



CONTENTS

Highlights	2 - 3	Consolidated Financial Statements	
Report of the Board of Directors	4 - 8	Auditors' Report	57
Annexures to the Directors' Report	9 - 10	Consolidated Balance Sheet	58
Management Discussion and Analysis	11 - 15	Consolidated Profit and Loss Account	59
Report on Corporate Governance	16 - 22	Consolidated Cash Flow Statement	60
Auditors' Report	23 - 25	Schedules forming part of the Consolidated Balance Sheet and Profit and Loss Account	61 - 79
Balance Sheet	26	Details of Subsidiary Companies	80
Profit and Loss Account	27		
Cash Flow Statement	28		
Schedules forming part of the Balance Sheet and Profit and Loss Account	29 - 54		
Balance Sheet Abstract and Company's General Business Profile	55		
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	56		

HIGHLIGHTS

		2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
1. SALES AND SERVICES (incl. Consignment Sales)	Rs.	172383	157107	121123	123463	111843
2. OTHER INCOME	Rs.	1688	1413	1243	1211	1653
3. COST OF SALES AND SERVICES (incl. Excise Duty)	Rs.	150517	135992	101359	104314	93457
4. OPERATING, ADMINISTRATION AND OTHER EXPENSES	Rs.	19856	20122	19191	18641	19349
5. Staff Expenses (included in 3 & 4)	Rs.	(12619)	(12573)	(10982)	(10030)	(10939)
Number of Employees	Nos.	3593	3935	4329	5136	5807
6. PROFIT/(LOSS) BEFORE TAXATION#	Rs.	4687	2905	1671	572	596
Percentage to Sales	%	2.7	1.8	1.4	0.5	0.5
Percentage to Total Assets	%	17.2	11.5	5.9	2.0	2.0
7. TAXATION	Rs.	784	348	(12)	14	46
8. PROFIT/(LOSS) AFTER TAXATION	Rs.	3903	2558	1683	558	550
Percentage to Sales	%	2.3	1.6	1.4	0.5	0.5
Percentage to Shareholders' Funds	%	20.6	15.9	9.0	3.6	3.6
9. RETAINED PROFIT	Rs.	2783	1624	1088	120	109
10. DIVIDEND ON EQUITY CAPITAL	Rs.	993	827	596	397	397
Percentage	%	30	25	18	12	12
11. FIXED ASSETS (AT COST)	Rs.	24740	23872	23140	26328	23852
12. DEPRECIATION	Rs.	12481	11688	10500	12097	10870
13. INVESTMENTS	Rs.	4547	3626	3139	3127	4230
14. NET CURRENT ASSETS	Rs.	9397	7111	6241	5962	8140
15. DEFERRED TAX ASSET	Rs.	1021	1375	1169	—	—
16. DEFERRED REVENUE EXPENDITURE	Rs.	—	899	5317	5634	4222
17. TOTAL ASSETS	Rs.	27224	25195	28506	28954	29574
18. SHARE CAPITAL	Rs.	3306	3305	3305	3305	3305
19. RESERVES AND SURPLUS	Rs.	15595	12811	15496	12202	12082
20. SHAREHOLDERS' FUNDS	Rs.	18901	16116	18801	15507	15387
Equity per Share	Rs. †	57.12	48.7	56.8	46.9	46.5
Earnings per Share	Rs. †	11.8	7.7	5.1	1.7	1.7
Number of Shareholders	Nos.	60622	72174	76512	83615	87192
Share prices on Stock Exchange — High	Rs. †	159	66	57	60	142
— Low	Rs. †	50	42	31	26	33
21. BORROWINGS	Rs.	8323	9079	9705	13447	14187
Debt/Equity Ratio	%	44	56	52	87	92
(Percentage to Shareholders' Funds)						

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

After taking into account Extraordinary/Exceptional items



Rs. in Lakhs

1998-99	1997-98	1996-97	1995-96	1994-95	1984-85	1974-75	1964-65	1954-55	
131161	152871	144620	144503	120396	36968	17977	4602	991	1
1451	781	2310	818	759	150	40	5	2	2
109868	127673	122746	120810	99675	31441	15899	3847	815	3
23936	27004	25863	22861	19225	5556	1955	522	153	4
(14072)	(13077)	(11889)	(11012)	(9997)	(3170)	(1031)	(363)	(109)	5
8796	10269	10711	10801	10667	8147	7252	5082	2324	
1412	(931)	(1679)	1576	2177	121	163	238	25	6
1.1	—	—	1.1	1.8	0.3	0.9	5.2	2.5	
4.1	—	—	3.2	5.0	1.1	4.6	18.3	6.5	
133	24	3	6	5	Nil	83	141	11	7
1279	(955)	(1682)	1570	2172	121	80	97	14	8
1.0	—	—	1.1	1.8	0.3	0.4	2.1	1.4	
8.4	—	—	9.1	13.2	4.1	6.7	17.6	9.1	
839	—	—	725	997	23	5	59	6	9
397	—	—	827	1158	98	75	38	8	10
12	—	—	25	35	10	12	15	5.5	
22605	39632	39023	35669	30651	5014	1232	447	53	11
9914	16579	14435	12349	10718	1580	642	82	3	12
9033	5454	5806	8584	8245	512	132	67	—	13
12180	18479	18018	16071	14230	6583	2859	867	336	14
—	—	—	—	—	—	—	—	—	15
156	86	181	540	720	—	—	—	—	16
34060	47072	48593	48515	43128	10529	3581	1299	386	17
3305	3305	3431	3431	3428	978	623	255	150	18
11973	11134	12108	13809	13048	2002	570	295	4	19
15278	14439	15539	17240	16476	2980	1193	550	154	20
46.2	43.6	46.6	51.7	49.5	305	191	216	1027	
3.9	—	—	4.6	6.8	12	13	38	93	
81750	83950	82594	85260	84180	45237	14395	7356	150	
142	60	47	87	176	470	211	276		
32	21	21	49	92	356	125	183		
18782	32633	33054	31274	26652	7549	2388	749	232	21
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 Fiftieth Annual Report and the Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS	2003-2004 Rs. in Lakhs	2002-2003 Rs. in Lakhs
2. The Profit for the year after meeting all expenses but before financial items, depreciation and extraordinary items	4965	3880
Extraordinary income/(expenses)	989	499
Adjusting from the above:		
Financial items	(58)	26
Depreciation	1325	1448
Profit before tax was	4687	2905
Deducting provision for taxation	784	347
Profit after tax was	3903	2558
Adding thereto:		
Balance brought forward from the previous year	1000	1000
Balance in Profit and Loss Account of:		
- Virat Investment Company Limited	Nil	125
- Voltas Systems Limited (transferred on amalgamation)	Nil	(1)
Amount transferred from Investment Allowance Reserve (Utilised)	25	Nil
Amount transferred from Foreign Projects Reserve	35	285
Deducting therefrom:		
Amount transferred to Foreign Projects Reserve	275	300
Profit available for appropriations:	4688	3667
Appropriations:		
General Reserve	2068	1734
Proposed Dividend	993	827
Tax on Dividend	127	106
Leaving a balance to be carried forward	1500	1000



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 higher dividend of 30% for the year 2003-04 (2002-03: 25%).

OPERATIONS

4. The Company has, in the recent past, consolidated its position and strength as a provider of total engineering solution in its chosen fields. This has been the result of concerted and systematic efforts in several areas such as restructuring and reorganisation, upgradation of technology, business alliances, enhancement of operational efficiency through IT, bench marking of quality processes and rightsizing the workforce, cost reduction measures, quality product development, aggressive marketing efforts and branding. Continued focus on these measures coupled with the economic upturn has resulted in improving the performance of the Company during the year under review. The Company recorded an earning per share of nearly Rs.12 as against Rs.8 per share in the previous year, reflecting a 50% improvement in the Profit after tax. Most of the businesses of the Company performed better as compared to the previous year and were EVA positive.

5. Profitability of the Cooling Appliances business improved substantially from growth in turnover by nearly 40%, better cost management and more effective and judicious promotional spend. The Company increased its market share in the growing air conditioner market which is driven by household and commercial customers. The growth in the Company's Central Air conditioning & Refrigeration business was faster than the market growth. The revival in the industrial sector and in the automobile industry and auto ancillaries had a positive impact on the Company's Machine Tools and Materials Handling businesses.

6. The Company suffered a setback in some of its businesses – contract manufacturing activities due to low off-take by OEMs, Pumps business due to unprecedented rise in prices of steel, copper, aluminium, etc. and in the overseas Electro-mechanical business due to an unjust premature termination of a contract by a customer.

7. While the topline growth in turnover was around 8% at Rs.132994 lakhs for the year 2003-04 as compared to Rs.123041 lakhs in the previous year, the net Profit after tax

increased substantially by around 53% at Rs.3903 lakhs as compared to Rs.2558 lakhs in the previous year.

FINANCE

8. The Company improved its leverage by reducing borrowings, which coupled with various new instruments available for optimising financing costs, resulted in further reduction in interest costs. The Company funded its VRS entirely from internal resources.

9. Although the Accounting Standard on Intangible Assets (AS-26) allows VRS costs to be amortized over few years, the Company decided to adopt a more conservative approach and has charged the entire brought forward deferred revenue expenditure and VRS costs incurred during the year to the Profit and Loss Account.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

10. The Company's Tata Business Excellence drive has continued to yield improvements in several targeted areas. These include customer relationship management, employee productivity, cycle time reduction in manufacturing, sales and service operations and waste reduction, among others.

11. 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 annual strategic business planning and the quarterly 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 scorecard' approach for reviewing the performance of the businesses. A structured internal assessment process has been put in place to assess the business units and provide feedback on improvement areas. Adequate number of management staff have been trained as internal assessors and mentors to carry out the assessment.

12. The Air conditioning & Refrigeration business has won an award under the 'Serious Adoption' category of TBEM for the year 2003. Moreover, all business units and Corporate Services of the Company including IT have adopted ISO 9001:2000 Quality Systems and obtained certification from RWTUV, Germany. The business units are leveraging the benefits of ISO 9001:2000 certification, both in domestic and export markets wherever applicable, apart from its use as tool for continuous improvement.

IT INITIATIVES

13. The Avalon ERP software development and implementation process, begun earlier, reached a good level

REPORT OF THE BOARD OF DIRECTORS, continued

of stability in higher operational areas of all the Company's business units. An initiative to move from locational databases to centralised databases has improved information availability, resulting in operational efficiency and effectiveness.

14. Considering the difficult and dynamic market conditions in which the Company's Cooling Appliance business operates, there was a critical need to further sharpen the availability of information and adoption of world-class best practices. 'Project Disha' was launched in September 2003, with a cross functional team including IBM representatives, with the objective of implementing SAP Software. This system became operational on 1st March, 2004, achieving the status of a benchmark in the industry. Plans are being drawn up to extend this software to other businesses in the coming years.

15. In order to further improve its deliverables to internal customers, IT Department undertook several measures to analyse and improve its processes in hardware, software and networking management.

COMMUNITY DEVELOPMENT AND ENVIRONMENTAL PROTECTION

16. The Company is committed to facilitating the development of a strong self-reliant community, and has a well-defined framework for implementing its community development agenda. The framework envisages application of the Company's core competencies towards social development and organising the activities of its over-800 volunteers in locally relevant activities across the Company.

17. In this context, number of projects and activities were carried out. These include a programme to impart hands-on technical education in air conditioning and refrigeration to the underprivileged and under-educated, through the Joseph Cardijn Technical School at Mumbai and in collaboration with LABS in Hyderabad. Three batches of students successfully completed this course with the Joseph Cardijn Technical School.

18. The Voltas Organisation of Women (VOW) continued to spearhead volunteer activities at institutions and NGOs such as Bal Asha Ghar, Shepherd's Widow's Home, the ANZA special school and Akanksha.

19. The Company continues to extend financial support in the form of donations to institutions including Cancer Patients Aid Association, VOW and Leslie Sawhny Endowment.

GLOBAL COMPACT

20. The Company had earlier, as part of the overall commitment of the Tata Group, signed the Global Compact with United Nations. The Compact lays down nine 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 awareness among the employees regarding the importance and implications of the Global Compact.

CORPORATE SUSTAINABILITY REPORT

21. In the year under review, the Company embarked upon a new initiative to further reinforce the commitment to "improving the quality of life of communities we serve", by adopting the Group Reporting Initiative (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. The Company has undertaken Corporate Sustainability Reporting for its Hyderabad Unit and based on the learnings from this exercise, the GRI framework would be extended to other Business Units.

STATEMENT OF EMPLOYEES' PARTICULARS

22. 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

23. As per the directions given by the Central Government, the Company has, based on an application made, received the Government approval for reappointment of Mr. E. Vidya Sagar, Cost Auditor, for the year ending 31st March, 2005 in respect of refrigerators manufactured by the Company at Hyderabad.

SUBSIDIARIES AND ASSOCIATES

24. Pursuant to the Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes 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) and Auto Aircon (India) Limited.



REPORT OF THE BOARD OF DIRECTORS, continued

The Company has made an application to the Central Government for their approval under Section 212(8) of the Companies Act, 1956, for dispensing with attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies to the Balance Sheet of the Company. In case the exemption is granted by the Government, the aforesaid documents relating to the subsidiary companies will not be included in the Company's Annual Report. Metrovol, VOEBV, VANV (foreign subsidiaries) and Simto have reported a profit for the year ended 31st March, 2004. The foreign subsidiaries have also declared dividend. A gist of the financial performance of the subsidiaries is contained in the Annual Report. The Annual Accounts of the 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.

25. **SERMO-PM INDIA LIMITED (SPMIL)** formerly known as Perfect Moulds Limited 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. SPMIL's financial year is 1st October – 30th September and it has for the year ended 30th September, 2003, recorded a turnover of Rs.1547 lakhs and net profit of Rs.40 lakhs. The Paid-up Capital of SPMIL of Rs.1300 lakhs is held in equal proportion of 50:50, i.e. 65,00,000 equity shares of Rs.10 each aggregating Rs.650 lakhs by Voltas and Sermo, respectively. Sermo, with a view to expand its equity base in SPMIL, had expressed desire to purchase the balance 50% shareholding of the Company in SPMIL at a mutually agreed price. The Company has with a view to focus on core areas, re-aligned its business activities and on account of commercial and diverse other reasons, agreed to exit from the joint venture by transferring its 50% shareholding in SPMIL to Sermo. Accordingly, a Deed of Modification to the existing Shareholders' Agreement has been executed between Sermo and Voltas on 20th May, 2004. The increase in shareholding of Sermo, from 50% to 100% in SPMIL and consequential transfer of shares, is subject to the approval of the Central Government and Reserve Bank of India, respectively. Upon transfer of shares, SPMIL would cease to be a joint venture company and become a wholly owned subsidiary of Sermo.

26. **UNIVERSAL COMFORT PRODUCTS PRIVATE LIMITED (UCPL)**, a 50:50 joint venture company between Voltas and Fedders is engaged in the business of manufacturing air conditioners and has its Plant at Dadra. UCPL has made good progress by providing quality products at competitive

price and had for the year ended 31st August, 2003, reported a turnover of Rs.17716 lakhs. However, due to competitive pressures and withdrawal of sales tax exemptions hitherto allowed to manufacturing units in Dadra, UCPL had reported a loss of Rs.252 lakhs for the year ended 31st August, 2003. In order to align with the financial year of Voltas and the income tax requirements, UCPL has changed its financial year from 1st September – 31st August each year to 1st April – 31st March each year. Accordingly, the financial year 2003-04 was for a 7 months period between 1st September, 2003 and 31st March, 2004. UCPL's performance in 2003-04 has improved substantially with turnover of Rs.9847 lakhs and profit after tax of Rs.163 lakhs. The Company's investment in UCPL was Rs.1032.10 lakhs comprising 1,03,21,000 equity shares of Rs.10 each being 50% of the paid-up capital of UCPL. Subsequent to the close of the financial year, the Company has, in April 2004, made further investment of Rs.350 lakhs by subscribing to Rights shares offered by UCPL, for cash at par. Similar investment has been made by Fedders also.

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, 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

28. 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 except in case of VRS cost incurred during the year which has been charged-off in full instead of its amortisation over a few years as was done hitherto before. They have 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

REPORT OF THE BOARD OF DIRECTORS, Continued

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.

DELISTING OF SHARES

30. Pursuant to the shareholders approval obtained at the last Annual General Meeting of the Company held on 18th August, 2003 and in terms of the Guidelines issued by the Securities and Exchange Board of India for delisting of shares, the Company had applied to six Stock Exchanges at Ahmedabad, Chennai, Delhi, Hyderabad, Kolkata and Pune for delisting of the equity shares of the Company. In addition to these Exchanges, the Company's equity shares are also listed on The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Limited (NSE) which have extensive networking and nationwide trading terminals. In response to the Company's application, the Stock Exchanges at Ahmedabad, Chennai, Delhi, Hyderabad and Pune have approved the delisting of the Company's equity shares. Similar approval from the Stock Exchange at Kolkata is awaited. The equity shares of the Company would continue to remain listed on BSE and NSE.

DIRECTORATE

31. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. A. Soni, Mr. N. J. Jhaveri and Mr. S. N. Tripathi retire by rotation and being eligible, offer themselves for re-election.

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 reappointment. 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.8 of the Notice of the Annual General Meeting and its relevant Explanatory Statement.

AUDITORS' REPORT

33. As regards the remarks of the Auditors in para (xxi) of the Annexure to their Report, the same have been suitably dealt with at Item No. 13(v) of the Notes forming part of the Accounts.

