ltd. (Under closure)	Isle of Mann	49.00	49.00
- AVCO Marine S.a.S (Under Liquidation)	France	50.00	50.00
- Universal Voltas LLC	United Arab Emirates	49.00	49.00
Associates:			
- Simtools Ltd. (Refer Note (a) below)		N.A.	46.10
- Brihat Trading Pvt. Ltd. (Refer Note (c) below)		33.33	33.33

(a) Simtools Ltd. was an associate company till 22nd August, 2004. Consequent upon the Scheme of Arrangement between Simtools Ltd. and its shareholders envisaging a reduction of share capital which was approved and confirmed by the High Court, Mumbai by its Order dated 10th June, 2004, Simtools had paid the consideration amount to all the shareholders (other than the Promoters) in lieu of their shareholding in Simtools. As a result of this reduction in the paid up capital of Simtools Ltd., it has become a Subsidiary of the Company with effect from 23rd August, 2004.

(b) Sermo-PM India Ltd., a Joint Venture company has not been consolidated as Voltas Ltd. proposes to divest from the Joint Venture.

(c) The accounts of Brihat Trading Private Ltd., an associate company were not available for consolidation. The operations of this Company have no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) All revenues, costs, assets and liabilities are accounted for on accrual basis.

(ii) SALES AND SERVICES

(a) Sales exclude sales tax and works contract tax but include excise duty. Consignment sales are excluded from sales and services, but commission earned on such 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 are completed.

(c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion on 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.

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.

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.

(iii) DEPRECIATION / AMORTIZATION

(a) Depreciation on all assets of the parent company has been provided on 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 written down value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

(b) In some subsidiaries, depreciation on leased assets is provided for over the primary lease period or over the specified period as determined under Section 205(5)(a) of the Companies Act, 1956, whichever is shorter.

(c) 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. Moulds are depreciated over their useful life. In respect of one of the subsidiaries, no depreciation is provided during the year as the company has closed down its manufacturing operations.

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

(e) In one of the Joint Ventures, depreciation on Computers and Vehicles has been charged at 20%.

(iv) PROVISION FOR TRADE GUARANTEES

Provision for estimated cost to be incurred in providing warranty service is made in the accounts in the year in which the sale of goods is effected and any shortfall or excess is accounted as revenue on expiry of the guarantee period.

(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 and impairment losses.

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

Machinery developed in-house is capitalized at prime cost exclusive of standing charges but inclusive of excise duty net of MODVAT, octroi duty and receiving/installation charges. Additional cost arising out of increase in liability on loans taken for acquisition of plant and machinery resulting from exchange fluctuation is adjusted to the cost of the asset and depreciated over the balance life of the asset.

Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date of capitalization is capitalized.

(vii) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization.

(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 those assets are estimated and Impairment is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. In accordance with the transitional provision in Accounting Standard (AS) 28, impairment of assets of the Company determined at the commencement of the year has been adjusted against the opening balance of General Reserve.



(ix) 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 a Straight Line Basis over the terms of the operating lease.

(x) INVESTMENTS

Long-term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

(xi) CURRENT ASSETS

Current Assets are accounted at cost or realisable value whichever is lower.

Inventories including Work-in-Progress are valued at cost or market value whichever is lower, cost being worked out on weighted average basis. Cost includes all charges incurred for bringing the goods to the point of sale, including excise duty, octroi and other levies, transit insurance and receiving charges.

In respect of subsidiaries and in joint ventures (foreign and local), raw materials and spares are valued on FIFO basis.

(xii) TAXES ON INCOME

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

Deferred Tax is recognised, on timing differences, being the difference between taxable income and 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 realize such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

(xiii) CONVERSION OF FOREIGN EXCHANGE TRANSACTIONS

(a) The foreign branches of the Company have been classified as "Integral foreign operations." Revenue transactions for the Parent Company (other than depreciation) of foreign branches are incorporated in the Company's accounts at 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 rate of exchange prevailing on the last working day of the year. Depreciation is translated at the average rate applicable to fixed assets.

In some subsidiaries, revenue transactions (other than depreciation) are incorporated at opening and closing average exchange rate for the year and fixed assets are incorporated at the opening rate of the current year.

(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 (other than for fixed assets) are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

(xiv) DEFERRED REVENUE EXPENDITURE

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

(xv) PREOPERATIVE EXPENSES OF NEW PROJECTS

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under Capital Work-in-Progress, pending capitalisation.

(xvi) RETIRAL BENEFITS

Cost of retiral benefits for the Parent Company, in respect of employees in India like Provident Fund, Pension, Gratuity and Leave Encashment are accounted on accrual basis. The liability in respect of Gratuity, Pension and Leave Encashment is determined on actuarial basis.

The cost in respect of post retirement medical benefits available to certain categories of staff is accounted on the basis of claims received as they cannot be categorized as Defined Benefit Schemes under AS 15 –Accounting for Retirement Benefits in the Financial Statements of Employers.

In respect of some foreign subsidiaries and foreign joint ventures, provision for end of service gratuity payable to the staff is made at the Balance Sheet date in accordance with the local labour laws.

(xvii) GOING CONCERN

The accounts of Auto Aircon (India) Ltd. have been prepared on a going concern basis on the assumption of continued financial support from Voltas Ltd. Also, the accounts of Simtools Ltd. which has closed down its manufacturing operations have been prepared on a going concern basis since Simtools is exploring diverse business avenues and has not altogether discontinued its business activity.

4. INVESTMENTS

- (a) Under a loan agreement for Rs. 60.00 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.
- (b) In respect of Company's investment in 2640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur, restraining the transfer of these shares. The share certificates are however in the possession of the Company. Pending disposal of the case, dividend on these shares has not been received.

5. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are:

		As at 31-3-2004			
		Deferred Tax Assets Rs. Lakhs	Deferred Tax Liabilities Rs. Lakhs	Deferred Tax Assets Rs. Lakhs	Deferred Tax Liabilities Rs. Lakhs
(i)	Depreciation	—	1519	—	2933
(ii)	Unabsorbed Depreciation	229	—	457	—
(iii)	VRS	637	—	1084	—
(iv)	Unpaid Statutory Liabilities	843	—	799	—
(v)	Provision for Doubtful Debts and Advances	1482	—	1227	—
(vi)	Provision for Contingencies	295	—	314	—
(vii)	Others	149	—	74	—
Total		3635	1519	3955	2933
Net Timing Differences		2116	—	1022	—

6. OPERATING AND ADMINISTRATION EXPENSES

Other Expenses include:

	Rupees Lakhs	2003-2004 Rupees Lakhs
Lease rentals	79.57	44.33



7. Interest received in respect of sales on deferred payment terms and other accounts includes Rs. 81.52 Lakhs (2003-04: Rs. 49.49 Lakhs) being the interest received on Income Tax Refund.

8. EARNINGS PER EQUITY SHARE

		2003-2004
Net profit after Minority Interest (Rs. Lakhs)	5225.09	4029.08
Weighted average number of Equity shares outstanding	330,88,474	330,88,474
Earnings Per Share (Rs.) –Basic and Diluted (Face value of Rs. 10 per share)	15.79	12.18

9. The parent Company had taken over, on amalgamation of Hyderabad Allwyn Ltd. with the Company, borrowings from Financial Institutions (FIs) and Banks. The parent Company has since repaid the borrowings including interest. However, letters of satisfaction/ release were received from seven banks and five FIs. Two banks and six FIs are under the process of settlement.

10. LEASES

The Company has acquired certain vehicles and Rigs under finance lease. Fixed assets include the following amounts in relation to the above leased assets:

		As at 31-03-2004
	Rupees Lakhs	Rupees Lakhs
Gross Block	231.72	225.77
Less: Accumulated Depreciation	127.31	84.24
Net Block	104.41	141.53

Future minimum lease payments in respect of the above assets as at 31st March, 2005 are summarised below:

		As at 31-03-2004
	Rupees Lakhs	Rupees Lakhs
Vehicles taken on lease:		
Total minimum lease payments at the year end	36.79	81.49
Present value of minimum lease payments	34.93	73.39
Not later than one year:		
Minimum lease payments	31.79	44.65
Present value	30.02	38.41
Later than one year but not later than five years :		
Minimum lease payments	5.00	36.84
Present value	4.91	34.98
Later than five years :		
Minimum lease payments	Nil	Nil
Present value	Nil	Nil

11. 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 Ltd. (EVL) on the close of the business hours on 31st March, 1999. In respect of the land for the Nandalur Plant, Deed of Conveyance is pending completion.