SPECIAL BUSINESS

34. 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

35. 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, 9th June, 2004



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A)(b)(ii), READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004

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

AGARWAL C.K. *, 53, CUSTOMER SUPPORT MANAGER (CABD), NEW DELHI, 214477, 210655, B.Sc.(Mech.), 10/09/99, 31, RANUTROL LTD., ADVISOR, (2 YEARS)

DANDEKAR S.G., 48, DEPUTY CHIEF PROJECT MANAGER - QATAR BRANCH, 2686445, 2686445, B.E.(Mech.), 06/05/88, 25, BLUE STAR LTD., SR. SALES ENGINEER, (1 YEAR)

DHONDE M.S., 44, CONTROLLER (FINANCE & ADMINISTRATION) - QATAR BRANCH, 2443270, 2443270, B.Com., A.C.A., 01/02/88, 21, BATLIBOI & PUROHIT LTD., SR. ASSISTANT, (5 YEARS)

DHUME P.N., 56, EXECUTIVE VICE PRESIDENT & COO (IOBG), MUMBAI, 3410020, 2471642, B.E.(Elec.), D.B.M., P.G.D.I.M., M.F.M., 11/02/75, 30, LARSEN & TOUBRO LTD., JUNIOR ENGINEER, (1 YEAR)

FAN KI HUNG KEN, 34, SR. ELECTRICAL ENGINEER - HONGKONG BRANCH, 2555960, 2484920, M.E.(Elec.), 02/01/03, 11, ROYDEN SPIE JOINT VENTURE, ELECTRICAL ENGINEER, (4 YEARS)

FU SEE KWONG FRANK, 55, GENERAL MANAGER - HONGKONG BRANCH, 6547520, 6476480, B.Sc., 19/09/01, 30, SHUN CHEONG ENGINEERING LTD., DIRECTOR, (2 YEARS)

GAJWANI R.L. *, 58, ZONAL HEAD (WEST ZONE), MUMBAI BRANCH, 2391071, 1787012, M.Sc. (Physiology), 19/08/68, 35, NIL

GANGWANI A.K. *, 39, PROJECT MANAGER - HONGKONG BRANCH, 2051546, 1998266, B.E.(Mech.), 01/03/02, 12, SHING TAI ENGINEERING LTD., PROJECT MANAGER, (4 YEARS)

GUPTA L.C. *, 59, CHIEF MANAGER - DEVELOPMENT (CABD), MUMBAI BRANCH, 542437, 537605, B.E.(Mech.), 21/06/72, 35, HYDERABAD METAL ALLWYN WORKS LTD., DEVELOPMENT ENGINEER, (7 YEARS)

JAWA K.J., 44, VICE PRESIDENT - OPERATIONS (CABD), NEW DELHI, 2432838, 1414088, B.E.(Mech.), P.G.D.M., 07/05/01, 23, CARRIER AIRCON LTD., SALES MANAGER, (13 YEARS)

MEHTA B.D. *, 58, GENERAL MANAGER (TAXATION & INVESTMENTS), HO, MUMBAI, 2071662, 1569277, B.Com., A.C.A., L.L.B., 01/12/82, 34, WIPRO PRODUCTS LTD., GENERAL MANAGER (FINANCE & PLANNING), (9 MONTHS)

MIR SHAUKAT ALI, 46, REGIONAL MANAGER - UNITED ARAB EMIRATES, 6334023, 6334023, B.E.(Mech.), 13/05/83, 21, NIL

PANT C.D., 49, CHIEF PROJECT MANAGER - QATAR BRANCH, 2988004, 2988004, B.Tech. (Elect.), 01/04/02, 25, TURNER STEINER INTERNATIONAL, CONSULTING ENGINEER, (3 YEARS)

PARANJPEY R.P. *, 60, CHIEF EXECUTIVE (AAIL), PUNE, 671240, 574664, M.Tech (Refrigeration), 01/02/97, 36, CARRIER TRANSICOLD, CONSULTANT, (1 YEAR)

PRITMANI S., 46, GENERAL MANAGER - FAR EAST & SOUTH EAST ASIA REGION, SINGAPORE, 5324817, 4960808, B.E.(Mech.), 09/02/84, 23, BATLIBOI ENGG. LTD., PROJECT ENGINEER, (3 YEARS)

SIDWANI S., 49, CHIEF PROJECT MANAGER - SINGAPORE BRANCH, 3288542, 3169323, B.E.(Civil), M.Sc. (Environ.), C.Engg., MICE, 31/01/03, 24, MAUNSELL CONSULTANTS (ASIA) LTD., RESIDENT ENGINEER, (1 YEAR)

SINHA S. K., 48, GENERAL MANAGER (OPERATIONS & TECHNOLOGY - AC&RBG), MUMBAI, 2908180, 1962190, B.Tech. (Mech.), 15/12/79, 25, NIL

SONI ASHOK, 59, MANAGING DIRECTOR, HO, MUMBAI, 4314095, 2279460, B.Sc., A.C.A., 01/04/90, 35, INMARK PVT. LTD., SR. VICE PRESIDENT, (2 YEARS)

SRINIVASAN S.R., 60, EXECUTIVE VICE PRESIDENT & COO (AC&RBG), HO, MUMBAI, 3148375, 1205460, L.M.E (Mech.), 02/05/74, 33, BLUE STAR LTD., ERECTION ENGINEER, (3 YEARS)

THOMAS O.K., 44, SR. PROJECT MANAGER (ELECTRICAL) - QATAR BRANCH, 2442383, 2442383, B.E.(Elect.), D.E.E., 02/11/92, 23, CENTRAL PUBLIC WORKS DEPT., JUNIOR ENGINEER, (11 YEARS)

TRIPATHI S.N., 62, EXECUTIVE DIRECTOR & COO (UP GROUP), HYDERABAD UNIT, 3553533, 1879997, B.Sc.(Engg.), D.B.M., 09/03/70, 40, HYDERABAD METAL ALLWYN WORKS LTD., DEVELOPMENT ENGINEER, (7 YEARS)

UPADHYAY ASHOK *, 60, DIVISIONAL MANAGER (M&CE), KOLKATA, 1135006, 1132294, D.M.E., 10/12/69, 38, THE ASSOCIATED CEMENT COMPANIES LTD., TRAINEE, (1 YEAR)

VARMA N.R., 53, CHIEF PROJECT MANAGER - UNITED ARAB EMIRATES, 3354933, 3354933, D.E.E., 01/09/82, 32, MAHARASHTRA STATE ELECTRICITY BOARD, MAINTENANCE ENGINEER, (1 YEAR)

WONG C.K., 38, MANAGER (PLUMBING & DRAINAGE) - HONGKONG BRANCH, 3273760, 3202720, B.Sc. (Mech.), 02/05/01, 14, TREASURE SHELL, PROJECT MANAGER, (3 YEARS)

SECTION II - OTHER STAFF

CHAINANI NARESH *, 52, CLERK, CABD (F&C) , LUCKNOW, 950463, 921590, B.Com., 01/09/72, 31, NIL

* 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 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 :

AAIL	-	Auto Aircon (India) Ltd.
AC&RBG	-	Air Conditioning & Refrigeration Business Group
CABD	-	Cooling Appliances Business Division
COO	-	Chief Operating Officer
F&C	-	Finance & Commercial
HO	-	Head Office
IOBG	-	International Operations Business Group
M&CE	-	Mining & Construction Equipment Division
UP	-	Unitary Products

On behalf of the Board of Directors

ISHAAT HUSSAIN
Chairman

Mumbai, 9th June, 2004

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	3. Imported Technology	Year of Import	Has technology been fully absorbed
(i) Development of air/water cooled chilling packages using tandem scroll compressors.			
(ii) Development of condensing units with semi-hermetic compressor for low temperature application.			
(iii) Development of horizontally mounted radiator with hydraulic motor driven fan for 8 tonne forklift trucks.			
(iv) Development of new range of ductable split air conditioners of 4 TR, 5.5 TR and 8.5 TR capacities.	9 Models of 2 stage paraflow direct fired absorption machines of capacities 120 TR – 700 TR from Hitachi Limited, Japan	1998-99	Yes
(v) Development of 2 new models of storage water coolers with 'In Situ' P. U. foaming of tank.			
(vi) Development of 2 TR and 3 TR high sensible cooling packaged air conditioners.	4 Models of small size direct fired absorption machines of capacities 40 TR – 80 TR from Hitachi Limited, Japan (Phase-I)	1999-2000	Yes
(vii) Development of 3 TR air conditioners for specialized applications.			
(viii) Re-designing of the refrigeration system for refrigerators (various models) to reduce material consumption.	3 Models of 2-stage paraflow, steam fired absorption machines of capacities 120 TR, 400TR and 1250 TR from Hitachi Limited, Japan	1999-2000	Yes
(ix) Re-designing of the refrigeration system for chest freezers (various models) with alternate compressors to optimize performance and improve energy consumption.	R134a product and process modification	2000	Yes
2. Products and processes developed through in-house technology			
(i) Water cooled chilling package with tandem scroll compressor in the range of 44 TR to 110 TR.			
(ii) 2.3 TR/4.5 TR condensing units for low temperature application.			
(iii) 15 tonne capacity forklift with indigenous transmission engine and cost effective axle.			
(iv) 8 tonne and 10 tonne capacity forklifts with all indigenous components.	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
(v) 20 tonne crane with indigenous assemblies and development of electronic safety system and its programming.			
(vi) Development of air flow measurement facility by ASHRAE Nozzle method upto 4000 CFM.			
(vii) New Models of 100L single door chest freezer and 200L, 300L and 400L glass sliding lid freezers.			
(viii) New Models of 175L, 190L, 220L and 250L single door refrigerators including for OEMs and exports.			
(ix) New Models of 55L and 100L single door coolers.			
(x) Anoxic mixers for 9 meter deep bio-filter channels for anoxic feed activated water reclamation (sewage treatment) plants in India and abroad.			
	4. Expenditure on R&D		
	The expenditure on R & D for the year 2003-04 was Rs. 67.4 lakhs. In relation to the turnover of own manufactured products, the R & D expenditure was 0.14% 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 air conditioners, vapour absorption machines has resulted into lower energy consumption.		



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

1. The Company continued with its strategy of active growth in its businesses, following an earlier period of consolidation. In many of the businesses, significant positive performance was registered, on both domestic and international fronts.

2. Various initiatives towards improvement and excellence continued on an on-going basis, such as efficiencies and synergies for cost-saving, streamlining of resources, increase in productivity and on-going institutionalisation of IT. Numerous indices confirm that the Company has successfully aligned itself to contemporary economic and market realities, with greater adaptivity and responsiveness.

ELECTRO-MECHANICAL PROJECTS & SERVICES

3. In the domestic market in Heating, Ventilation, Air conditioning and Refrigeration (HVACR), differing trends have been observed in its two segments – namely Comfort and Critical (i.e. in which temperature and humidity have to be controlled within the specified limit). The growth trend is quite significant in the Comfort segment, due to steep demand in the Service sector, mainly consisting of multiplexes, shopping malls, IT parks, hospitals, banks, insurance offices, health care facilities and tourism industries. The Critical segment has grown marginally due to sluggish growth in the industrial sector. This segment is likely to pick up as a result of investments in pharmaceuticals, biotech and infrastructure projects.

4. The overall HVACR business is well represented by domestic as well as international players. Despite such severe competition, the Company's Air conditioning & Refrigeration (AC&R) business witnessed revenue growth of over 11%. Significant growth has also been achieved in all its product segments.

5. The AC&R business displayed a volume growth in terms of Total Orders Booked, which grew by 24% over the previous year. Packaged and Ductable Split Units have grown by 14%. Package Chillers, consisting of Open Type, Scroll and Screw Chillers, have grown by 13% in value over the previous year. Vapour Absorption Machines have grown by 40%. These increases are due to systematic and innovative initiatives, such as in-house development of value-added products, cost reduction measures and improved project management capabilities, coupled with superior after-sales service offerings. These measures have also resulted in a steady rise in the Customer Satisfaction Index of the business group over the last 3 years.

6. The Company has targeted growth through new lines of business, such as indoor air quality improvement through controlled ozone injection and low temperature refrigeration,

which includes cold storages and process cooling. Ozone injection is already a well-accepted concept for indoor air quality improvement, and the coming years will see more of its application, especially for shopping malls, restaurants and multiplexes.

7. In the low temperature refrigeration segment, the Company has obtained orders for varied applications in both cold storage and process cooling with alternative refrigerants, including R404A and ammonia. Product and system acceptability has been quite high resulting in a growth rate of over 50% as compared to the previous year.

8. With a healthy carry-forward order book position and with new businesses showing a promising upturn, the AC&R business has renewed confidence in prospects for growth.

9. The Company's performance in overseas electro-mechanical contracts continued to be good, and the contribution of this business in terms of turnover and profits was better than in the previous year. The Electro-mechanical business continued its thrust into overseas markets, and consolidated its position with the timely execution of mega electro-mechanical fast track projects in the Middle Eastern region. The Company achieved timely completion of crucial milestones in the prestigious Conference Palace Hotel project for the Government of Abu Dhabi Emirate. Progress of execution was also satisfactory in the Metro Railway project in Hong Kong and the Air Base project in Qatar.

10. With its excellent track record and the confidence of international contractors and consultants, the Company achieved satisfactory order booking during the year and is poised for a further step up. The Company secured a contract for the prestigious Mall of Emirates project in Dubai, UAE. A sub-contract for HVAC works in the Republic of Maldives opened up new territory. Working in close co-ordination with the Pumps & Projects business, a large-value contract of over Rs.30000 lakhs was secured, for a water reclamation plant in Singapore. The carry-forward order book position of the overseas electro-mechanical projects under execution continues to be healthy, at Rs.60000 lakhs as on 31st March, 2004.

11. The Company is also aggressively exploring markets in the Middle East and Far East regions, in the sewage/drainage treatment and effluent treatment sectors, in order to step up exports of both equipment and projects. The Company obtained pre-qualification in these territories for some of the major equipment for effluent treatment.

12. During the year, the Company suffered a setback due to premature and wrongful termination of a contract under execution by the Company's project-specific overseas Special Purpose Vehicle.

MANAGEMENT DISCUSSION AND ANALYSIS, continued**ENGINEERING AGENCY AND SERVICES**

13. The manufacturing and capital goods sectors of the Indian engineering industry staged a good recovery during the year. This was very significant in the automobile sector. The Company's Machine Tools business was able to take full advantage of this turnaround, leading to all-round impressive performance in terms of turnover, contribution and order booking. The upswing is expected to continue in all sectors of the engineering industry, including defence undertakings, with continuing growth prospects for the business.

14. An improved trend was seen in the business scenario for mining equipment, due to procurement by Coal India and other mining companies. However, the Company continues to face pressure in sale of equipment due to lower cost of indigenous equipment available from competitors. The Company's Mining and Construction Equipment business has successfully executed its commitments for supply of dumpers and shovels to Coal India under the World Bank contract, including release of financial guarantees of its principals. This was possible due to the high-quality service backup which the Company provided by establishing depot facilities and putting in place a team of skilled service engineers at various mine sites.

15. The Company was also successful in obtaining new business for large capacity hydraulic excavators from Terex Mining, O&K, including a long-term contract for repair and maintenance. The Company is pursuing maintenance contracts for excavators and dumpers with other customers, with a view to increasing revenues from spare parts and service. Further, the Company is exploring opportunities to exploit the high demand for various items of equipment in road construction, mining and infrastructure building, through a combination of local assembly and aggressive marketing.

16. There was a boost in demand for construction equipment buoyed by a good monsoon combined with economic growth, as well as the Government's thrust in infrastructure projects. There was a fall in demand for crushing and screening plants from the road sector, due to delay in execution of the road construction programme. However, the Company was successful in obtaining large orders from other segments, such as iron ore, mining and general construction, where it made critical breakthroughs in supply of crushing and screening plants from its principals, Terex Pegson and Terex Powerscreen. The demand growth is expected to continue in the subsequent years with the thrust in infrastructure development by the Government.

17. The Company's Mining and Construction Equipment business continues to retain its competitive edge through various initiatives for cost reduction by way of value engineering, alternate sourcing and a focus on tight control of working capital.

18. The Company's Textile Machinery business displayed satisfactory improvement in performance by achieving 15% growth in sales. This was largely on account of the upswing in the Indian textile industry. Spinning units continued to register impressive performance, with both domestic and export markets remaining buoyant. The sustained drive towards modernisation as well as addition of new capacities resulted in significant order booking for the Company.

19. As a result of the drive towards value addition in the Indian textile industry, as well as the backing of the Technology Upgradation Fund, significant investments are flowing into fabric forming and processing segments. With its command of high quality products and efficient product support, the Company is ready to service these investments, and enters the next year with optimism in all sectors of the textile industry.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

20. The Company's Cooling Appliances business continued to sustain the aggressive thrust which had helped maintain the No.2 position in the window air conditioner market. Overall sales registered 23% volume growth, while market share rose from 10% to 12%. The Company consolidated its leadership position and its penetration in the home cooling segment. The flagship Vertis range of room air conditioners was extended with a lower-priced sub-Rs.10,000 offering for lower income segments, helping secure its position as a 'value for money' brand. This market perception was strengthened by a strong communication campaign as well as wide media coverage stimulated by intensive PR activities.

21. Rationalisation and expansion of the distribution network continued, with growth in dealers from 269 to 370 and retailers from 409 to 1098. In its drive to achieve greater efficiencies towards increased realisations and reducing costs, the Company has successfully implemented SAP systems for Enterprise Resource Planning.

22. In its pursuit of new lines of business, the Company intensified its drive to capture fast-growing niche markets in telecom and banking. The Sensicool range is targeted at these sectors, and has registered 28% growth, while ductable air conditioners grew by 650%, on a low base. The Company also offers products from its international manufacturer, Uniflair of Italy, which specialises in precision air conditioners and cooling systems offering advanced and reliable technological solutions for telecom applications.

23. The Company accelerated its efforts to achieve the No. 1 position in water coolers, from the present No. 2 ranking, while seizing the opportunities offered by increasing demand in the service sector. During the year, sales volume



MANAGEMENT DISCUSSION AND ANALYSIS, continued

grew by almost 70%. The Company also consolidated its entry into the household refrigerator market with a 55-litre product, drawing on its strengths as a low-cost refrigerator manufacturer.

24. The Cooling Appliances business opened up new markets with its first foray into the export arena for air conditioners. This was initiated by appointing distributors in the Middle East, South and West Africa and neighbouring sub-continental countries. The thrust was subsequently extended to commercial refrigeration products. Initial sales of over 9000 units of air conditioners and refrigerators in just a few months are a promising index of future growth.

25. The Hyderabad Unit is progressing in its strategy of reducing its dependence on OEM customers for refrigerators. Large customers like LG and Samsung have set up their own manufacturing plants and will reduce or cease their off-take of refrigerators from the Unit. In order to proactively respond to the expected drop in demand, Hyderabad Unit has moved aggressively to introduce new business lines, consisting of water coolers, Sensicool air conditioners for telecom applications, ductable air conditioners and branded refrigerators. In freezers and coolers, the Company has established itself as a market leader in all segments and has achieved the leadership position with market share of 30%.

26. Another challenge arose from price drops on the part of customers across all product categories, particularly refrigerators and freezers. However, prompt measures helped absorb the margin squeeze. These included intense cost cutting through cross-functional teams and introduction of high value-added products.

27. The Company took advantage of the shift from Visi Coolers to refrigerators for beverages and captured a major share of this business, retaining its position as the most preferred supplier, with a number of key customers for commercial refrigeration in the foods and beverages industry.

28. As a result of substantially reduced off-take of household refrigerators by Samsung, the Hyderabad Unit's performance declined vis-à-vis the previous year. However, the impact of the OEM sales decline was mitigated by immediate contingency plans in new product development, as well as new lines of business. Leveraging low-cost manufacturing capability to market a branded line of refrigerator forms a part of this strategy.

OTHER BUSINESSES

29. The domestic market demand for forklift trucks showed substantial improvement, resulting from increased investments in manufacturing and industrial sectors. This was linked to robust economic growth. Certain sectors, such as automobiles, engineering and defence, undertook additional

investment in materials handling equipment. The Company's Materials Handling business has increased its sales volume by more than 10% and retained its share in the industry. It has also introduced a variety of new models in the heavy duty segment as well as new attachments, in order to improve its competitive position. Export of machines, primarily to Middle East countries, also showed an increasing trend, with a number of repeat orders.

30. A thrust area of the Company has been generation of higher revenues from spare parts and services. This has produced good results, with an increase in machines for refurbishing, as well as maintenance contracts for both forklifts and cranes. In addition, the Company has increased its thrust in warehousing equipment such as stackers and pallet trucks, bringing in significant orders. This area is expected to see sizeable growth, with higher demand for logistics consequent to the increase in the nation's manufacturing and industrial production.

31. The Materials Handling business continues to retain its competitive edge through various initiatives for cost reduction by way of value engineering, alternate sourcing and a focus on tight control of working capital. However, an area of concern has been the rapid increase in steel prices, which has posed a threat to the margins. This could be a major concern in the current financial year in case steel prices increase further.

32. The Company's Chemicals trading activities recorded satisfactory performance and growth. Contributing to the overall performance growth, were initiatives taken in the previous year, to secure new agency lines from manufacturers in Korea, China and the UK. Substantial volume growth was seen in the pigments business, which caters to the plastic and rubber industries. There was also a drive to increase exports by tapping markets in Far Eastern and Middle Eastern regions. Arrangements were established during the year to export resins in the Middle Eastern market.

33. The Company's Civil Construction business faced a difficult year, in terms of execution of ongoing projects as well as the order book position. Delays in execution of a few high-value projects adversely affected overall performance. Adequate measures were taken to ensure completion of these projects within the extended time limits. To ensure reasonable and adequate contribution, the Company took a cautious and selective approach while booking fresh projects. These included a contract to construct a residential complex for Army Officers' Welfare Organisation at Pune.

HUMAN RELATIONS

34. Productive high-performing employees are the Company's most valuable assets. The Company greatly values and appreciates the contribution and commitment of the

MANAGEMENT DISCUSSION AND ANALYSIS, continued

employees towards performance during the year. The Company continued to place emphasis on enhancing the skills and capabilities of employees and on imparting training towards meeting customers' requirements. These initiatives included internal and external training workshops, courses and seminars. The training process was further refined to suit the specific needs of the Company, and also contribute to the employees' all-round development and growth. Training programmes were also conducted for workmen, to enhance their awareness of the Tata Business Excellence Model, the Tata Code of Conduct, Global Compact, Community Initiatives and ISO Quality Standards. The Company followed a progressive policy of taking keen interest in the employees' well-being and progress. This atmosphere has nurtured a strong sense of belonging. Initiatives have also been taken in the areas of Leadership Development and Succession Planning, as a part of organisation building.

35. The human resources plans and practices of most of the Company's business units have been aligned with their respective business strategies by using the methodology advocated by Prof. Wayne Brockbank (of the University of Michigan Business School). Cultural and technical capabilities needed to succeed in the competitive environment, were identified from the business strategy. Steps have been taken to develop these capabilities through the implementation of aligned human resource practices.

36. The Industrial Relations scenario was cordial during the current year following an understanding reached after a period of almost five years between the Company and the Employees Federation, regarding the Company's need to safeguard the viability of its operations. The Federation has agreed to co-operate with the Company towards reduction of surplus manpower, constant improvement in productivity, cost reduction, product quality, flexibility of work operations and employee performance.

37. The Company offered enhanced VRS compensation in view of the lower interest rates. This VRS was also extended to those employees who were earlier affected by closure, retrenchment and dismissal. The Company has also agreed to absorb young employees who were affected by such closure/retrenchment but did not wish to opt for VRS. Many cases pending at various Courts were withdrawn jointly by Federation/Union and Management after this understanding. The long pending issue of bonus was also settled and the same was paid to the employees. The total number of employees as on 31st March, 2004 was 3593 as compared to 3935 per end 31st March, 2003.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

38. The Company has a proper and adequate system of internal control geared towards achieving efficiency of

business operations, safeguarding assets and ensuring optimum utilisation of resources and compliance with statutory regulations.

39. 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 system for Risk Assessment and Control for its overseas operations, which is being periodically reviewed by Internal Audit.

40. Significant audit findings and suggestions along with the 'Action taken Reports' are periodically placed before the Board Audit Committee, which consists of four Non-Executive Independent directors. The Committee monitors and reviews the significant audit observations, compliance with accounting standards and risk management and control system, apart from periodically monitoring the status of outstandings and inventory levels.

OUTLOOK, OPPORTUNITIES AND THREATS

41. Infrastructure development may offer significant opportunities, if funds already allocated for highway construction and mining are deployed, with a positive impact on the Company's Mining and Construction business. The upturn in the industrial investment cycle offers potential for engineering products and services business. The investment is expected to be driven by sectors like auto, auto ancillaries and textiles.

42. In the electro-mechanical projects business, international operations offer opportunities in the Middle East, due to increased construction activity, especially in UAE. The water treatment project in Singapore is well on track and offers the prospect of expanding the Company's range of offerings to include other such projects. Exploiting these opportunities will, however, be contingent on availability of skilled manpower, as well as capabilities in risk assessment and mitigation.

43. Domestic air conditioning projects business is poised for growth resulting from increased construction activity, primarily in growing sectors like retailing (malls), multiplexes, IT and BPO. Industrial and Service sectors are expected to grow at 7% - 8% during the next three years. The Company is well-positioned to capitalise on this opportunity, though domestic competition is likely to intensify due to increased presence of international companies in India. Other areas requiring management are foreign exchange risk and commodity prices.



44. The market for air conditioners continues to be one of the fastest growing sectors in the consumer durables industry. Falling prices, rising incomes and the demand for air conditioning due to rising temperatures and increasing pollution levels, bode well for the sector. The market continues to grow at 20%, while penetration remains at a low 2%. Exploiting these opportunities in a crowded market will depend on sustained investment in brand building, wider reach and value pricing, with a focus on affordability. Opportunities exist in providing cooling solutions to growing sectors like telecom and banking, for cell sites and ATMs respectively. New end-user categories, such as retail pharmacies as mandated by law in Maharashtra, will also yield good prospects. Realising these opportunities will depend on the Company's ability to meet the delivery requirements through effective product development and manufacturing.

45. The newly-launched export thrust in air conditioners and refrigerators holds forth promising prospects, based on

the global quality standards and international acceptability of these products. Initiatives are under way to penetrate markets in the Middle East, South and West Africa, and in Bangladesh and Sri Lanka.

CAUTIONARY STATEMENT

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

Report on Corporate Governance

1. Company's philosophy on code of governance

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company subscribes fully to the principles and spirit of sound 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 Company's high standard of Corporate Governance was well recognised and Voltas was short listed among the top 25 companies adopting good Corporate Governance practices and procedures for the year 2003 for 'ICSI National Award for Excellence in Corporate Governance', by 'The Institute of Company Secretaries of India'.

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 2003-04.

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 2003-04, nine Board Meetings were held on the following dates:

1st April, 2003; 21st April, 2003; 27th June, 2003; 30th July, 2003; 16th September, 2003; 27th October, 2003; 5th December, 2003; 30th January, 2004 and 8th/9th March, 2004.

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, 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.

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 attended by each of them. The attendance of Directors at each Board Meeting during the year 2003-04 was not less than 90%.

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 18 th August, 2003	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	4	5
Mr. A. Soni (Managing Director)	Not Independent Executive	9	Yes	2	—	—
Mr. N. M. Munjee	Independent Non-Executive	7	Yes	12	1	6
Mr. N. J. Jhaveri	Independent Non-Executive	7	No	9	3	6
Mr. S. D. Kulkarni	Independent Non-Executive	9	Yes	6	3	5
Mr. Yash Paul	Independent Non-Executive	9	No	1	—	2
Mr. S. N. Tripathi	Not Independent Executive	9	Yes	—	—	—
Mr. Ravi Kant	Promoter Not Independent Non-Executive	8	Yes	4	—	1
Mr. N. D. Khurody	Not Independent Non-Executive	9	Yes	4	—	2
Mr. Noel N. Tata	Promoter Not Independent Non-Executive	9	Yes	2	—	—

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 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 covers the matters specified under the Listing Agreement. Moreover, the Audit Committee also periodically reviews the progress on execution of overseas projects including the Company's exposure on bank credit facilities and guarantees and the risk assessment, inventory levels and outstandings including the action plan for its realization and deliberates on the new accounting policies and accounting standards as applicable to the Company. The Committee also reviews the progress on implementation of IT systems within 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 2003-04 on the following dates:-

16th April, 2003; 24th June, 2003; 29th July, 2003; 12th September, 2003; 27th October, 2003; 7th November, 2003; 30th January, 2004 and 4th February, 2004.

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

Name of Directors	No. of Meetings attended
Mr. N. J. Jhaveri	7
Mr. N. M. Munjee	6
Mr. S. D. Kulkarni	8
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 18th August, 2003.

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. During the financial year 2003-04, one meeting was held on 27th June, 2003 and was attended by all the members. The Non-Executive Chairman attends the Meeting by invitation. The Minutes of the Remuneration Committee Meetings are circulated and discussed at the Board Meetings.

Remuneration of Executive Directors

Details of the remuneration paid to the Managing Director/Executive Director during the financial year ended 31st March, 2004 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	15.00	12.00	16.14
Mr. S. N. Tripathi	12.00	6.00	17.54

Notes:

(a) The agreements with the Managing Director and the Executive Director are for a period of five years as per details 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	Executive Director Managing Director	25.9.2000 to 26.10.2001 27.10.2001 to 24.9.2005
Mr. S. N. Tripathi	Executive Director	25.9.2000 to 24.9.2005

(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 carried forward losses and excess of expenditure over income of preceding years, calculated with reference to Section 349 of the Companies Act, 1956, no commission has been paid to the NEDs for the last many years including the financial year 2003-04.

(b) NEDs were paid sitting fees of Rs. 5000 for each Board Meeting attended by them upto 16th September, 2003. Similarly, the members of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee were paid sitting fees of Rs. 5000 each for attending the respective Meetings held upto 12th September, 2003. Thereafter, in view of the increased responsibilities and time spent, the sitting fees for attending Board Meetings and Board Audit Committee Meetings was increased from Rs. 5000 to Rs. 10000. Sitting fees for attending Remuneration Committee Meeting and Shareholders/Investors Grievance Committee Meeting continues to remain the same, at Rs. 5000. The maximum sitting fees permitted under the Companies Act, 1956, 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, 2004 are given below:

Non-Executive Directors	Sitting Fees (Rs. in Lakhs)
Mr. Ishaat Hussain	0.65
Mr. N. M. Munjee	1.00
Mr. N. J. Jhaveri	1.10
Mr. S. D. Kulkarni	1.30
Mr. Yash Paul	1.35
Mr. Ravi Kant	0.60
Mr. N. D. Khurody	0.65
Mr. Noel N. Tata	0.65

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee, apart from reviewing the operations of 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 2003-04, one Meeting was held on 12th September, 2003. 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 and 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 were very few, 8 during the financial year 2003-04 and the same have been suitably dealt with and resolved. The number of transfers pending as on 31st March, 2004 was 10.

Mr. V. P. Malhotra, Deputy 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 recently constituted to consider and take decisions for investment/ deployment of surplus funds of the Company including placement of Inter Corporate Deposits with other rated companies.

(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
47 th AGM - 8 th August, 2001	3.30 p.m.
48 th AGM - 12 th August, 2002	3.30 p.m.
49 th AGM - 18 th August, 2003	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.

8. Details of Directors seeking 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 27th August, 2004.

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, 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, the quarterly financial results, shareholding pattern, annual report etc. are uploaded on the website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

The financial results, press release and announcements are displayed on the Company's website www.voltas.com. There were no presentations made to institutional investors or analysts during the year 2003-04.

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

11. General Shareholders Information

- AGM: Date, time and venue : Friday, 27th August, 2004 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, 2005 – By end June 2005
- Date of Book closure : Thursday, 29th July, 2004 to Friday, 27th August, 2004 (both days inclusive).
- Dividend Payment date : Dividend would be paid on or after 30th August, 2004.
- Listing on Stock Exchange : The Stock Exchange, Mumbai
National Stock Exchange of India Limited.
The Calcutta Stock Exchange Association Limited.

The Company's Equity Shares were earlier listed on 8 Stock Exchanges at Ahmedabad, Chennai, Delhi, Kolkata, Hyderabad, Pune, The Stock Exchange, Mumbai (BSE), and National Stock Exchange of India Limited (NSE). Pursuant to the shareholders approval obtained at the last Annual General Meeting and in line with the delisting guidelines issued by SEBI, the Company's equity shares have been delisted from five stock exchanges at Ahmedabad, Chennai, Delhi, Hyderabad and Pune. Similar approval from the Stock Exchange at Kolkata is awaited. The Company's equity shares will continue to remain listed on BSE and NSE which have nationwide terminals. The Company has paid the listing fees to BSE and NSE for the year 2004-05.

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

VOLTAS

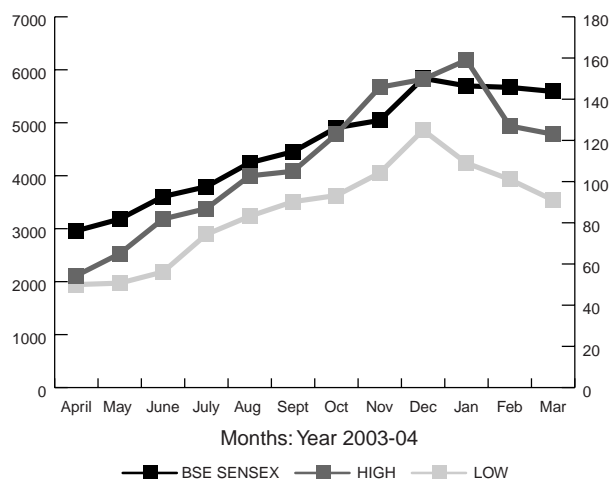
Annual Report 2003-2004

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
2003									
April	2959.79	54.35	50.00	55813	28.87	57.80	49.25	140435	72.53
May	3180.75	65.00	50.70	338738	202.39	65.10	51.10	719221	431.02
June	3607.13	81.85	56.15	1516754	1042.31	82.00	56.50	3049659	2081.92
July	3792.61	86.90	74.35	439680	355.26	87.00	71.90	1351253	1091.81
August	4244.73	102.80	83.20	1189321	1116.20	102.40	84.15	2069335	1901.92
September	4453.24	105.00	90.25	700911	696.21	104.80	90.00	1171313	1138.85
October	4906.87	123.00	93.25	1036558	1163.53	121.00	93.70	1766994	1942.08
November	5044.82	145.80	104.20	5580678	7146.75	145.25	105.15	7352401	9456.83
December	5838.96	149.65	125.00	2622368	3657.30	149.00	125.00	4325631	6028.24
2004									
January	5695.67	159.00	109.00	2023351	2939.09	158.00	110.00	3071435	4402.81
February	5667.51	127.00	101.05	401183	476.58	127.00	101.00	1088036	1294.36
March	5590.60	123.00	91.00	369418	397.92	122.00	90.65	1083536	1169.29

The performance of the Company's scrip on the BSE as compared to the BSE sensex :



Distribution of shareholding as on 31st March, 2004:

No. of equity shares held	No. of Shareholders	No. of Shares held	% of Issued Share Capital
Upto 500	57801	5267580	15.92
501 to 1000	1728	1285054	3.88
1001 to 2000	646	937215	2.83
2001 to 3000	181	454111	1.37
3001 to 4000	84	295968	0.89
4001 to 5000	55	256694	0.78
5001 to 10000	68	494661	1.50
10001 and above	59	24097191	72.83
Total	60622	33088474	100.00
Physical Mode	35368	3795892	11.47
Electronic Mode	25254	29292582	88.53

Shareholding Pattern as on 31st March, 2004:

Category	No. of Shares held	% of Issued Share Capital
Tata Group of companies	9177622	27.74
Mutual Funds	3309429	10.00
Nationalised Banks	37309	0.11
Financial Institutions	6131518	18.53
Foreign companies	8985	0.03
FIs	1726471	5.22
NRIs	347398	1.05
Bodies Corporate	3482490	10.52
Directors	1450	0.00
Public	8865802	26.80
Total	33088474	100.00

Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2004:

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	7873178	23.79
Life Insurance Corporation of India	3541461	10.70
The Lokprakashan Ltd.	2545840	7.69
The New India Assurance Co. Ltd.	1148808	3.47
Tata Investment Corporation Ltd.	1088507	3.29
Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Advantage Fund	1045479	3.16
General Insurance Corporation of India	679785	2.05
The India Fund Inc.	637251	1.93
Birla Sun Life Trustee Co. Pvt. Ltd. A/c Birla Midcap Fund	594313	1.80
UTI Retirement Benefit Plan	542024	1.64
DSP Merrill Lynch Trustee Company Pvt. Ltd. A/c. DSP Merrill Lynch Opportunities Fund	500263	1.51
The Oriental Insurance Co. Ltd.	472224	1.43
Citigroup Global Markets Mauritius Pvt. Ltd.	440980	1.33



- **Registrar & Transfer Agent** : In-house
 Voltas Limited
 Share Service Centre
 Voltas House 'B'
 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** : 88.53% of the share capital has been dematerialized as on 31st March, 2004.
- **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.
- **Address 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

• **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, 2004, 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 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, 2004.

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,
9th June, 2004



AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of **VOLTAS LIMITED** as at 31st March 2004, 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, Qatar and Singapore 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 purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Abu Dhabi, Qatar and Singapore Branches audited by other auditors;
 - (iii) the report on the accounts of the Abu Dhabi, Qatar and Singapore Branches audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;
 - (iv) the Balance Sheet, the Profit and Loss Account and 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 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, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004, 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, 2004;
 - (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
9th June, 2004

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, in our opinion, the Company has placed Inter-Company deposits during the year with three parties covered in the register maintained under Section 301 of the Companies Act, 1956. At the year end, the balance outstanding of such loans granted is Rs. Nil. The Maximum amount involved during the year is Rs.1200 lakhs. The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c), and (d) are not applicable in respect of loans taken.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not *prima facie*, prejudicial to the interest of the Company.
- (c) During the year, the recovery of principal amounts and interest has been regular.
- (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. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (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 transactions that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (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 Sections 58A and 58AA 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 on the Company.
- (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) According to the information and explanations given to us 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, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2004, for a period of more than six months from the date they became payable other than undisputed Sales Tax of Rs.58,714/- which was subsequently deposited on 19th April, 2004.