12. The Parent Company has accounted in the current year the profit on transfer of development rights Rs. 505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities will be completed at a later date.
13. The Parent Company has accounted in 2003-2004 the profit on transfer of development rights 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 will be completed at a later date.
14. The Parent Company had accounted in 1999-2000 for the profit on transfer of development rights 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 will be completed at a later date.
15. CONTINGENT LIABILITIES NOT PROVIDED FOR:
- (a) Guarantees on behalf of other companies:
Limits Rs. 225 Lakhs (31-3-2004 : Rs. 225 Lakhs) against which amount outstanding was Rs. 225 Lakhs (31-3-2004 : Rs. 225 Lakhs).
 - (b) Cheques discounted with Banks : Amount Indeterminate.
 - (c) Bills and Letter of Credits discounted with banks : Rs. 1096.77 Lakhs (31-3-2004 : Rs. 604.54 Lakhs).
 - (d) Other Guarantees given Rs. 1.86 Lakhs (31-3-2004 : Rs. 2.77 Lakhs).
 - (e) Claims not acknowledged as debts Rs. 21575.20 Lakhs (31-3-2004 : Rs. 21035.11 Lakhs) against which a provision has been made for contingencies Rs. 1725 Lakhs (31-3-2004 : Rs. 1425 Lakhs). In respect of a contingent liability of Rs. 2956 Lakhs (31-3-2004 : Rs. 2956 Lakhs), the Company has a right to recover the same from a third party.
 - (f) Income tax demands in respect of matters :
 - (i) Decided in Company's favour by Appellate Authorities where the Department is in further appeal –Rs. 453.55 Lakhs (31-3-2004: Rs. 501.76 Lakhs).
 - (ii) Other matters –Rs. 1901.20 Lakhs (31-3-2004 : Rs. 2753.98 Lakhs).
 - (g) Duty saved of Rs. 110.74 Lakhs (31-3-2004 : Nil) on purchase of capital goods under EPCG license against future export obligations.
 - (h) Staff demands under adjudication : Amount Indeterminate.
 - (i) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount Indeterminate.
16. The Company has consolidated the accounts of the following joint ventures as on 31st March, 2005 and its percentage holding is given below:

Name of the Joint Venture	% Holding
Universal Comfort Products Private Ltd.	50
Lalbuksh Voltas Engineering Services & Trading LLC	49
Weathermaker Ltd.	49
Saudi Ensas Company for Engineering Services Ltd.	49
Universal Voltas LLC	49



The proportionate share of assets, liabilities, income and expenditure of the above joint venture companies included in these consolidated financial statements are given below:

	Rupees Lakhs	2003-2004 Rupees Lakhs
ASSETS		
Net Block (Including Capital WIP)	2513.60	2580.86
Current Assets	6808.51	5137.39
Loans and Advances	620.40	526.95
Deferred Tax Asset	Nil	1.25
	9942.51	8246.45
LIABILITIES		
Reserves and Surplus	1363.00	1466.49
Secured Loans	1487.49	1936.32
Unsecured Loans	520.70	31.16
Deferred Tax Liability	36.75	Nil
Current Liabilities	4125.14	4226.23
Provisions	810.39	534.22
	8343.47	8194.42
INCOME		
Sale of Products and other Services	8343.81	7626.45
Other Income	18.11	34.77
EXPENSES:		
Manufacturing and other Expenses	12707.20	12206.64
Depreciation	249.57	237.53
Interest	193.08	156.82
Taxes:		
— Current	38.38	32.73
— Deferred	38.00	Nil
— Earlier years	0.14	(1.25)
CONTINGENT LIABILITIES	1294.69	12.28
CAPITAL COMMITMENT	38.55	20.40

17 A. Information about Consolidated Segments

Particulars	Rupees Lakhs	2003-2004 Rupees Lakhs
1. SEGMENT REVENUE		
(a) Segment - A (Electro-Mechanical Projects and Services)	8558.11	77777.34
(b) Segment - B (Engineering Agency and Services)	9850.95	8367.05
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	46171.83	45964.28
(d) Others	13763.54	11643.39
Less : Inter segment revenue	265.64	NIL
NET SALES / INCOME FROM OPERATIONS	155078.79	143752.06
2. SEGMENT RESULTS		
(a) Segment - A (Electro-Mechanical Projects and Services)	4690.64	1418.20
(b) Segment - B (Engineering Agency and Services)	3693.11	2715.59
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	(488.62)	369.49
(d) Others	2669.39	3957.42
Total	10564.52	8460.70
Less: (i) Interest	589.88	335.48
(ii) Other unallocable expenditure net of unallocable income	3946.54	3278.32
PROFIT BEFORE TAX	6028.10	4846.90