- (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, 2004 on account of any dispute are given below:

	Particulars	Forum where matter is pending	Financial Year to which matter pertains	Amount involved (Rs. in Lakhs)
1	Income Tax (including interest)	High Court	1973-1975, 1977-1979, 1983-1992, 1989-1992	303.16
		Income Tax Appellate Tribunal	1987-1989, 1989-1990, 1998-1999	184.24
		Commissioner of Income Tax (Appeals)	1992-1993, 1994-1995, 1999-2001	837.20
2	Excise Duty	Custom, Excise And Service Tax Appellate Tribunal (CESTAT)	March 1993 to July 1996	40.73
3	Sales Tax	High Court	1993-1994, 2002-2003	93.31
		Deputy Commissioner Appeals	1985-1986, 1987-1988, 1988-2001, 2002-2004 and Detention Case	1034.64
		Assistant Commissioner Appeals	1986-1987, 1997-1999	87.92
		Additional Commissioner of Sales Tax	2001-2002	16.20
		Sales Tax Appellate Tribunal	1985-1996, 1989-1994, 1997-1999	1015.03
		Remanded to Assessing Officer	1989-1991, 1993-1998, 1994-1998	500.30

- (x) The Company does not have accumulated losses as at 31st March, 2004, 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, no term loans were availed by the Company during the year.
- (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, Short term funds have been used for short term purposes. Long term funds have been used for long term purposes other than approximately Rs.2400 lakhs which is currently held in banks.
- (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 the 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 issues.
- (xxi) As per the information and explanations given to us by management and as stated in Note 13(v) of Schedule 'Q', during the process of internal review, it was observed that prior to the current year, there had been incorrect sales billing aggregating Rs.147.29 lakhs. We are informed that the matter is under investigation. The said amount has been included in Bad and Doubtful Debts and Advances.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

Mumbai
9th June, 2004

Membership No. 31220

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3305.53	3305.39
2. RESERVES AND SURPLUS	B		15594.73	12810.90
3. TOTAL SHAREHOLDERS' FUNDS			18900.26	16116.29
4. SECURED LOANS	C		5177.88	5501.17
5. UNSECURED LOANS	D		3145.36	3577.72
	TOTAL		27223.50	25195.18
APPLICATION OF FUNDS				
6. FIXED ASSETS	E		12259.19	12187.44
7. INVESTMENTS	F		4546.67	3626.30
8. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Inventories	G	15866.17		12788.16
2. Sundry Debtors	H	35770.56		33261.49
3. Cash and Bank Balances	I	9157.96		9013.13
			60794.69	55062.78
(B) Loans and Advances	J	10684.85		11341.37
			71479.54	66404.15
9. LESS: CURRENT LIABILITIES AND PROVISIONS	K	62082.90		59297.04
10. NET CURRENT ASSETS			9396.64	7107.11
11. DEFERRED TAX ASSET (See Note 10, Schedule 'Q')			1021.00	1375.00
12. DEFERRED REVENUE EXPENDITURE (See Note 11, Schedule 'Q') (To the extent not written off or adjusted)			Nil	899.33
	TOTAL		27223.50	25195.18

(For notes forming part of the Accounts see Schedule 'Q'.
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, 9th June, 2004

Chairman
Managing Director
Directors

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

Deputy General Manager -
Taxation & Company Secretary
Mumbai, 9th June, 2004

V. P. Malhotra



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. SALES AND SERVICES (See Notes 12 and 32 , Schedule 'Q')		132993.76		123041.26
Less : EXCISE DUTY		5674.46		6495.48
NET SALES AND SERVICES			127319.30	116545.78
2. OTHER INCOME	L		1688.37	1413.26
3. COST OF SALES AND SERVICES	M	105453.95		95431.38
4. OPERATING AND ADMINISTRATION EXPENSES	N	18588.55		18647.86
			124042.50	114079.24
5. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXTRAORDINARY / EXCEPTIONAL ITEMS			4965.17	3879.80
6. FINANCIAL ITEMS	O		(58.31)	26.08
7. DEPRECIATION ON FIXED ASSETS			1325.49	1447.90
8. PROFIT BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS			3697.99	2405.82
9. EXTRAORDINARY / EXCEPTIONAL ITEMS	P		989.29	499.35
10. PROFIT BEFORE TAXATION			4687.28	2905.17
11. PROVISION FOR TAXATION				
– Provision for Current Tax [Including Foreign Income Tax Rs.44.64 Lakhs (2002-2003: Rs.149.81 Lakhs, net of write back of Rs.2.05 Lakhs of earlier years)]		401.64		367.95
– Provision for Taxation of Earlier Years [2002-2003: Foreign Income Tax written back Rs.30.27 Lakhs]		3.01		(30.31)
– Provision for Deferred Tax		354.00		Nil
– Provision for Wealth Tax [Including net provision for earlier years Rs.10.61 Lakhs (2002-2003 : Nil)]		25.61		10.00
			784.26	347.64
12. PROFIT AFTER TAXATION			3903.02	2557.53
13. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			1000.00	1000.00
14. BALANCE IN PROFIT & LOSS ACCOUNT OF VIRAT INVESTMENT COMPANY LIMITED TRANSFERRED ON AMALGAMATION			Nil	124.90
15. BALANCE IN PROFIT & LOSS ACCOUNT OF VOLTAS SYSTEMS LIMITED TRANSFERRED ON AMALGAMATION			Nil	(0.17)
16. AMOUNT TRANSFERRED FROM INVESTMENT ALLOWANCE RESERVE (UTILISED)			25.00	Nil
17. AMOUNT TRANSFERRED TO FOREIGN PROJECTS RESERVE			275.00	300.00
18. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			35.00	285.00
19. PROFIT AVAILABLE FOR APPROPRIATIONS			4688.02	3667.26
20. APPROPRIATIONS :				
(a) GENERAL RESERVE		2068.18		1734.06
(b) PROPOSED DIVIDEND		992.65		827.21
(c) TAX ON DIVIDEND		127.19		105.99
			3188.02	2667.26
21. BALANCE CARRIED FORWARD :			1500.00	1000.00
Basic and diluted earnings per share (with Extraordinary / Exceptional items) (in Rs.) (See Note 15, Schedule 'Q')			11.80	7.73

(For notes forming part of the Accounts see Schedule 'Q'.
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, 9th June, 2004

Chairman
Managing Director
Directors

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

Deputy General Manager -
Taxation & Company Secretary
Mumbai, 9th June, 2004

V. P. Malhotra

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2004

A. CASH FLOW FROM OPERATING ACTIVITIES	Rupees in Lakhs	Rupees in Lakhs	2002-2003 Rupees in Lakhs
Net Profit before taxation		4687.28	2905.17
Add - Adjustments for :			
Depreciation	1325.49		1447.90
Provision for Contingencies	225.00		1000.00
Loss on revaluation of assets of discontinued business	16.15		33.37
Provision for Diminution in value of Investments	(130.43)		(884.58)
Net Profit on Sale/Retirement of Fixed Assets	(4762.50)		(1389.30)
Profit on Sale of Non-Trade Investments	(88.04)		(44.05)
Interest paid [Net]	180.10		255.02
Income from Investments	(238.41)		(228.94)
Provision for Leave Encashment	42.59		239.89
Provision for Gratuity	(253.52)		577.16
(Profit)/Loss on Sale of Trade Investments	(5.11)		787.81
(Profit)/Loss on Sale of assets of discontinued business	(5.25)		Nil
Deferred Revenue Expenditure Amortised	3507.98		79.98
		(185.95)	1874.26
Operating Profit before Working Capital changes		4501.33	4779.43
Less - Adjustments for:			
Increase/(Decrease) in Inventories	3088.91		(2314.45)
Increase/(Decrease) in Trade and other Receivables	2509.07		9032.30
Increase/(Decrease) in Loans and Advances	388.38		1142.16
Decrease/(Increase) in Advances from Customers	1795.47		2839.01
Decrease/(Increase) in Trade Payables	(4347.48)		(10440.47)
		3434.35	258.55
Cash generated from operations		1066.98	4520.88
Less:			
Taxes paid	720.25		1045.25
Deferred Revenue Expenditure	2629.74		1130.65
		3349.99	2175.90
<i>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</i>		(2283.01)	2344.98
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(1499.30)		(1291.14)
Sale of Fixed Assets	5133.55		2100.05
Proceeds from Surrender of Tenancy Rights	73.50		282.00
Purchase of Investments	(3484.24)		(626.80)
Sale of Investments	2787.46		1268.83
Interest received	356.56		304.99
Dividend received	238.41		228.94
Advance against issue of Share Capital	(67.55)		Nil
Inter Corporate Deposits & Loans including to Subsidiary companies	1121.64		(1012.37)
<i>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</i>		4660.03	1254.50
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital (Calls in arrears)	0.14		Nil
Securities Premium (Calls in arrears)	0.65		Nil
Repayment of Term Loan	Nil		(519.50)
Increase/(Decrease) in other Borrowings	(755.65)		83.23
Interest paid	(541.68)		(612.48)
Decrease in unpaid Debentures/Deposits	(5.60)		(21.37)
Dividend paid including dividend tax	(930.05)		(586.69)
<i>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</i>		(2232.19)	(1656.81)
<i>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</i>		144.83	1942.67
CASH AND CASH EQUIVALENTS AS AT 1-4-2003		9013.13	7070.46
CASH AND CASH EQUIVALENTS AS AT 31-3-2004		9157.96	9013.13

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 9th June, 2004

Chairman
Managing Director
Directors

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

Deputy General Manager -
Taxation & Company Secretary
Mumbai, 9th June, 2004

V. P. Malhotra



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2003 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 'Q')		
3,30,88,474 Equity Shares of Rs.10 each	3308.85	3308.85
Less: Calls in Arrears	3.32	3.46
TOTAL	3305.53	3305.39

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. SECURITIES PREMIUM			
As per last Balance Sheet	616.86		5971.93
Add: Transferred from Deferred Tax Asset	Nil		206.00
Add: Calls in Arrears received during the year	0.65		Nil
Less: Transferred from Deferred Revenue Expenditure	Nil		5561.07
		617.51	616.86
2. CAPITAL RESERVE			
As per last Balance Sheet		155.52	155.52
3. CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet	125.70		125.68
Add: Transferred on Amalgamation of Voltas Systems Limited	Nil		0.02
		125.70	125.70
4. INVESTMENT ALLOWANCE RESERVE (UTILISED)			
As per last Balance Sheet	25.00		25.00
Less :Transferred to Profit and Loss Account	25.00		Nil
		Nil	25.00
5. GENERAL RESERVE			
As per last Balance Sheet	9507.82		6852.96
Add:Transferred on Amalgamation of Virat Investment Company Limited	Nil		917.00
Add:Transferred on Amalgamation of Voltas Systems Limited	Nil		3.80
Add:Transferred from Profit and Loss Account	2068.18		1734.06
		11576.00	9507.82
6. STAFF WELFARE RESERVE			
As per last Balance Sheet		1.00	1.00
7. FOREIGN PROJECTS RESERVE			
As per last Balance Sheet	1379.00		1364.00
Add: Transferred from Profit and Loss Account	275.00		300.00
Less :Transferred to Profit and Loss Account	35.00		285.00
		1619.00	1379.00
8. PROFIT AND LOSS ACCOUNT		1500.00	1000.00
TOTAL	15594.73	15594.73	12810.90

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
LOANS FROM BANKS (See Note 3 , Schedule 'Q')	5177.88	5501.17
TOTAL	5177.88	5501.17

VOLTAS

Annual Report 2003-2004

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. FIXED DEPOSITS	1614.79	3073.55
2. SHORT TERM LOANS AND ADVANCES		
Commercial Paper	1500.00	500.00
3. OTHER LOANS AND ADVANCES		
(a) From Financial Institutions	Nil	4.17
(b) From Banks	30.57	Nil
	30.57	4.17
TOTAL	3145.36	3577.72

Commercial Paper from Banks [maximum amount outstanding at any time during the year : Rs. 2000.00 Lakhs (2002-2003 : Rs. 4000.00 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, 2003	Additions	Deductions	As at March 31, 2004	Up to March 31, 2003	For the year	On Deductions	Up to March 31, 2004	As at March 31, 2004	As at March 31, 2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	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	3.03	3.03
2. Other Land	88.04	Nil	6.82	81.22	Nil	Nil	Nil	Nil	81.22	88.04
3. Buildings *	5337.37	22.33	70.65	5289.05	1403.76	121.36	33.21	1491.91	3797.14	3933.61
4. Plant & Machinery **	14579.43	962.17	52.73	15488.87	7647.21	961.06	30.95	8577.32	6911.55	6932.22
5. Furniture & Fittings	1534.22	21.43	19.08	1536.57	892.53	121.90	14.32	1000.11	536.46	641.69
6. Vehicles (See Note 22, Schedule Q)	584.24	112.97	79.32	617.89	177.59	56.08	48.75	184.92	432.97	406.65
7. Intangible Assets										
- Manufacturing Rights & Technical Know-how	1816.02	Nil	516.48	1299.54	1677.45	59.65	515.79	1221.31	78.23	138.57
- Software	Nil	326.83	Nil	326.83	Nil	5.44	Nil	5.44	321.39	Nil
	23942.35	1445.73	745.08	24643.00	11798.54	1325.49	643.02	12481.01	12161.99	12143.81
8. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.23.86 Lakhs (31-3-2003: Rs 28.87 Lakhs)]				97.20					97.20	43.63
				24740.20					12259.19	12187.44

* 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.114.10 Lakhs and Rs.110.20 Lakhs respectively as assets of discontinued operations lying in inventories have been taken to fixed assets and decreased on reclassification of assets by Rs.2.17 Lakhs and Rs.0.96 Lakh.



SCHEDULE 'F' : INVESTMENTS (at Cost)

	No.	Currency/ Face Value		Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 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. (48,550 shares purchased during the year)	14,43,150	Rs.	10	202.25		197.39
Agro Foods Punjab Ltd. (See Note 4, Schedule 'Q')	2,80,000	Rs.	100	Nil		Nil
Westerwork Engineers Ltd.	9,600	Rs.	100	109.29		109.29
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
					1152.53	1147.67
Other fully paid Shares						
QUOTED:						
Lakshmi Automatic Loom Works Ltd.	6,15,200	Rs.	10	110.03		110.03
Nicholas Piramal India Ltd (2,175 shares sold during the year)	Nil	Rs.	10	Nil		1.09
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	Rs.	10	15.00		15.00
Reliance Industries Ltd.	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.	1,03,21,000	Rs.	10	1032.10		1032.10
Tata Industries Ltd (3,10,886 shares subscribed during the year)	8,70,480	Rs.	100	874.59		563.71
Tata Projects Ltd.	22,500	Rs.	100	26.25		26.25
Sermo - PM India Ltd.	65,00,000	Rs.	10	650.00		650.00
Simtools Ltd.	23,576	Rs.	100	37.29		37.29
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	95.55		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. (50,00,000 7.5% Cumulative Redeemable Preference shares subscribed during the year)	50,00,000	Rs.	10	500.00		Nil
					4417.04	3607.25
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

VOLTAS

Annual Report 2003-2004

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

	No.	Currency/ Face Value	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
Debtentures :					
QUOTED:					
9% Secured Fully paid Redeemable non convertible debentures of Hindustan Lever Ltd. (46,110 debentures received as bonus during the year)	46,110	Rs. 6	Nil		Nil
UNQUOTED:					
6.5% non-redeemable registered debentures of the Bengal Chamber of Commerce and Industry	7	Rs. 1000	0.07		0.07
Units of Mutual Funds:					
QUOTED:					
Units of Unit Trust of India – US-64 (16,41,850 units converted into 6.75% Tax Free US 64 Bonds during the year)	Nil	Rs. 10	Nil		230.49
Unit Trust of India – 6.75% Tax Free US 64 Bonds (1,64,585 Bonds issued in lieu of conversion of US-64 units during the year)	1,64,585	Rs. 100	164.59		Nil
UNQUOTED:					
Units of Unit Trust of India - Venture Capital Unit Scheme 1990 (730 Units redeemed during the year)	Nil	Rs. 100	Nil		0.73
				164.81	231.44
TOTAL LONG TERM INVESTMENTS				5734.38	4986.36
CURRENT INVESTMENTS					
Units of Mutual Funds:					
QUOTED:					
Tata Liquid Super High Investment Fund - Daily Dividend (1,35,09,537 units purchased and sold during the year – Cost Rs.1502.24 Lakhs)			Nil		Nil
Sun F&C Money Value Fund- Liquid - Daily Dividend (50,06,352 units purchased and sold during the year – Cost Rs.500.67 Lakhs)			Nil		Nil
LIC Mututal Fund Liquid Fund-Dividend Plan-Reinvestments (46,47,698 units purchased and sold during the year – Cost Rs.500.61 Lakhs)			Nil		Nil
Government Securities					
UNQUOTED:					
National Saving Certificates			0.56		0.16
Other than Treasury Bills			0.05		0.05
Other Securities					
QUOTED:					
Tata Finance Ltd.	121,027	Rs. 10	38.91		38.91
ICICI Bank Ltd. (20,000 shares sold during the year)	Nil	Rs. 10	Nil		13.45
Mahindra & Mahindra Ltd. (20,000 shares sold during the year)	Nil	Rs. 10	Nil		4.55
Electrolux Kelvinator Ltd. (66 shares sold during the year)	Nil	Rs. 10	Nil		0.02
Hindustan Lever Ltd. (26,110 shares sold during the year)	20,000	Re. 1	4.88		11.24
TOTAL CURRENT INVESTMENTS				44.40	68.38
TOTAL INVESTMENTS				5778.78	5054.74
Less : PROVISION FOR DIMINUTION IN VALUE				1232.11	1428.44
TOTAL				4546.67	3626.30

* Cost Rs.100 (31-3-2003 : Rs. 100)

** Cost Rs. 20 (31-3-2003 : Rs. 20)

Quoted : Cost (Net of Value Diminution)				922.30	846.65
: Market Value				3358.04	973.65
Unquoted : Cost (Net of Value Diminution)				3624.37	2779.65

Abbreviations for Currencies :

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



SCHEDULE 'G' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. STORES AT OR BELOW COST		86.89	85.24
2. LOOSE TOOLS		Nil	2.04
3. ASSETS OF DISCONTINUED OPERATIONS AT ESTIMATED REALISABLE VALUE		53.32	79.46
4. STOCK-IN-TRADE :			
(a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Market Value	3822.76		3773.94
(b) Work-in-Progress, at cost (See Note 5, Schedule 'Q') Less: Amounts Invoiced	13940.94 9424.53		16943.41 13709.71
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less: Written off for obsolescence) and Market Value	4516.41 7386.79		3233.70 5613.78
		15725.96	12621.42
TOTAL		15866.17	12788.16

SCHEDULE 'H' : SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT			
(i) Over six months old	168.67		122.26
(ii) Others	Nil		18.42
		168.67	140.68
2. OTHER SALES			
(i) Over six months old	12929.17		8554.93
(ii) Others [including due from subsidiaries: Nil (31-3-2003: Rs.1.29 Lakhs)]	24628.97		26319.02
		37558.14	34873.95
		37726.81*	35014.63*
3. Less: PROVISION FOR DOUBTFUL DEBTS		1956.25	1753.14
TOTAL		35770.56	33261.49
* Of the above debts			
(a) Fully secured		1340.10	601.60
(b) Unsecured, considered good		34430.46	32659.89
(c) Considered doubtful		1956.25	1753.14
TOTAL		37726.81	35014.63
1. Due by Officers		0.08	0.10
2. Maximum due by Officers at any time during the year		0.10	0.24
3. Due by Government and Semi-Government parties		6312.15	6061.85

VOLTAS

Annual Report 2003-2004

SCHEDULE 'I' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	1679.46	1587.79
2. BANK BALANCES WITH SCHEDULED BANKS (See Note 6 , Schedule 'Q')	2234.96	2915.36
3. BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 7 , Schedule 'Q')	5243.54	4509.98
TOTAL	<u>9157.96</u>	<u>9013.13</u>