17 A. Information about Consolidated Segments (contd.)

Particulars	Segment Assets		Segment Liabilities	
	Rupees Lakhs	As at 31-3-2004 Rupees Lakhs	Rupees Lakhs	As at 31-3-2004 Rupees Lakhs
(a) Segment - A (Electro-Mechanical Projects and Services)	55949.31	39505.98	45903.75	32200.02
(b) Segment - B (Engineering Agency and Services)	4232.07	2839.66	1674.53	1364.69
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	22258.71	26795.17	13834.40	18105.62
(d) Others	8938.75	8389.05	4709.51	4444.81
Total	91378.84	77529.86	66122.19	56115.14

Particulars	Capital Expenditure		Depreciation		Non-Cash Expenses other than Depreciation	
	Rupees Lakhs	2003-2004 Rupees Lakhs	Rupees Lakhs	2003-2004 Rupees Lakhs	Rupees Lakhs	2003-2004 Rupees Lakhs
(a) Segment - A (Electro-Mechanical Projects and Services)	370.73	317.71	398.69	418.21	967.12	1958.07
(b) Segment - B (Engineering Agency and Services)	37.47	31.26	31.63	26.63	65.43	86.88
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial use)	638.02	927.50	371.76	555.14	391.73	345.01
(d) Others	452.19	128.03	198.72	239.38	328.73	316.31
(e) Non-Divisional	86.07	223.15	326.10	355.88	1030.02	4011.69
Total	1584.48	1627.65	1326.90	1595.24	2783.03	6717.96

17 B. Information about Consolidated Secondary Business Segments

	Rupees Lakhs	2003-2004 Rupees Lakhs
Revenue by Geographical Market		
India	113789.61	101524.56
Middle East	30992.43	39130.25
Others	10296.75	3097.25
Total	155078.79	143752.06
Additions to Fixed Assets and Intangible Assets		
India	918.81	1401.20
Middle East	333.97	195.13
Others	331.70	31.32
Total	1584.48	1627.65
Carrying Amount of Segment Assets		
India	51655.09	51989.38
Middle East	31252.01	22273.25
Others	8471.74	3267.23
Total	91378.84	77529.86



18. Related Party Disclosures

(a) List of Related Parties and Relationships

Party	Relation
A. Simtools Limited (upto 22-08-2004) Brihat Trading Private Ltd.	Associate- Shareholding of the Company on its own or along with subsidiaries exceed 20%
B. Joint Ventures Universal Comfort Products Private Ltd. Sermo-PM India Ltd. Saudi Ensas Company for Engineering Services Limited Universal Voltas LLC Weathermaker Ltd. Lalbuksh Voltas Engineering Services & Trading LLC AVCO Marine S.a.S. (Under liquidation) Emirates Voltas LLC (closed) Agrotech Industries Ltd. (Under closure)	Holdings and/or agreements in conjunction with group companies
C. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
D. Key Management Personnel Mr. A.Soni Mr. S.N.Tripathi	Managing Director Executive Director

(b) Related Party Transactions

Transactions	Rupees Lakhs			
	Associates and Joint-Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 19 (c) (1)]	5939.16 (6056.35)	—	5.52 —	5944.68 (6056.35)
Sale of Goods [Refer 19 (c) (2)]	40.43 (70.27)	—	2.93 (653.68)	43.36 (723.95)
Service Income [Refer 19 (c) (3)]	336.74 (443.63)	—	12.47 (89.30)	349.21 (532.93)
Commission Received [Refer 19 (c) (4)]	5.06 —	—	—	5.06 —
Rental Income [Refer 19 (c) (5)]	26.90 (22.49)	—	41.53 (47.36)	68.43 (69.85)
Interest Income [Refer 19 (c) (6)]	3.25 (17.62)	—	—	3.25 (17.62)
Interest Expenses [Refer 19 (c) (7)]	2.92 —	—	—	2.92 —
Deputation Charges received / receivable [Refer 19 (c) (8)]	— (10.09)	—	—	— (10.09)
Freight Recovery [Refer 19 (c) (9)]	105.90 (114.13)	—	—	105.90 (114.13)
Advertising Recovery [Refer 19 (c) (10)]	184.39 (269.80)	—	—	184.39 (269.80)
Warranty Recovery [Refer 19 (c) (11)]	91.04 (98.97)	—	—	91.04 (98.97)

(b) Related Party Transactions (contd.)

Rupees Lakhs

Transactions	Associates and Joint-Ventures	Key Management Personnel	Promoter	Total
Remuneration paid [Refer 19 (c) (12)]	—	93.98	—	93.98
	—	(74.00)	—	(74.00)
Debit Balance Outstanding as on 31-3-2005 [Refer 19 (c) (13)]	969.32	1.42	—	970.74
	(1460.13)	(1.90)	—	(1462.03)
Credit Balance outstanding as on 31-3-2005 [Refer 19 (c) (14)]	1043.38	—	213.45	1256.83
	(1117.69)	—	(266.19)	(1383.88)
Deposit Received [Refer 19 (c) (15)]	—	—	—	—
	—	—	(175.00)	(175.00)
Recovery of Loan [Refer 19 (c) (16)]	—	0.48	—	0.48
	—	(0.46)	—	(0.46)
Interest on Housing Loan [Refer 19 (c) (17)]	—	0.08	—	0.08
	—	(0.10)	—	(0.10)
Unsecured Advances Given [Refer 19 (c) (18)]				
1. Lease Rentals	—	—	—	—
	—	—	—	—
2. Others	112.93	—	—	112.93
	(816.36)	—	(1.46)	(817.82)
Repayment of Unsecured Advances Given [Refer 19 (c) (19)]	2.97	—	—	2.97
	(24.90)	—	—	(24.90)
Other Operating & Administration Expenses - Received/Receivable [Refer 19 (c) (20)]	8.77	—	0.30	9.07
	(7.42)	—	(9.66)	(17.08)
Other Operating & Administration Expenses - Paid/Payable [Refer 19 (c) (21)]	152.03	—	3.33	155.36
	(17.52)	—	(11.28)	(28.80)
Intercorporate Deposits Placed [Refer 19 (c) (22)]	500.00	—	—	500.00
	(150.00)	—	—	(150.00)
Refund of Intercorporate Deposits Placed [Refer 19 (c) (23)]	—	—	—	—
	(150.00)	—	—	(150.00)
Intercorporate Deposits Placed Due [Refer 19 (c) (24)]	500.00	—	—	500.00
	—	—	—	—
Provision for Debts and Advances Due [Refer 19 (c) (25)]	782.45	—	—	782.45
	(782.45)	—	—	(782.45)
Provision / Write off of Debts and Advances [Refer 19 (c) (26)]	—	—	—	—
	(782.45)	—	—	(782.45)
Write back of Debts and Advances [Refer 19 (c) (27)]	—	—	—	—
	(17.57)	—	—	(17.57)
Consulting Charges Paid [Refer 19 (c) (28)]	—	—	13.10	13.10
	—	—	(38.10)	(38.10)
Refund of Sitting Fees received from Subsidiary [Refer 19 (c) (29)]	—	0.01	—	0.01
	—	(0.01)	—	(0.01)
Tata Brand Equity [Refer 19 (c) (30)]	—	—	224.00	224.00
	—	—	(193.51)	(193.51)

Note: Figures in brackets are of previous year.



(c) Related Party Transaction Details

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

Rupees Lakhs

Name of Party	Transaction Value	Transaction Value
		2003-2004
1. Purchase of Goods		
Universal Comfort Products Private Ltd.	5634.11	5844.92
2. Sale of Goods		
Universal Comfort Products Private Ltd.	35.03	—
Tata Sons Ltd.	—	653.68
3. Service Income		
Universal Comfort Products Private Ltd.	333.02	404.40
Tata Sons Ltd.	—	89.30
4. Commission received		
Sermo-PM India Ltd.	5.06	—
5. Rental Income		
Sermo-PM India Ltd.	26.90	22.49
Tata Sons Ltd.	41.53	47.36
6. Interest Income		
Simtools Ltd.	—	14.29
Universal Comfort Products Private Ltd.	3.25	3.33
7. Interest Expenses		
Universal Comfort Products Private Ltd.	2.92	—
8. Deputation Charges received / receivable		
Universal Comfort Products Private Ltd.	—	8.30
Sermo-PM India Ltd.	—	1.79
9. Freight recovery		
Universal Comfort Products Private Ltd.	105.90	114.13
10. Advertising Recovery		
Universal Comfort Products Private Ltd.	184.39	269.80
11. Warranty Recovery		
Universal Comfort Products Private Ltd.	91.04	98.97
12. Remuneration paid		
Mr. A. Soni	50.98	39.02
Mr. S.N. Tripathi	43.00	34.98
13. Debit Balance Outstanding as on 31-3-2005		
AVCO Marine S.a.S.	782.45	780.29
Sermo-PM India Ltd.	127.49	—
Universal Voltas LLC	—	353.44