SCHEDULE 'J' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. ADVANCES TO SUBSIDIARY COMPANIES (See Note 8, Schedule 'Q')	78.18	199.82
2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED (See Note 8 , Schedule 'Q')	7075.60	6357.92
3. ADVANCE PAYMENT OF TAXES	2317.00	1943.32
4. LOANS TO EMPLOYEES	211.00	208.93
5. DEPOSITS WITH CUSTOMERS / OTHERS	1107.34	977.87
6. INTERCORPORATE DEPOSITS	1000.00	2000.00
7. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	358.43	245.22
	<u>12147.55*</u>	<u>11933.08*</u>
Less: PROVISION FOR DOUBTFUL ADVANCES	1462.70	591.71
TOTAL	<u>10684.85</u>	<u>11341.37</u>
* Of the above advances		
(a) Fully Secured	198.10	181.91
(b) Unsecured, considered good	10486.75	11159.46
(c) Considered doubtful	1462.70	591.71
TOTAL	<u>12147.55</u>	<u>11933.08</u>
1. Due by Officers	7.67	8.65
2. Maximum due by Officers at any time during the year	8.65	16.82



SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		2256.87	1357.65
2. SUNDRY CREDITORS (See Note 9 , Schedule 'Q') [including subsidiaries: Nil (31-3-2003: Rs.0.19 Lakh)]		38464.42	35504.56
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers / Others	10231.80		11846.83
(b) Against Unexpired Service Contracts	1031.12		1211.54
		11262.92	13058.37
4. OTHER LIABILITIES		1915.64	1492.60
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		164.42	181.55
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * :-			
(a) Unpaid Dividend		37.17	34.02
(b) Unpaid Application Money		Nil	1.50
(c) Unpaid Matured Deposits		54.04	32.70
(d) Unpaid Matured Debentures		28.05	54.50
(e) Interest accrued on (b) to (d) above		25.96	34.84
TOTAL (A)		54209.49	51752.29
(B) PROVISIONS			
7. PROVISION FOR TAXATION		667.67	583.97
8. PROPOSED DIVIDEND		992.65	827.21
9. PROVISION FOR CORPORATE DIVIDEND TAX		127.19	105.99
10. PROVISION FOR TRADE GUARANTEES		1462.53	1397.19
11. PROVISION FOR LEAVE ENCASHMENT		689.21	646.62
12. PROVISION FOR FUTURE PENSION		1177.27	1198.36
13. PROVISION FOR GRATUITY		1331.89	1585.41
14. PROVISION FOR CONTINGENCIES		1425.00	1200.00
TOTAL (B)		7873.41	7544.75
TOTAL (A) + (B)		62082.90	59297.04

* These figures reflect the position as at 31st March, 2004. 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, 2004

SCHEDULE 'L' : OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Miscellaneous Income	571.69	478.68
2. Profit on Sale of Non-Trade Investments	88.04	44.05
3. Rent Received	817.35	769.08
4. Sundry Recoveries	132.39	121.45
5. Adjustment in respect of previous years (Net)	78.90	Nil
TOTAL	1688.37	1413.26

SCHEDULE 'M' : COST OF SALES AND SERVICES

	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2003 [including Work-in-Progress : Rs.16943.41 Lakhs (1-4-2002 : Rs.19728.30 Lakhs)]	26331.13	28612.07
2. Purchases and cost of jobs, manufacture and services	104273.31	93150.44
	130604.44	121762.51
3. Stock-in-Trade per 31-3-2004 [including Work-in-Progress : Rs.13940.94 Lakhs (31-3-2003 : Rs. 16943.41 Lakhs)]	25150.49	26331.13
4. Cost of Sales and Services (1 + 2 - 3)	105453.95	95431.38
TOTAL	105453.95	95431.38

SCHEDULE 'N' : OPERATING AND ADMINISTRATION EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Staff Expenses (See Note 13, Schedule 'Q')			
(a) Salaries, Wages and Bonus	10259.41		10008.97
(b) Company's contribution to Provident Funds and other Funds	815.57		845.75
(c) Retiring Gratuity	526.54		791.00
(d) Welfare Expenses	1017.06		927.45
	12618.58		12573.17
2. Forwarding Charges (Net) (See Note 13, Schedule 'Q')		574.90	526.35
3. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		2278.82	1798.95
4. Advertising (Net) (See Note 13, Schedule 'Q')		315.98	936.14
5. Rent paid	710.83		745.80
Less: Rent recovered	50.96		69.25
		659.87	676.55
6. Rates and Taxes		156.22	142.98
7. Insurance		224.86	251.77
8. Stores Consumed		197.48	234.10
9. Power		407.05	474.63
10. Repairs to Buildings		76.00	80.85
11. Repairs to Plant and Machinery		388.08	342.80
12. Travelling		1587.94	1613.78
13. Conveyance		628.59	587.45
14. Stationery, Postage, Telex and Telephone		1030.20	1040.25
15. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs. 1.85 Lakhs (2002-2003 : Rs. 6.70 Lakhs) and Service Tax Rs. 2.40 Lakhs (2002-2003 : Rs. 1.20 Lakhs)	34.25		31.90
(b) In other capacity	32.85		15.26
		67.10	47.16
16. Audit fees payable to Branch Auditors (See Note 20, Schedule 'Q')		14.33	10.74
17. Audit fees payable to Cost Auditors		0.21	0.21
18. Legal and Professional charges		2360.97	981.98
19. Other expenses (See Note 13 , Schedule 'Q')		3851.87	4234.19
20. Bad and Doubtful Debts / Advances (Net)		1672.90	794.00
21. Donations and Charities		15.23	14.28
22. Adjustment in respect of previous years (Net)		Nil	29.72
23. Net Loss on Sale of Fixed Assets [including capital surplus of Rs.1.57 Lakhs (2002-2003 : Rs.1.60 Lakhs)]		27.48	119.95
		29154.66	27512.00
24. Less: Expenses included under Cost of Sales and Services and Fixed Assets		10566.11	8864.14
TOTAL		18588.55	18647.86


SCHEDULE 'O' : FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	506.20		589.11
(b) On other accounts	157.44		189.52
		663.64	778.63
2. Less: Interest received in respect of sales on deferred payment terms and other accounts-Gross (See Note 14, Schedule 'Q') [Tax deducted at source Rs. 41.02 Lakhs (2002-2003 : Rs. 16.64 lakhs)]		483.54	523.61
		180.10	255.02
3. Less : Income from Investments [Tax deducted at source : Nil (2002-2003 : Rs. 7.37 Lakhs)]			
(a) Dividend from Subsidiary companies	138.36		121.14
(b) Trade Investments	86.48		105.79
(c) Other Investments	13.57		2.01
		238.41	228.94
TOTAL		(58.31)	26.08

SCHEDULE 'P' : EXTRAORDINARY / EXCEPTIONAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Profit on Sale of Property / Transfer of Development Rights / Surrender of Tenancy Rights (See Note 24 , Schedule 'Q') [Including Capital Surplus Rs. 4713.93 Lakhs (2002-2003 : Rs. 1125.82 Lakhs)]		4789.98	1509.25
2. Profit on Sale of Trade Investments		5.11	Nil
3. Net Provision for diminution in value of investments written back		Nil	884.58
4. Net Provision for doubtful advances written back		77.71	11.03
5. Profit on Sale of Fixed Assets classified as Inventories		5.25	Nil
6. Profit on Conversion of Units of UTI - US 64 into UTI - US 64 Bonds (Net of Provision)		0.40	Nil
		4878.45	2404.86
Less :			
7. Provision for diminution in value of investments		7.97	Nil
8. Provision for diminution in value of inventories of discontinued business		Nil	4.35
9. Cost of Voluntary Retirement Scheme amortised (See Note 11, Schedule 'Q')		3507.98	79.98
10. Loss on revaluation of assets of discontinued business		16.15	33.37
11. Provision for doubtful advances		132.06	Nil
12. Provision for Contingencies		225.00	1000.00
13. Net Loss on Sale of Trade Investments		Nil	787.81
		3889.16	1905.51
TOTAL		989.29	499.35

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

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. (Also refer Note 12(i) for change in basis of accounting for Central Airconditioning contracts during the year). 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) RESEARCH & DEVELOPMENT EXPENSES

Research and Development costs of revenue nature are charged to the Profit and Loss Account when incurred. Expenditure of capital nature is capitalized and depreciation provided thereon as per the Company's policy.

(v) 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.

(vi) 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.

(vii) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization.

(viii) 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.

(ix) CURRENT ASSETS

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



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

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.

(x) 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 the Income Tax Act, 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.

(xi) FOREIGN EXCHANGE TRANSACTIONS/TRANSLATIONS

(a) 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.

(xii) 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. (Refer Note 11 for change in basis in amortization of such costs during the current year).

(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. (Refer Note 11 for change in basis in amortization of such costs during the current year).

(xiii) 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.

(xiv) RETIRAL BENEFITS

Cost of retiral benefits 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 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.

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.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

3. SECURED LOANS-FROM BANKS

Nature of Security	Rupees Lakhs	As at 31-3-2003 Rupees Lakhs
(a) Foreign Currency Non-Resident (B) Loan - USD Nil (31-3-2003: USD 65.00 Lakhs) from State Bank of India (Repayable in Foreign Currency)	Nil	3108.95
(b) Working Capital Demand Loan	5000.00	1700.00
(c) Cash Credit	177.88	692.22
[Items (a) to (c) 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].		
	5177.88	5501.17

4. INVESTMENTS

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.

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 realized profits is Rs. 5799.10 Lakhs. For such contracts in progress, the total amount of advances received is Rs. 916.15 Lakhs and the amount of Retentions is Rs. 99.02 Lakhs, the gross amount due from customers is Rs. 1979.35 Lakhs and the gross amount due to customers is Rs. 607.90 Lakhs.

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

	Rupees Lakhs	As at 31-3-2003 Rupees Lakhs
(a) On Current Accounts	1680.36	2125.10
(b) On Fixed Deposit Accounts	554.60	790.26
	2234.96	2915.36

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

	Rupees Lakhs	As at 31-3-2003 Rupees Lakhs
(a) ON CURRENT ACCOUNTS Municipal Co-operative Bank, Mulund, Mashreq Bank psc, Abu Dhabi, UAE, HSBC Bank, Middle East, UAE, Doha Bank, Qatar., The Hongkong & Shanghai Banking Corpn. Ltd., Hongkong, Abu Dhabi Commercial Bank, Abu Dhabi, UAE, Union National Bank, Abu Dhabi, UAE, HSBC Bank Middle East, Qatar, Emirates Bank International, Dubai, UAE [Maximum balance during the year Rs.9901.31 Lakhs (2002-2003 :Rs.8833.28 Lakhs)]	605.83	817.70
(b) ON FIXED DEPOSIT ACCOUNTS Municipal Co-operative Bank, Vashi, Mashreq Bank psc, Abu Dhabi, UAE, Doha Bank, Qatar, HSBC Bank Middle East, Abu Dhabi, UAE, Union National Bank, Abu Dhabi, UAE, HSBC Bank Middle East, Qatar, Emirates Bank International, Dubai, UAE [Maximum balance during the year Rs.9675.75 Lakhs (2002-2003: Rs.9124.65 Lakhs)]	4637.71	3692.28
	5243.54	4509.98



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

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	
			Rupees Lakhs	Rupees Lakhs
1.	Auto Aircon (India) Ltd.	— Subsidiary	77.28	199.65
2.	Metrovol FZE	— Subsidiary	0.90	0.90
3.	Simtools Ltd.	— Associate	138.85	138.85

Note:

Loans and Advances shown above, to subsidiaries fall under the category of 'Loans & 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 845.04 Lakhs (31-3-2003: Rs 573.92 Lakhs) due to Small Scale Industrial Undertakings (SSI Units).
 (b) SSI Units to whom the Company owes a sum outstanding for more than 30 days are as follows:

Sant Industrial Controls Pvt Ltd., Hemant Engineers, Thermadyne Pvt Ltd., Advance Valves Pvt Ltd., Valtec Controls Pvt Ltd., Keystone India Pvt Ltd., Emerald Enterprises., O.P. Engineering, Suburban Indl. Works (Lessee), Khokhar Electricals Pvt Ltd., Castles Valves Ltd., Caryaire Equipments (I) Pvt Ltd., Rapid Controls Pvt Ltd., J.S. Engineering Works., Advance Valves Co., Navtech Enterprises Pvt Ltd., Sandhu Engineering Works., Air-Master Equipments India Pvt Ltd., Rapid Cool., Tanus Sheet Metal Industries., Zeco Aircon Ind. Pvt Ltd., New M Electric Works., A.C. Duct Works, Advance Reinforce Plastics Ltd., Air Action Equipments., Air Blow Systems, Ajanta Engineering Works, Ajanta Sheet Metal Works, Boopathy Associates, K C Industries, Micrologic Automation, Purogen Industries, Three Star Airtech, Thitanix Instruments, Aerosol Filters Pvt Ltd., Airtech, Amit Engineering, Auto Engineering, Choksi Industrial Products Pvt Ltd., Ethos HVAC Systems Ltd., HPS Air Systems Pvt Ltd., Industrial Instruments, Jai Rubber Products, Micro Power Control, Moosa Haji Patrawala Pvt Ltd., Neogen Chemicals Pvt Ltd., Nutech Constructions Pvt Ltd., Process Instruments Corporation, Shreyas Gaskets, Softhard Automation Pvt Ltd., Softhard Sales & Services, Volthermic Heaters Pvt Ltd., Pulsars Engineering, Essel Fabricators Pvt Ltd., G B Iron & Steel Industries, Gupta Engineering, Industrial Machine Components, Jadhav Engineering Works, Jsons Foundry, Palus Engineering, Pragati Metal Works, Vikrant Metal Industries, S B Reshellers, Thakur Engineering, Jampow Fabricators, Uniwel Industries, Unique Engsteel Works, Sairam Polymer Industries, Suk-Har Engineering, Spavyn (India) Pvt Ltd., Sangli Fabricators Pvt Ltd., Autocom Industries, Excel Engineers, Fitzer Instruments Co., Hind Engineering, Hi Power Automotive, New Bharat Mech. Works., Precise Vaccum Systems, Pune Fin Tube P Ltd., Pravin Wipers & Anciliar, Quality Product Finishers, Royal Engineering, S B Workshop, U M Engineers, Vinod Industries, Vinod Enterprises, S M Engineers, Shlokama Enterprises, Super Alloys & Metals, Petro Pneumatics, B M Engineers, Churi Engg Works, Chemtech Fibre Ind, Dalip Mfg Co, Dantal Hydraulics Pvt Ltd, Essel Fabricators, Everest Industrial Services, Forward Alloys, Gagangiri Alloys, Jaico Seals, Jayant Printers, Jhavar Ind, Jain Metal, Kotak Ceramic, National Radiators, Prestige Rubber, Shakti Industries, Soparkar Ind, Sterling Rubber, Stun Engineers, Spark Electrical, Automotive and Allied Ind Pvt Ltd, J K Insulations, Aryan Paper Container, Gajanan Engg. Works, Screen Graphics, Cheekatla Polymers Pvt Ltd., Hyderabad Coils Pvt Ltd., Sai Sowmya Products, Aluplex India, Devco India, Bell Engineering Works, Jai Hind Saw Mills, The Calicut Tile Co., Dipsi Chemicals Pvt Ltd.

10. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are:

	As at 31-3-2003			
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
(i) Depreciation	—	2681	—	2614
(ii) Unabsorbed Depreciation	232	—	480	—
(iii) Carry Forward Business Loss	—	—	1166	—
(iv) VRS	1084	—	627	—
(v) Unpaid Statutory Liabilities	792	—	835	—
(vi) Provision for Doubtful Debts and Advances	1227	—	842	—
(vii) Provision for Contingencies	314	—	—	—
(viii) Others	53	—	39	—
Total	3702	2681	3989	2614
Net Timing Differences	1021		1375	

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

11. DEFERRED REVENUE EXPENDITURE

The Company has changed its accounting policy with regard to amortization of cost on Voluntary Retirement/Early Separation of Employees. Hitherto such costs were amortized over a period of 36 months, whereas as per the current accounting policy, such costs are charged to the Profit and Loss Account in the month of separation of such employees. Consequent to the change in the accounting policy, the charge to the Profit and Loss Account is higher by Rs. 2823.89 Lakhs (Rs. 459.92 Lakhs with regard to the unamortized balance carried forward at the beginning of the year and Rs. 2363.97 Lakhs with regard to such costs incurred during the year).

12. SALES AND SERVICES

(i) For Central Airconditioning Contracts, the Company has changed its accounting policy with regard to revenue recognition from 'substantial completion' method to 'percentage completion' method, consequent to which Sales and Services and Profit before Tax are higher by Rs. 3844.25 Lakhs and Rs. 164.18 Lakhs respectively.

(ii) With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs. 59328.29 Lakhs.

13. OPERATING AND ADMINISTRATION EXPENSES

(i) Staff expenses includes net credit of Rs. 429.25 Lakhs towards provisions made in prior years no longer required and additional charge for gratuity, pension and leave encashment for past period aggregating Rs. 228.51 Lakhs due to increase in actuarial liability consequent upon reduction in interest rates.

(ii) Forwarding Charges are net of Freight Recovery of Rs. 246.54 Lakhs (2002-2003: Rs. 325.22 Lakhs).

(iii) Advertising Expenses are net of Advertisement Recovery of Rs. 602.78 Lakhs (2002-2003: Rs. 520.69 Lakhs).

(iv) Other Expenses include :

	Rupees Lakhs	2002-2003 Rupees Lakhs
(a) Payment to Directors other than Wholetime Directors for Sitting Fees	7.30	4.32
(b) Lease rentals	9.38	11.95
(c) Foreign Exchange Loss (Net)	61.94	77.57

(v) Arising out of internal review, it was observed that prior to the current year, there had been incorrect sales billing aggregating Rs. 147.29 Lakhs. The matter is under investigation. The said amount has been included in Bad and Doubtful Debts and Advances.

14. Interest received in respect of sales on deferred payment terms and other accounts includes Rs. 49.49 Lakhs (2002-2003: Rs. 57.18 Lakhs) being the interest received on Income Tax Refund.

15. EARNINGS PER EQUITY SHARE

Annualised earnings per Equity Share have been calculated based on the Net Profit after Taxation excluding extraordinary / exceptional items of Rs. 2913.73 Lakhs (2002-2003 : Rs. 2058.18 Lakhs) and Net Profit after Taxation including extraordinary / exceptional items of Rs. 3903.02 Lakhs (2002-2003: Rs. 2557.53 Lakhs). Weighted average number of Equity Shares used in computing basic and diluted earnings per Equity Share is 3,30,88,474 (2002-2003: 3,30,88,474).

	Rupees	2002-2003 Rupees
Basic and Diluted earnings per share (Without extraordinary / exceptional items)	8.81	6.22
Basic and Diluted earnings per share (With extraordinary / exceptional items)	11.80	7.73
Face value per equity share	10.00	10.00

16. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 44.17 Lakhs (31-3-2003: Rs. 57.84 Lakhs). Advance paid against such contracts: Rs. 23.86 Lakhs (31-3-2003: Rs. 28.87 Lakhs).