(c) Related Party Transaction Details

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

Rupees Lakhs		
Name of Party	Transaction Value	Transaction Value
		2003-2004
14. Credit Balance outstanding as on 31-3-2005		
Universal Comfort Products Private Ltd.	861.43	1115.53
Tata Sons Ltd.	213.45	266.19
Universal Voltas LLC	181.95	—
15. Deposit Received		
Tata Sons Ltd.	—	175.00
16. Recovery of Loan		
Mr. S.N. Tripathi	0.48	0.45
17. Interest on Housing Loan		
Mr. S.N. Tripathi	0.08	0.10
18. Unsecured Advances - Given - Others		
Simtools Ltd.	112.93	—
AVCO Marine S.a.S.	—	782.45
19. Repayment of Unsecured Advances Given		
Simtools Ltd.	2.97	—
Universal Comfort Products Private Ltd.	—	24.90
20. Other Operating & Administration Expenses - Received/Receivable		
Sermo-PM India Ltd.	6.38	7.42
Tata Sons Ltd.	—	9.66
21. Other Operating & Administration Expenses -Paid/Payable		
Universal Comfort Products Private Ltd.	108.02	—
Universal Voltas LLC	44.01	—
Tata Sons Ltd.	—	11.28
AVCO Marine S.a.S.	—	17.52
22. Intercompany Deposits Placed		
Universal Comfort Products Private Ltd.	500.00	150.00
23. Refund of Intercompany Deposits Placed		
Universal Comfort Products Private Ltd.	—	150.00
24. Intercompany Deposits Placed due		
Universal Comfort Products Private Ltd.	500.00	—
25. Provision for Debts and Advances Due		
AVCO Marine S.a.S.	782.45	782.45



(c) Related Party Transaction Details

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

Rupees Lakhs

Name of Party	Transaction Value	Transaction Value
		2003-2004
26. Provision/Write off of Debts and Advances AVCO Marine S.a.S.	—	782.45
27. Write back of Debts and Advances Emirates Voltas LLC	—	17.57
28. Consulting Charges Tata Sons Ltd.	13.10	38.10
29. Refund of Sitting Fees received from Subsidiary Mr. A. Soni	0.01	0.01
30. Tata Brand Equity Tata Sons Ltd.	224.00	193.51

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

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N.M. Munjee
S.D. Kulkarni
Yash Paul
S.N. Tripathi
Ravi Kant
N.D. Khurody
Noel N. Tata

General Manager - Taxation
& Company Secretary

V.P. Malhotra

Mumbai, 20th June, 2005

Details of Subsidiary Companies as at 31st March, 2005

Name of Subsidiary Company	Simto Investment Company Limited (Simto)	Auto Aircon (India) Limited (AAIL)	Simtools Limited (Simtools)	Metrovol FZE (Metrovol)		VIL Overseas Enterprises B.V. (VOEBV)		Voice Antilles N.V. (VANV)	
	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)	(AED) #	(Rupees in Lakhs)	(Euro) #	(Rupees in Lakhs)	(USD) #	(Rupees in Lakhs)
1. Capital	152.98	1130.00	29.50	2000000	238.80	618729	350.27	400000	175.24
2. Reserves and Surplus	348.49	—	—	2893624	345.50	128643	72.82	38185	16.73
3. Total Assets (Fixed Assets + Current Assets)	97.92	59.15	33.53	9374320	1119.30	269841	152.76	155708	68.21
4. Total Liabilities (Debts + Current Liabilities)	1.05	77.41	48.18	4255696	508.14	123852	70.11	107523	47.10
5. Investments * excluding investment in subsidiary	404.60	—	—	375000	44.78	186722*	105.70	390000	170.86
6. Turnover/Total Income	38.28	2.08	0.75	1978197	239.95	137327	75.87	121622	53.42
7. Profit/(Loss) before Tax	36.74	(20.15)	(21.43)	460478	55.85	100156	55.33	115393	50.68
8. Provision for Tax	(0.01)	—	—	—	—	—	758	0.33	—
9. Profit/(Loss) after Tax	36.75	(20.15)	(21.43)	460478	55.85	100156	55.33	114635	50.35
10. Proposed Dividend	—	—	—	600000	71.64	92809	52.53	100000	43.81

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

VOLTAS LIMITED

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

Tel 91 22 5665 6666 Fax 91 22 5665 6231

A **TATA** Enterprise