17. Contingent liabilities not provided for:

(a) Guarantees on behalf of other companies:

Limits Rs. 2114.29 Lakhs (31-3-2003: Rs. 2447.72 Lakhs) against which amount outstanding was Rs. 2114.29 Lakhs (31-3-2003: Rs.1945.75 Lakhs).

(b) Bills drawn on customers and discounted with Banks: Nil (31-3-2003: Rs. 34.22 Lakhs)

(c) Cheques discounted with Banks: amount indeterminate.



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

- (d) Claims not acknowledged as debts:
- (i) in respect of excise matters Rs. 5746.32 Lakhs (31-3-2003: Rs. 5431.67 Lakhs), net of tax Rs. 5304.57 Lakhs (31-3-2003: Rs. 5014.11 Lakhs).
- (ii) in respect of other matters Rs. 15288.79 Lakhs (31-3-2003 : Rs. 10202.72 Lakhs), net of tax Rs. 14113.46 Lakhs (31-3-2003: Rs. 9418.39 Lakhs) against which a provision has been made for contingencies Rs. 1425.00 Lakhs (31-3-2003: Rs. 1200.00 Lakhs). In respect of a contingent liability of Rs. 2956.00 Lakhs (31-3-2003: Rs. 2956.00 Lakhs), the Company has a right to recover the same from a third party.
- (e) Income tax demands :
- (i) In respect of matters decided in Company's favour by Appellate Authorities where the Department is in further appeal – Rs. 501.76 Lakhs (31-3-2003: Rs. 413.51 Lakhs)
- (ii) In respect of Other matters – Rs. 2744.47 Lakhs (31-3-2003: Rs. 2177.86 Lakhs).
- (f) Staff demands under adjudication: amount indeterminate.
- (g) Liquidated damages for delay in delivery of goods : amount indeterminate.
18. In respect of guarantees issued by the Company's bankers against Acceptances co-accepted, aggregating Rs. 2256.87 Lakhs (31-3-2003 : Rs. 1357.65 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 to Rs. 17820.91 Lakhs (31-3-2003 : Rs. 6217.88 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.
19. Amounts paid by the Company to Directors as remuneration for services rendered in any capacity (See Schedule 'R' for Computation of Net Profit in accordance with Sections 198 and 309 of the Companies Act, 1956):
- | | Rupees
Lakhs | 2002-2003
Rupees
Lakhs |
|---|-------------------------|------------------------------|
| Remuneration to the Managing Director and Wholtime Director/s (inclusive of contribution to Provident and other funds: Rs. 7.29 Lakhs, estimated money value of benefits Rs. 5.78 Lakhs and commission: Nil | 78.67 | 74.83 |
20. (a) Amounts payable to Auditors in Other Capacity:
- | | Rupees
Lakhs | 2002-2003
Rupees
Lakhs |
|---------------------|-------------------------|------------------------------|
| Tax Matters | 7.58 | 7.43 |
| Company Law Matters | 0.25 | 0.28 |
| Other Services | 22.58 | 6.83 |
| Service Tax | 2.44 | 0.72 |
- (b) Remuneration to Branch Auditors
- | | | |
|----------------|--------------|-------|
| Audit Fees | 14.14 | 10.54 |
| Other Services | 0.19 | 0.20 |
21. The Company had taken over, on amalgamation of Hyderabad Allwyn Ltd. with the Company, borrowings from Financial Institutions (FIs). The Company has since repaid the borrowings including interest. However, letters of satisfaction/release from FIs are yet to be obtained. The FIs have claimed recompense of interest concession earlier granted in terms of the BIFR Order which claim has been rejected by BIFR. Subsequently, five of the Consortium Banks have settled their dues with the Company and the balance four banks are in the process of settlement.

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

22. Fixed assets acquired under Finance Lease:

Vehicles costing Rs. 48.68 Lakhs having net book value of Rs. 45.93 Lakhs as at 31st March, 2004 acquired on finance lease.

	Rupees Lakhs
Vehicles Taken on Lease:	
Total minimum lease payments at the year end	33.76
Present value of minimum lease payments	30.57
Not later than one year:	
Minimum lease payments	14.38
Present Value	12.30
Later than one year but not later than five years:	
Minimum lease payments	19.38
Present Value	18.27
Later than five years:	
Minimum lease payments	Nil
Present Value	Nil

23. In terms of agreement dated 30th September, 1998, Company's Compressor Plant at Hyderabad and Refrigerators manufacturing facility at Nandalur were transferred on a running business/going concern basis to Electrolux Voltas Limited on the close of the business hours on 31st March, 1999. In respect of the transfer:-

- (a) Deeds of Conveyance and Assignment in respect of assets other than assets handed over by transfer of possession, are pending completion.
- (b) Necessary approvals/consents are awaited from concerned Financial Institutions/Banks and other authorities.

24. The Company has accounted in the current year for 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. (a) The Company had accounted for in 1999-2000, 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.

- (b) The Company had accounted in 2002-2003, the profit on transfer of land Rs.157.83 Lakhs for which the agreement was executed and conveyance is pending.

26. Earnings in foreign exchange:

	Voltas	Wholly Owned Subsidiary companies	Total	Voltas	2002-2003 Wholly Owned Subsidiary companies	Total
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(a) F.O.B. Value of exports (including amounts invoiced against work-in-progress)	1698.19	Nil	1698.19	1146.89	Nil	1146.89
(b) Service Commission	1907.48	Nil	1907.48	2036.35	Nil	2036.35
(c) Other Income	307.09	Nil	307.09	314.55	Nil	314.55
(d) Foreign Projects Profit	2580.98	Nil	2580.98	2268.46	Nil	2268.46

Note: Figures for the Subsidiaries exclude Metrovol FZE, VIL Overseas Enterprises B.V. and Voice Antilles N.V., which are companies operating outside India.

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

	Voltas	Wholly Owned Subsidiary companies	Total	Voltas	2002-2003 Wholly Owned Subsidiary companies	Total
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Royalty	2.25	Nil	2.25	95.96	Nil	95.96
Know-how	21.52	Nil	21.52	23.88	Nil	23.88
Other matters	208.80	Nil	208.80	664.21	Nil	664.21

Note: Figures for the Subsidiaries exclude Metrovol FZE, VIL Overseas Enterprises B.V. and Voice Antilles N.V., which are companies operating outside India.



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

28. Remittances in foreign currencies for dividends:

Dividend was declared on Equity Share Capital for the year 2002-2003.

		2002-2003
Number of non-resident equity shareholders	316	289
Number of equity shares held by them	5,53,711	3,62,366
Gross amount of dividend (Rupees in Lakhs)	13.84	6.52

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

Number of non-resident equity shareholders	2	2
Number of equity shares held by them	1,25,000	1,25,000
Gross amount of dividend (Rupees in Lakhs)	3.12	2.25

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

	Voltas	Wholly Owned Subsidiary companies	Total	Voltas	2002-2003 Wholly Owned Subsidiary companies	Total
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Raw Materials	1089.64	Nil	1089.64	1091.57	21.70	1113.27
Finished Goods (*)	2798.26	Nil	2798.26	2611.76	Nil	2611.76
Components & Spares	1382.83	Nil	1382.83	1191.59	Nil	1191.59
Capital goods	122.90	Nil	122.90	5.11	Nil	5.11

* Including Items for Central Airconditioning jobs.

Note: Figures for the Subsidiaries exclude Metrovol FZE, VIL Overseas Enterprises B.V. and Voice Antilles N.V., which are companies operating outside India.

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

(a) Items	Unit of Measurement	Quantity	2002-2003 Quantity	Value Rupees Lakhs	2002-2003 Value Rupees Lakhs
Steel/Ferrous Metals	M.Tonnes	38,106	45,855	2499.06	2176.86
Non-Ferrous Metals	M.Tonnes	612	484	1013.42	895.89
Engines	Numbers	307	265	209.77	172.26
Motors	Numbers	11,787	12,124	396.83	187.32
Castings & Forgings	Numbers	49,376	37,248	420.61	290.48
Compressors	Numbers	320,047	405,220	5864.18	6183.26
Shells	Numbers	676	489	30.33	29.57
Valves	Numbers	13,193	8,050	130.95	68.79
Thermostats & Pressurestats	Numbers	326,085	5,578	235.49	24.90
Tyres, Tubes, Flaps and Rims	Numbers	4,971	5,429	78.54	90.59
Centrifugal Components	Numbers	87	117	73.63	172.39
Relays	Numbers	327	1,468	0.41	1.54
Others				13228.53	14555.44
				24181.75	24849.29

(b)	% to total Consumption	Value Rupees Lakhs	2002-03 % to total Consumption	2002-03 Value Rupees Lakhs
Imported	7.46	1805.04	7.44	1849.22
Indigenous	92.54	22376.71	92.56	23000.07
	100.00	24181.75	100.00	24849.29

Note: Above consumption figures are without adjustment for realisation on sale of scrap of Rs. 385.59 Lakhs (2002-2003 : Rs. 427.72 Lakhs).

VOLTAS

Annual Report 2003-2004

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (contd.)

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

		Installed Capacity	Installed Capacity 2002-2003	Actual Production	Actual Production 2002-2003
Airconditioners and Watercoolers					
Airconditioners for Specialised Applications	(Numbers)	3,300	3,300	1924	326
Water Coolers	(Numbers)	24,000	24,000	11,586	8,290
White Goods					
Refrigerators & Commercial Refrigeration	(Numbers)	5,00,000	5,06,000	2,98,607	3,92,507
Airconditioning and Refrigeration Equipment					
Open Type Compressors with Accessories	(Numbers)	1,000	1,000	356	328
Packaged Airconditioners	(Numbers)	7,550	6,000	5,825	4,796
Package Chillers	(Numbers)	530	300	346	209
Semi Hermetic Compressors	(Numbers)	3,600	3,600	1,336	942
Materials Handling Equipment					
Forklift Trucks	(Numbers)	500	500	368	346
Mining and Other Engineering Equipment					
Hydraulic Truck Cranes/Rough Terrain Cranes	(Numbers)	100	100	Nil	2
Power Driven Pumps	(Numbers)	2,400	2,400	369	179
Hyderabad Unit:					
Steel Furniture	(Tonnes)	3,000	3,000	Nil	8

Notes :

- As per the Industrial policy declared in July 1991, as amended in April 1993, no licenses are required for the products manufactured by the Company.
- 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.
- 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 Measure- ment	Purchases				Sales			
		Quan- tity	Quan- tity 2002-2003	Rupees Lakhs	Rupees Lakhs 2002-2003	Quan- tity	Quan- tity 2002-2003	Rupees Lakhs	Rupees Lakhs 2002-2003
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	89,215	50,114	16763.86	8471.68	79,989	50,038	14322.09	10192.48
Airconditioners for Specialised Applications	Numbers	Nil	4	Nil	30.25	1,767	263	1386.39	357.27
Water Coolers	Numbers	18,559	3,854	550.30	272.23	20,937	14,589	2884.62	2133.95
White Goods									
Refrigerators	Numbers	556	175	40.18	30.99	2,93,528	3,83,343	18837.05	24324.39
Airconditioning and Refrigeration									
Turnkey jobs	Number of jobs					1,378	1,087	25034.23	20034.06



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003 (contd.)

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

Class of Goods	Purchases				Sales				
	Unit of Measurement	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2002-2003	2002-2003			2002-2003	2002-2003		
Sundry Equipment for Airconditioning & Refrigeration, Consumer Durables and Spare Parts				6005.01	2276.76			5597.29	4491.36
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers					372	349	3064.26	2752.10
Sundry Material handling Eqpt., Spares for Forklift Trucks, etc.				11.77	15.90			977.05	959.55
Hydraulic Truck Cranes	Numbers					Nil	3	Nil	185.73
Machine Tools									
Machine Tools, Accessories and Sundry Equipment								4.22	5.66
Pollution Control Equipment and Systems									
Water Pollution Control Equipment and Systems				367.09	89.16			1032.89	851.21
Mining and Other Engineering Items									
Excavators						Nil	2	Nil	35.37
Sundry Construction & Earthmoving Equipment & Spares.				Nil	103.43			8.57	126.84
Sundry Equipment, Accessories and Spares for Drilling & Mining				606.09	587.64			2444.19	461.04
Textile Machinery & Equipment				1056.42	1030.65			1615.19	1587.74
Pesticides and Chemicals									
Chemicals & Minerals				1775.33	2693.21			2384.56	2885.01
Agro Industrial Products									
Hydraulic Pumps, Motors, and Other Agro Industrial Products				2236.49	671.53			2261.73	2381.60
Others									
Steel Furniture	Tonnes					Nil	3	Nil	10.90
Other Engineering Products				97.89	291.77			132.25	442.97
Turnkey Contracts								34829.35	32941.71
Services Rendered								16177.83	15880.32
								132993.76	123041.26

VOLTAS

Annual Report 2003-2004

(B) Opening and Closing Stocks:

Class of Goods	Opening Stock				Closing Stock				
	Unit of Measurement	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2002-2003	2002-2003	2002-2003	2002-2003	2002-2003	2002-2003	2002-2003	2002-2003
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	4,104	4,058	693.09	837.73	13,107	4,104	1494.51	693.09
Airconditioners for Specialised Applications	Numbers	52	Nil	26.46	Nil	58	52	38.30	26.46
Water Coolers	Numbers	1,846	4,303	177.49	345.89	11,106	1,846	607.40	177.49
White Goods									
Refrigerators	Numbers	37,230	29,234	2272.93	1840.17	42,539	37,230	2561.62	2272.93
Freezers and Bottle Coolers	Numbers	38	3	Nil	Nil	38	38	Nil	Nil
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts				1428.71	1837.69			1572.95	1428.71
Materials Handling Equipment & Spares									
Forklift Trucks	Numbers	5	7	81.58	46.24	1	5	7.04	81.58
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc.				246.77	338.98			246.77	246.77
Hydraulic Truck Cranes	Numbers	Nil	1	Nil	60.87	Nil	Nil	Nil	Nil
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				0.47	7.63			Nil	0.47
Pollution Control Equipment and Systems									
Electrostatic Precipitators, Mechanical Dust Collectors etc. - Components and Parts				14.34	13.07			12.14	14.34
Mining and Other Engineering Items									
Excavators	Numbers	Nil	2	Nil	32.89	Nil	Nil	Nil	Nil
Sundry Construction & Earthmoving Equipment & Spares				Nil	6.20			Nil	Nil
Sundry Equipment, Accessories & Spares for Drilling & Mining				346.10	113.88			178.48	346.10
Textile Machinery & Equipment				115.44	114.01			135.08	115.44
Chemicals									
Chemicals and Minerals				198.62	119.63			212.15	198.62
Agro Industrial Products									
Hydraulic Pumps, Motors, etc.				11.78	34.61			204.99	11.78
Others									
Steel Furniture	Tonnes	Nil	10	Nil	26.69	Nil	Nil	Nil	Nil
Other Pesticides		Nil	6	Nil	5.35	Nil	Nil	Nil	Nil
Property held for sale				Nil	Nil			115.36	Nil
				5613.78	5781.53			7386.79	5613.78

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

	Unit of Measurement	Quantity	Quantity 2002-2003
Room Airconditioners	Numbers	373	202
Airconditioners for Specialised Applications	Numbers	1	Nil
Water Coolers	Numbers	(52)	25
Refrigerators	Numbers	326	1343
Furniture	Tonnes	Nil	15



SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (Contd.)

33. Information about Business Segments:

Particulars	2002-2003	
	Rupees Lakhs	Rupees Lakhs
SEGMENT REVENUE		
Segment - A (Electro - Mechanical Projects and Services)	73422.76	64711.76
Segment - B (Engineering Agency and Services)	8367.05	6487.69
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	42324.14	41820.55
Others	8879.81	10193.47
Less : inter segment revenue	Nil	172.21
NET SALES / INCOME FROM OPERATIONS	132993.76	123041.26
SEGMENT RESULTS		
Segment - A (Electro - Mechanical Projects and Services)	2064.40	3137.05
Segment - B (Engineering Agency and Services)	2746.59	2158.76
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	602.27	(124.24)
Others	529.26	772.45
Total	5942.52	5944.02
Less: (i) Interest	180.10	255.02
(ii) Other unallocable expenditure net off un-allocable income	2064.43	3283.18
PROFIT BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS	3697.99	2405.82
Extraordinary/Exceptional Items	989.29	499.35
PROFIT BEFORE TAX	4687.28	2905.17

	Segment Assets		Segment Liabilities	
	31-3-2003		31-3-2003	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Segment - A (Electro - Mechanical Projects and Services)	36511.07	34875.55	30510.10	29842.23
Segment - B (Engineering Agency and Services)	2839.66	3152.83	1364.69	1919.73
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	24006.08	23402.42	16831.66	18663.99
Others	6709.23	6848.35	3903.41	3445.89
Total	70066.04	68279.15	52609.86	53871.84

	Capital Expenditure		Depreciation		Non-Cash Expenses Other than Depreciation	
	2002-2003		2002-2003		2002-2003	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Segment - A (Electro - Mechanical Projects and Services)	279.63	642.32	367.75	538.61	1897.61	2211.49
Segment - B (Engineering Agency and Services)	31.26	25.82	26.63	23.72	86.88	285.75
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	866.80	332.12	431.97	363.87	345.01	1104.96
Others	44.88	56.47	143.25	140.22	270.13	137.37
Non - Divisional	223.16	391.67	355.89	381.48	4011.69	1389.26
Total	1445.73	1448.40	1325.49	1447.90	6611.32	5128.83

SCHEDULE 'Q' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004 (Contd.)

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)	Subsidiary
B. Simtools Ltd. 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 Ltd. Universal Voltas LLC Weathermaker Ltd. AVCO Marine S.a.S. (under liquidation) Emirates Voltas LLC (under closure) Lalbuksh Voltas Engineering Services & Trading LLC 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



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)]	0.50 (11.24)	12100.94 (9087.54)	-	-	12101.44 (9098.78)
Sale of Goods [Refer 34 (c) (2)]	0.11 (1.29)	78.42 (18.36)	-	653.68 (134.90)	732.21 (154.55)
Service Income [Refer 34 (c) (3)]	0.90	960.13 (1171.58)	-	89.30 (28.22)	1050.33 (1199.80)
Purchase of Fixed Assets [Refer 34 (c) (4)]	1.12	-	-	-	1.12
Sale of Assets	-	-	-	-	-
Sale of Investment	-	(50.82)	-	-	(50.82)
Rental Income [Refer 34 (c) (5)]	(346.88)	22.49 (23.00)	-	47.36 (63.38)	(346.88) 69.85 (97.04)
Interest Income [Refer 34 (c) (6)]	(10.66)	20.95 (14.57)	-	-	20.95 (14.57)
Interest Expenses	-	-	-	-	-
Deputation Charges received/receivable [Refer 34 (c) (7)]	(9.93)	1.92 (22.19)	-	-	(9.93) 20.31 (22.19)
Dividend Income [Refer 34 (c) (8)]	138.36 (121.14)	30.12 (33.02)	-	-	168.48 (154.16)
Freight Recovery [Refer 34 (c) (9)]	-	228.25 (267.28)	-	-	228.25 (267.28)
Advertising Recovery [Refer 34 (c) (10)]	-	539.59 (520.60)	-	-	539.59 (520.60)
Warranty Recovery [Refer 34 (c) (11)]	-	197.94 (244.93)	-	-	197.94 (244.93)
Commision paid	-	-	-	-	-
Remuneration paid [Refer 34 (c) (12)]	(0.49)	-	74.00 (100.98)	-	(0.49) 74.00 (100.98)
Debit Balance Outstanding as on 31-3-2004 [Refer 34 (c) (13)]	78.18 (232.59)	1739.66 (344.96)	1.90 (2.36)	-	1819.74 (619.33)
Credit Balance Outstanding as on 31-3-2004 [Refer 34 (c) (14)]	-	2193.41 (2640.68)	-	266.19	2459.60 (2640.68)
Loan availed	-	-	-	-	-
Deposit Received [Refer 34 (c) (15)]	-	-	(7.50)	-	(7.50)
Recovery of Housing Loan [Refer 34 (c) (16)]	-	-	-	175.00	175.00
Interest on Housing Loan [Refer 34 (c) (17)]	-	-	0.46 (8.48)	-	0.46 (8.48)
Unsecured Advances given Others [Refer 34 (c) (18)]	-	-	0.10 (0.26)	-	0.10 (0.26)
Repayments of Unsecured Advances Given [Refer 34 (c) (19)]	4.56	841.26 (9.18)	-	1.46	847.28 (9.18)
Other Operating & Administration Expenses-Received/Receivable [Refer 34 (c) (20)]	-	49.80 (10.00)	-	-	49.80 (10.00)
Other Operating & Administration Expenses-Paid/Payable [Refer 34 (c) (21)]	(11.65)	7.42 (7.12)	-	9.66	17.08 (18.77)
Intercorporate Deposit Accepted	2.56 (1.09)	475.94 (71.77)	-	11.28	489.78 (72.86)
Refund of Intercorporate Deposit Accepted	(369.00)	-	-	-	(369.00)
Intercorporate Deposit Placed [Refer 34 (c) (22)]	(369.00)	300.00	-	-	300.00 (48.28)
Refund of Intercorporate Deposit Placed [Refer 34 (c) (23)]	(48.28)	300.00	-	-	300.00
Provision for Debts and Advances Due [Refer 34 (c) (24)]	-	-	-	-	-
Provision/Write off of Debts and Advances [Refer 34 (c) (25)]	77.28 (199.65)	782.45 (17.57)	-	-	859.73 (217.22)
Write back of Debts and Advances [Refer 34 (c) (26)]	-	782.45 (17.57)	-	-	782.45 (17.61)
Consulting Charges [Refer 34 (c) (27)]	60.14	17.57	-	-	77.71
Refund of Sitting Fees from Subsidiaries [Refer 34 (c) (28)]	-	-	0.01	-	0.01
Tata Brand Equity [Refer 34 (c) (29)]	-	-	-	38.10 (36.71)	38.10 (36.71)
	-	-	-	-	-
	-	-	-	193.51 (145.26)	193.51 (145.26)

Note :- Figures in bracket are of previous year.

VOLTAS

Annual Report 2003-2004

34 (c). Related Party Transaction Details

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

Particulars	(Rupees Lakhs)	
	Transaction Value 2003-2004	Transaction Value 2002-2003
1. Purchase of Goods		
Universal Comfort Products Private Ltd.	11689.84	8717.56
2. Sales of Goods		
Tata Sons Ltd.	653.68	134.90
3. Service Income		
Universal Comfort Products Private Ltd.	808.80	1038.42
Universal Voltas LLC	112.09	80.28
4. Purchase of Fixed Assets		
Auto Aircon (India) Ltd	1.12	Nil
5. Rental Income		
Sermo-PM India Ltd	22.49	23.00
Tata Sons Ltd.	47.36	63.38
6. Interest Income		
Simtools Ltd.	14.29	14.57
Universal Comfort Products Private Ltd.	6.66	Nil
7. Deputation Charges received / receivable		
Universal Comfort Product Private Ltd.	16.60	21.19
8. Dividend Income		
Lalbuksh Voltas Engineering Services & Trading LLC	25.62	26.64
Metrovol FZE	87.50	93.03
VIL Overseas Enterprises B.V.	50.86	28.11
9. Freight recovery		
Universal Comfort Products Private Ltd.	228.25	267.28
10. Advertising Recovery		
Universal Comfort Products Private Ltd.	539.59	520.60
11. Warranty Recovery		
Universal Comfort Products Private Ltd.	197.94	244.93
12. Remuneration Paid		
Mr. A. Soni	39.02	25.13
Mr. S. N. Tripathi	34.98	28.83
13. Debit Balance Outstanding as on 31-3-2004		
AVCO Marine S. a. S.	780.29	(196.78)
Universal Voltas LLC	583.23	(432.45)
14. Credit Balance Outstanding as on 31-3-2004		
Universal Comfort Products Private Ltd.	2191.25	2151.35
Tata Sons Ltd.	266.19	(39.42)
15. Deposit Received		
Tata Sons Ltd.	175.00	Nil
16. Recovery of housing loan		
Mr. S. N. Tripathi	0.45	0.43
17. Interest on housing loan		
Mr. S. N. Tripathi	0.10	0.13
18. Unsecured Advances given – Others		
AVCO Marine S. a. S.	782.45	Nil



34 (c). Related Party Transaction Details

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

(Rupees Lakhs)

Particulars	Transaction Value	Transaction Value
	2003-2004	2002-2003
19. Repayment of Unsecured Advances Given		
Universal Comfort Products Private Ltd.	49.80	Nil
20. Other Operating and Administration Expenses-Received/Receivable		
Sermo-PM India Ltd.	7.42	7.03
Tata Sons Ltd.	9.66	Nil
21. Other Operating and Administration Expenses-Paid/Payable		
Universal Comfort Products Private Ltd.	449.80	Nil
22. ICD Placed		
Universal Comfort Products Private Ltd.	300.00	Nil
23. Refund Of ICD Placed		
Universal Comforts Products Private Ltd.	300.00	Nil
24. Provision for Debts and Advances Due		
AVCO Marine S. a. S.	782.45	Nil
25. Provision / write off of Debts and Advances		
AVCO Marine S. a. S.	782.45	Nil
26. Write back of Debts and Advances		
Auto Aircon (India) Ltd.	60.14	Nil
Emirates Voltas LLC	17.57	Nil
27. Consulting Charges		
Tata Sons Ltd.	38.10	36.71
28. Refund of Sitting Fees from Subsidiaries		
Mr. A. Soni	0.01	Nil
29. Tata Brand Equity		
Tata Sons Ltd.	193.51	145.26

35. The Company has consolidated the accounts of the following joint ventures as on 31st March, 2004 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 31 st March, 2004						Year ended 31 st March, 2004	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenses
Universal Comfort Products Private Ltd	50	3862.44	3925.87	2.77	20.40	1997.07	1472.97
Lalbuksh Voltas Engineering and Trading LLC	49	828.52	406.85	Nil	Nil	1184.28	1002.01
Weathermaker Ltd	49	428.38	179.14	Nil	Nil	429.17	423.66
Universal Voltas LLC	49	1388.99	900.05	Nil	Nil	2380.21	2117.99
Saudi Ensas Company for Engineering Services Ltd	49	1738.12	1316.02	9.51	Nil	1670.49	1680.84

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

SCHEDULE 'R' : 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, 2003 Rupees in Lakhs
1. Profit before Taxation as per Profit and Loss Account		4687.28	2905.17
2. Add:			
(a) Managerial Remuneration, including benefits in cash or in kind	78.67		74.83
(b) Provision for Diminution in value of Investments written back	(196.33)		(884.58)
(c) Bad and Doubtful Debts/Advances	1727.25		782.97
		1609.59	(26.78)
		6296.87	2878.39
3. Less:			
(a) Capital Surplus on Sale/Retirement of Fixed Assets	1.57		1.60
(b) Profit/(Loss) on Sale of Investments	93.15		(743.76)
(c) Wealth Tax	25.61		10.00
(d) Profit on Sale of property/Transfer of Development Rights/Surrender of Tenancy Rights	4789.98		1509.25
(e) Bad and Doubtful Debts/Advances written off (Net of Recoveries)	699.61		257.70
(f) Excess of Expenditure over Income brought forward from preceding years as per Section 349 of the Companies Act,1956.	10732.05		12575.65
		16341.97	13610.44
Net profit/(deficit) for Directors'		(10045.10)	(10732.05)
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
N. J. Jhaveri
Yash Paul
S. N.Tripathi
Ravi Kant
N. D. Khurody
Noel N. Tata**

*Deputy General Manager -
Taxation & Company Secretary*

V. P. Malhotra

Mumbai, 9th June , 2004



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	4
---	---	---	---

Date Month Year

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

Public Issue	Rights Issue																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

Total Liabilities	Total Assets																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Sources of Funds	Reserves & Surplus																				
Paid-up Capital	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Unsecured Loans										
Secured Loans	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Investments										
Application of Funds	Deferred Tax Asset																				
Net Fixed Assets	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Accumulated Losses										
Net Current Assets	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Misc. Expenditure	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

Turnover	Total Expenditure																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Profit Before Tax	Profit After Tax																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Earnings Per Share in Rs.	Dividend Rate %																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

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

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary	Simto Investment Company Ltd. (Simto)	Auto Aircon (India) Ltd. (AAIL)	Metrovol FZE (Metrovol)	VIL Overseas Enterprises B. V. (VOEBV)	Voice Antilles N. V. (VANV)
1. Financial year ending of the Subsidiary	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004
2. Shares of the subsidiary held by VOLTAS LTD. on the above date					
(a) Number and Face value	14,43,150 Equity Shares of Rs. 10 each fully paid-up	1,13,00,000 Equity Shares of Rs. 10 each fully paid-up	1 Share of Dirhams (AED) 20,00,000 fully paid-up	13,635 Shares of Euro 45.38 each fully paid-up	Company's subsidiary VOEBV holds 4,00,000 Shares of USD 1 fully paid-up
(b) Extent of holding	94.33%	100%	100%	100%	—
3. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of Voltas Ltd.					
(a) dealt with in the accounts of Voltas Ltd. for the year ended 31st March, 2004	Nil	Nil	Nil	Nil	Nil
(b) not dealt with in the accounts of Voltas Ltd. for the year ended 31st March, 2004	Rs. 3614264	(Rs. 10506934)	Rs. 11756000 (AED 930035)	Rs. 3790000 (Euro 71956)	Rs. 4366000 (USD 95349)
4. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary, since it became subsidiary so far as they concern members of Voltas Ltd.					
(a) dealt with in the accounts of Voltas Ltd. for the year ended 31st March, 2004	Nil	Nil	Rs. 18052857 (AED 1400000)	Rs. 7896823 (Euro 154682)	Nil*
(b) not dealt with in the accounts of Voltas Ltd. for the year ended 31st March, 2004	(Rs. 12305204)	Rs. 4712275	Rs. 32436511 (AED 3270353)	Rs. 1250099 (Euro 49340)	Rs. 6719362 (USD 128201)

* Dividend declared by Voice Antilles N. V. has been accounted for in the profits of VIL Overseas Enterprises B.V.

Note: Agro Foods Punjab Ltd. and Westerwork Engineers Ltd., subsidiaries of the Company are under liquidation. As the accounts of these subsidiaries are not available, the details pertaining to them are not given.

*Chairman
Managing Director
Directors*

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

*Deputy General Manager –
Taxation & Company Secretary*

V. P. Malhotra

Mumbai, 9th June, 2004



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, 2004 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, Qatar and Singapore 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, 2004, total assets (net) of Rs. 1340.14 Lakhs, total revenues for the year ended on that date of Rs. 1580.19 Lakhs and the Group's share of profit (net) for the year of Rs. 10.82 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, 2004, total assets (net) of Rs. 1581.95 Lakhs, total revenues for the year ended on that date of Rs. 5664.15 Lakhs and the Group's share of profit (net) for the year of Rs. 439.65 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, 2004;
 - (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

Membership No. 31220

Mumbai,
9th June, 2004

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3305.53	3305.39
2. RESERVES AND SURPLUS	B		18174.13	15337.44
3. TOTAL SHAREHOLDERS' FUNDS			21479.66	18642.83
4. MINORITY INTEREST			26.35	37.70
5. SECURED LOANS	C		7114.21	7283.93
6. UNSECURED LOANS	D		3176.52	3610.55
	TOTAL		31796.74	29575.01
APPLICATION OF FUNDS				
7. FIXED ASSETS	E		14917.42	14686.87
8. INVESTMENTS	F		3332.14	2402.71
9. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Inventories	G	17303.54		14088.95
2. Sundry Debtors	H	39247.38		36773.34
3. Cash and Bank Balances	I	10371.60		9812.20
		66922.52		60674.49
(B) Loans and Advances	J	11272.92		11776.09
		78195.44		72450.58
10. LESS: CURRENT LIABILITIES AND PROVISIONS	K	65670.51		62229.84
11. NET CURRENT ASSETS			12524.93	10220.74
12. DEFERRED TAX ASSET (See Note 5, Schedule 'Q')			1022.25	1365.36
13. DEFERRED REVENUE EXPENDITURE (To the extent not written off or adjusted) (See Note 6, Schedule 'Q')			Nil	899.33
	TOTAL		31796.74	29575.01

(For notes forming part of the Accounts see Schedule 'Q':

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, 9th June, 2004

Chairman

Managing Director

Directors

Ishaat Hussain

A. Soni

N. M. Munjee

N. J. Jhaveri

Yash Paul

S. N. Tripathi

Ravi Kant

N. D. Khurody

Noel N. Tata

V. P. Malhotra

Deputy General Manager -
Taxation & Company Secretary

Mumbai, 9th June, 2004



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

		Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. SALES AND SERVICES (See Note 7, Schedule 'Q')		143752.06		134211.75
Less : EXCISE DUTY		7756.70		8657.50
NET SALES AND SERVICES			135995.36	125554.25
2. OTHER INCOME	L		1685.15	1433.99
3. COST OF SALES AND SERVICES	M	111315.19		101449.66
4. OPERATING AND ADMINISTRATION EXPENSES	N	20527.96		20548.33
			131843.15	121997.99
5. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXTRAORDINARY / EXCEPTIONAL ITEMS			5837.36	4990.25
6. FINANCIAL ITEMS	O		229.48	361.98
7. DEPRECIATION ON FIXED ASSETS			1595.24	1765.84
8. PROFIT BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS			4012.64	2862.43
9. EXTRAORDINARY / EXCEPTIONAL ITEMS	P		834.26	527.44
10. PROFIT BEFORE TAXATION			4846.90	3389.87
11. PROVISION FOR TAXATION				
- Provision for Current Tax [Including Foreign Income Tax Rs.44.64 Lakhs (2002-2003 : Rs.149.81 Lakhs, net of write back of Rs.2.05 Lakhs of earlier years)]		434.28		405.03
- Provision for Taxation of Earlier Years (2002-2003 Including Foreign Income Tax written back Rs.30.27 Lakhs)		1.76		(30.92)
- Provision for Deferred Tax		354.00		31.39
- Provision for Wealth Tax		25.61		10.00
12. PROFIT AFTER TAXATION			815.65	415.50
13. MINORITY INTEREST IN PROFIT			4031.25	2974.37
14. SHARE OF PROFIT/(LOSSES) OF ASSOCIATES			2.17	13.24
15. PROFIT AFTER MINORITY INTEREST AND SHARE OF PROFIT/(LOSSES) OF ASSOCIATES			Nil	(15.96)
16. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			4029.08	2945.17
17. BALANCE IN PROFIT & LOSS ACCOUNT OF VIRAT INVESTMENT COMPANY LIMITED TRANSFERRED ON AMALGAMATION			953.16	298.11
18. BALANCE IN PROFIT & LOSS ACCOUNT OF VOLTAS SYSTEMS LIMITED TRANSFERRED ON AMALGAMATION			Nil	124.90
19. AMOUNT TRANSFERRED FROM INVESTMENT ALLOWANCE RESERVE (UTILISED)			Nil	(0.17)
20. AMOUNT TRANSFERRED TO FOREIGN PROJECTS RESERVE			25.00	Nil
21. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			275.00	300.00
22. PREACQUISITION LOSS TRANSFERRED TO CAPITAL RESERVE			35.00	285.00
23. MINORITY INTEREST IN LOSSES UPTO 31-3-2003			345.57	353.35
24. SHARE OF LOSSES OF ASSOCIATES UPTO 31-3-2002			7.14	12.31
25. PROFIT AVAILABLE FOR APPROPRIATIONS			Nil	(35.77)
26. APPROPRIATIONS :			5119.95	3682.90
(a) GENERAL RESERVE		2142.53		1764.68
(b) SPECIAL RESERVE		7.70		3.50
(c) LEGAL RESERVE		8.48		28.36
(d) PROPOSED DIVIDEND		992.65		827.21
(e) TAX ON DIVIDEND		127.19		105.99
27. BALANCE CARRIED FORWARD			3278.55	2729.74
			1841.40	953.16
Basic and diluted earnings per share (with Extraordinary / Exceptional items) (in Rs.) (See Note 10, Schedule 'Q')			12.18	8.90

(For notes forming part of the Accounts see Schedule 'Q'.
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, 9th June, 2004

Chairman

Managing Director

Directors

Ishaat Hussain

A. Soni

N. M. Munjee

N. J. Jhaveri

Yash Paul

S. N. Tripathi

Ravi Kant

N. D. Khurody

Noel N. Tata

Deputy General Manager -
Taxation & Company Secretary

V. P. Malhotra

Mumbai, 9th June, 2004

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	Rupees in Lakhs	Rupees in Lakhs	2002-2003 Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		4846.90	3389.87
Add - Adjustments for :			
Exchange Fluctuation	19.95		(28.92)
Profit of Discontinued Business	Nil		(70.81)
Depreciation	1595.24		1765.84
Provision for Contingencies	225.00		1000.00
Loss on revaluation of assets of discontinued business	16.15		33.37
Provision for Diminution in value of Investments	(130.43)		(884.58)
Net Profit on Sale/Retirement of Fixed Assets	(4748.58)		(1357.00)
(Profit)/Loss on Sale of Non-Trade Investments	(89.70)		(44.05)
Interest paid [Net]	335.48		436.77
Income from Investments	(106.00)		(74.79)
Provision for Leave Encashment	44.91		239.89
Provision for Gratuity	(206.67)		633.54
(Profit)/Loss on Sale of Trade Investments	(5.11)		842.00
(Profit)/Loss on assets of discontinued operations	(5.25)		Nil
Deferred Revenue Expenditure Amortised	3507.98		79.98
Technical Fees written off	48.75		Nil
		501.72	2571.24
Operating Profit before Working Capital changes		5348.62	5961.11
Less - Adjustments for:			
Increase/(Decrease) in Inventories	2481.36		(3368.83)
Increase/(Decrease) in Trade and other Receivables	2018.99		9710.94
Increase/(Decrease) in Loans and Advances	383.15		1362.90
Decrease/(Increase) in Advances from Customers	1913.90		2839.01
Decrease/(Increase) in Trade Payables	(3708.37)		(9229.75)
		3089.03	1314.27
Cash generated from operations		2259.59	4646.84
Less:			
Taxes paid	735.45		1088.46
Deferred Revenue Expenditure	2629.74		1130.65
		3365.19	2219.11
<i>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</i>		(1105.60)	2427.73
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed assets	(2011.08)		(1477.32)
Sale of Fixed Assets	5184.20		2056.47
Proceeds from Surrender of Tenancy Rights	73.50		282.00
Purchase of Investments	(3484.24)		(955.15)
Sale of Investments	2807.54		1268.83
Interest received	362.34		340.01
Dividend received	106.00		74.79
Advance against issue of Share Capital	(67.55)		Nil
Inter Corporate Deposits & Loans	1000.00		(812.72)
<i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i>		3970.71	776.91
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital	0.14		Nil
Proceeds from Securities Premium	0.65		Nil
Repayment of Term Loan	Nil		(709.79)
Payment of Finance lease liabilities	(29.60)		(45.07)
Increase/(Decrease) in other Borrowings	(637.96)		274.96
Interest on Fixed Deposits	(703.29)		(818.35)
Decrease in Unpaid Debentures/Deposits	(5.60)		(21.37)
Dividend paid	(930.05)		(586.69)
<i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i>		(2305.71)	(1906.31)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		559.40	1298.33
CASH AND CASH EQUIVALENTS AS AT 1-4-2003		9812.20	8505.33
Add: Cash Added on acquisition of Subsidiary during the year		Nil	8.54
CASH AND CASH EQUIVALENTS AS AT 31-3-2004		10371.60	9812.20

In terms of our Report of even date.

For S.B.Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 9th June, 2004

Chairman

Managing Director

Directors

Ishaat Hussain

A. Soni

N. M. Munjee

N. J. Jhaveri

Yash Paul

S. N. Tripathi

Ravi Kant

N. D. Khurody

Noel N. Tata

Deputy General Manager -
Taxation & Company Secretary

V. P. Malhotra

Mumbai, 9th June, 2004



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2003 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		
3,30,88,474 Equity Shares of Rs.10 each	3308.85	3308.85
Less: Calls-in-Arrears	3.32	3.46
TOTAL	3305.53	3305.39

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. SECURITIES PREMIUM	617.52	616.86
2. CAPITAL RESERVE	155.52	155.52
3. CAPITAL RESERVE ON CONSOLIDATION	686.26	684.26
4. CAPITAL REDEMPTION RESERVE	125.70	125.70
5. INVESTMENT ALLOWANCE RESERVE (UTILISED)	Nil	25.00
6. GENERAL RESERVE	11973.52	9830.97
7. STAFF WELFARE RESERVE	1.00	1.00
8. FOREIGN PROJECTS RESERVE	1619.00	1379.00
9. CURRENCY FLUCTUATION RESERVE	347.90	347.40
10. SPECIAL RESERVE	7.70	3.50
11. ADJUSTMENTS ON CONSOLIDATION	706.51	1131.45
12. LEGAL RESERVE (See Note 3, Schedule 'Q')	92.10	83.62
13. PROFIT AND LOSS ACCOUNT	1841.40	953.16
TOTAL	18174.13	15337.44

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. LOANS FROM BANKS	7071.39	7250.65
2. LOANS FROM OTHERS	42.82	33.28
TOTAL	7114.21	7283.93

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. FIXED DEPOSITS	1614.79	3073.55
2. SHORT TERM LOANS AND ADVANCES		
(a) Commercial Paper	1500.00	500.00
(b) Other than Banks	Nil	30.47
	1500.00	530.47
3. OTHER LOANS AND ADVANCES		
(a) From Financial Institutions	Nil	4.17
(b) From Banks	59.55	Nil
(c) From Others	2.18	2.36
	61.73	6.53
TOTAL	3176.52	3610.55

Commercial Paper from Banks [maximum amount outstanding at any time during the year : Rs. 2000.00 Lakhs (2002-2003 : Rs. 4000.00 Lakhs)]

VOLTAS

Annual Report 2003-2004

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, 2003	Additions	Deduc- tions	As at March 31, 2004	Up to March 31, 2003	For the Year	On Deduc- tions	Up to March 31, 2004	As at March 31, 2004	As at March 31, 2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	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	3.02	Nil	Nil	3.02	Nil	Nil	Nil	Nil	3.02	3.02
2. Other Land	170.24	Nil	6.82	163.42	Nil	Nil	Nil	Nil	163.42	170.24
3. Buildings (Refer Notes b,c below)	6051.45	22.33	70.73	6003.05	1500.32	149.60	33.32	1616.60	4386.45	4551.13
4. Plant & Machinery (Refer Notes d,e below)	17053.03	1062.24	160.23	17955.04	8499.79	1139.87	81.22	9558.44	8396.60	8553.24
5. Furniture & Fittings	1634.34	25.08	31.43	1627.99	952.95	127.98	19.97	1060.96	567.03	681.39
6. Vehicles (See Note 12, Schedule 'Q')	920.66	191.17	112.22	999.61	419.48	112.70	81.19	450.99	548.62	501.18
7. Intangible Assets										
- Manufacturing Rights & Technical Know-how	1856.92	Nil	557.37	1299.55	1699.48	59.64	537.82	1221.30	78.25	157.44
- Software	Nil	326.83	Nil	326.83	Nil	5.45	Nil	5.45	321.38	Nil
	27689.66	1627.65	938.80	28378.51	13072.02	1595.24	753.52	13913.74	14464.77	14617.64
8. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.31.92 Lakhs (31-3-2003: Rs 47.50 Lakhs)]				452.65					452.65	69.23
				28831.16					14917.42	14686.87

Notes :

- includes Rs.0.46 Lakh being cost of the shares and bonds in Cooperative Housing Societies.
- includes Rs.10.93 Lakhs (original cost) and Rs.7.97 Lakhs (net book value) being Lease Office improvements. The lease is renewed annually.
- includes Factory Building of Rs.58.68 Lakhs (original cost) and Rs.12.11 Lakhs (net book value) of factory building constructed on a leasehold land the lease period being 15 years with a renewal option.
- includes Rs. 177.09 Lakhs (original cost) and Rs. 95.60 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 have been increased by Rs.114.10 Lakhs and Rs.110.20 Lakhs respectively as assets of discontinued operations lying in inventories have been taken to fixed assets and decreased on reclassification of assets (original cost Rs.32.71 Lakhs and accumulated depreciation Rs.18.45 Lakhs).

SCHEDULE 'F' : INVESTMENTS (at Cost)

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
LONG TERM INVESTMENTS			
1. TRADE INVESTMENTS			
Subsidiary Companies		119.63	119.63
Associate Companies			
Cost of Investments	51.73		51.73
Less : Share of Losses	51.73		51.73
		Nil	Nil
Shares (Quoted)		1170.84	1117.74
Shares (Unquoted)		2475.43	1686.42
2. OTHER INVESTMENTS			
Shares (Quoted)		0.06	0.29
Shares (Unquoted)		0.49	0.49
Debentures (Unquoted)		0.07	0.07
Units of Mutual Funds (Quoted)		164.59	230.49
Units of Mutual Funds (Unquoted)		Nil	0.73
TOTAL LONG TERM INVESTMENTS		3931.11	3155.86


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

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
CURRENT INVESTMENTS		
Units of Mutual Funds (Quoted)	42.87	61.05
Government Securities (Unquoted)	0.61	0.21
Other Securities (Quoted)	43.79	68.16
TOTAL CURRENT INVESTMENTS	<u>87.27</u>	<u>129.42</u>
TOTAL INVESTMENTS	<u>4018.38</u>	<u>3285.28</u>
LESS : PROVISION FOR DIMINUTION IN VALUE	<u>686.24</u>	<u>882.57</u>
TOTAL	<u><u>3332.14</u></u>	<u><u>2402.71</u></u>

SCHEDULE 'G' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. STORES AT OR BELOW COST		86.89	85.24
2. LOOSE TOOLS		Nil	2.04
3. ASSETS OF DISCONTINUED OPERATIONS AT ESTIMATED REALISABLE VALUE		53.32	79.48
4. STOCK-IN-TRADE :			
(a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Market Value	4764.93		4555.87
(b) Work-in-Progress, at cost Less: Amounts Invoiced	14049.93 <u>9424.53</u>		17072.69 <u>13709.72</u>
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less: Written off for obsolescence) and Market Value	<u>7773.00</u>		<u>3362.97</u> <u>6003.35</u>
TOTAL		<u>17163.33</u> <u>17303.54</u>	<u>13922.19</u> <u>14088.95</u>

SCHEDULE 'H' : SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT			
(i) Over six months old	168.67		122.26
(ii) Others	Nil		18.42
		<u>168.67</u>	<u>140.68</u>
2. OTHER SALES			
(i) Over six months old	13763.89		9317.39
(ii) Others	27360.25		29151.08
		<u>41124.14</u>	<u>38468.47</u>
3. Less: PROVISION FOR DOUBTFUL DEBTS		<u>41292.81*</u> <u>2045.43</u>	<u>38609.15*</u> <u>1835.81</u>
TOTAL		<u><u>39247.38</u></u>	<u><u>36773.34</u></u>
* Of the above debts			
(a) Fully secured		1340.10	601.60
(b) Unsecured, considered good		37907.28	36171.74
(c) Considered doubtful		2045.43	1835.81
TOTAL		<u>41292.81</u>	<u>38609.15</u>
1. Due by Officers		0.08	0.10
2. Maximum due by Officers at any time during the year		0.10	0.24
3. Due by Government and Semi-Government parties		6312.15	6061.85

VOLTAS

Annual Report 2003-2004

SCHEDULE 'I' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	1692.34	1601.62
2. BANK BALANCES WITH SCHEDULED BANKS	2359.85	2947.93
3. BANK BALANCES WITH NON-SCHEDULED BANKS	6319.41	5262.65
TOTAL	10371.60	9812.20

SCHEDULE 'J' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	7597.43	6720.63
2. ADVANCE PAYMENT OF TAXES	2359.44	1975.94
3. LOANS TO EMPLOYEES	212.73	211.90
4. DEPOSITS WITH CUSTOMERS / OTHERS	1125.99	998.00
5. INTERCORPORATE DEPOSITS	1000.00	2000.00
6. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	362.97	261.92
	12658.56*	12168.39*
7. Less: PROVISION FOR DOUBTFUL ADVANCES	1385.64	392.30
TOTAL	11272.92	11776.09
* Of the above advances		
(a) Fully Secured	198.10	181.91
(b) Unsecured, considered good	11074.82	11594.18
(c) Considered doubtful	1385.64	392.30
TOTAL	12658.56	12168.39
1. Due by Officers	7.67	8.65
2. Maximum due by Officers at any time during the year	8.65	16.82



SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2003 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		2325.35	1359.70
2. SUNDRY CREDITORS		41215.96	37477.94
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers / Others	10444.21		12117.77
(b) Against Unexpired Service Contracts	1031.12		1211.54
		11475.33	13329.31
4. OTHER LIABILITIES		2003.80	1862.39
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		164.42	181.55
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * :-			
(a) Unpaid Dividend		50.75	49.76
(b) Unpaid Application Money		Nil	1.50
(c) Unpaid Matured Deposits		54.04	32.70
(d) Unpaid Matured Debentures		28.05	54.50
(e) Interest accrued on (b) to (d) above		25.96	34.84
TOTAL (A)		57343.66	54384.19
(B) PROVISIONS			
7. PROVISION FOR TAXATION		749.98	643.69
8. PROPOSED DIVIDEND		992.65	827.21
9. PROVISION FOR CORPORATE DIVIDEND TAX		127.19	105.99
10. PROVISION FOR TRADE GUARANTEES		1402.52	1274.74
11. PROVISION FOR LEAVE ENCASHMENT		756.94	677.31
12. PROVISION FOR FUTURE PENSION		1177.27	1198.36
13. PROVISION FOR GRATUITY		1695.30	1918.35
14. PROVISION FOR CONTINGENCIES		1425.00	1200.00
TOTAL (B)		8326.85	7845.65
TOTAL (A) + (B)		65670.51	62229.84

* The figures reflect the position as at 31st March, 2004. 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, 2004

SCHEDULE 'L' : OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Miscellaneous Income	566.81	511.15
2. Profit on Sale of Non-Trade Investments	89.70	44.05
3. Rent Received	817.35	757.34
4. Sundry Recoveries	132.39	121.45
5. Adjustment in respect of previous years (Net)	78.90	Nil
TOTAL	1685.15	1433.99

SCHEDULE 'M' : COST OF SALES AND SERVICES

	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2003	27631.91	30225.80
2. Purchases and cost of jobs, manufacture and services	110271.12	98855.77
	137903.03	129081.57
3. Stock-in-Trade per 31-3-2004	26587.84	27631.91
4. Cost of Sales and Services (1 + 2 - 3)	111315.19	101449.66
TOTAL	111315.19	101449.66

SCHEDULE 'N' : OPERATING AND ADMINISTRATION EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Staff Expenses (See Note 8, Schedule 'Q')			
(a) Salaries,Wages and Bonus	11079.54		10838.23
(b) Company's contribution to Provident Fund and other Funds	825.48		856.81
(c) Retiring Gratuity	592.58		862.40
(d) Welfare Expenses	1100.78		976.21
		13598.38	13533.65
2. Forwarding Charges (Net)		689.77	681.96
3. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		2293.71	1801.29
4. Advertising (Net)		596.57	1205.89
5. Rent paid	884.86		914.98
Less: Rent recovered	51.03		69.42
		833.83	845.56
6. Rates and Taxes		156.59	149.12
7. Insurance		258.49	285.08
8. Stores Consumed		225.30	262.10
9. Power		493.64	517.79
10. Repairs to Buildings		79.54	84.51
11. Repairs to Plant and Machinery		445.91	385.39
12. Travelling		1659.90	1644.29
13. Conveyance		691.31	642.20
14. Stationery, Postage, Telex and Telephone		1113.34	1127.05
15. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs.1.85 Lakhs (2002-2003 : Rs. 3.20 Lakhs) and Service Tax Rs 2.40 Lakhs (2002-2003 : Rs.1.20 Lakhs)	56.94		48.98
(b) In Other capacity	37.99		22.11
		94.93	71.09
16. Audit fees payable to Branch Auditors		14.33	10.74
17. Audit fees payable to Cost Auditors		0.70	0.42
18. Legal and Professional Charges		2376.19	981.98
19. Other expenses (See Note 8, Schedule 'Q')		4220.71	4595.00
20. Bad and Doubtful Debts / Advances (Net)		1720.07	816.84
21. Donation and Charities		15.40	14.96
22. Adjustment in respects of previous years (Net)		Nil	29.72
23. Loss on Sale of Fixed Assets		41.40	152.25
		31620.01	29838.88
24. Less: Expenses included under Cost of Sales and Services and Fixed Assets		11092.05	9290.55
TOTAL		20527.96	20548.33



SCHEDULE 'O' : FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	659.10		739.28
(b) On other accounts	162.82		236.67
		821.92	975.95
2. Less: Interest received in respect of sales on deferred payment terms and other accounts (See Note 9, Schedule 'Q')		486.44	539.18
		335.48	436.77
3. Less : Income from Investments			
(a) Trade Investments	90.74		72.77
(b) Other Investments	15.26		2.02
		106.00	74.79
TOTAL		229.48	361.98

SCHEDULE 'P' : EXTRAORDINARY / EXCEPTIONAL ITEMS

	Rupees in Lakhs	Year ended 31st March, 2003 Rupees in Lakhs
1. Profit on Sale of Property / Transfer of Development Rights / Surrender of Tenancy Rights (See Note 14, Schedule 'Q') [Including Capital Surplus Rs.4713.93 Lakhs (2002-2003 : Rs.1125.82 Lakhs)]	4789.98	1509.25
2. Profit on Sale of Trade Investments	5.11	Nil
3. Net Provision for Dimunition in value of investments written back	Nil	884.58
4. Net Provision for doubtful advances written back	17.57	93.31
5. Profit on Sale of Fixed Assets classified as Inventories	5.25	Nil
6. Profit on Conversion of Units of UTI - US 64 into UTI - US 64 Bonds (Net of Provision)	0.40	Nil
7. Advances received written back	64.37	Nil
	4882.68	2487.14
Less :		
8. Provision for diminution in value of Investments	7.97	Nil
9. Provision for diminution in value of inventory of discontinued business	79.19	4.35
10. Cost of Voluntary Retirement Scheme amortised (See Note 6, Schedule 'Q')	3507.98	79.98
11. Advances written off	31.32	Nil
12. Loss on revaluation of assets of discontinued business	16.15	33.37
13. Provision for doubtful advances	132.06	Nil
14. Provision for Contingencies	225.00	1000.00
15. Net Loss on Sale of Trade Investments	Nil	842.00
16. Product Development Expenses written off	48.75	Nil
	4048.42	1959.70
TOTAL	834.26	527.44

SCHEDULE 'Q' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2004

1. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Voltas Ltd. ('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) In case of foreign subsidiaries and joint ventures, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities excluding fixed assets and investments are converted at the rates prevailing at the end of the year. Fixed assets and investments of subsidiaries are converted at the rates prevailing as on 1st April, 2001 and fixed assets and investments of Joint Ventures are converted at the rates prevailing as on 1st April, 2002.
- (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, 2004 except Saudi Ensas Company for Engineering Services Limited, Weathermaker Limited and Universal Voltas LLC where the accounts are drawn upto 31st December, 2003. The accounts of Agrotech Industries Limited, Emirates Voltas LLC and AVCO Marine S.a.S. have not been consolidated as they are under closure and the investments in the books of Voltas Ltd. are fully provided. Similarly, the accounts of Agro Foods Punjab Ltd. and Westerwork Engineers Ltd. have not been consolidated as they are under liquidation and the investments in the books of Voltas Ltd. are fully provided. 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.
- (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	
		2003-2004	2002-2003
Indian Subsidiaries:			
- Simto Investment Company Ltd.		94.33	91.16
- Auto Aircon (India) Ltd. (Ref. Note (a) below)		100.00	100.00
- Agro Foods Punjab Ltd. (under liquidation)		100.00	100.00
- Westerwork Engineers Ltd. (under liquidation)		51.00	51.00
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



Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2003-2004	2002-2003
Foreign Joint Ventures:			
- Lalbuksh Voltas Engineering and Trading LLC, Muscat	Sultanate of Oman	49.00	49.00
- Weathermaker Ltd.	Isle of Mann	49.00	49.00
- Emirates Voltas LLC, Dubai (under closure)	United Arab Emirates	49.00	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 closure)	France	50.00	50.00
- Universal Voltas LLC	United Arab Emirates	49.00	49.00
Associates:			
- Simtools Ltd (Refer Note (c) below)		46.10	46.10
- Brihat Trading Private Ltd. (Refer Note (d) below)		33.33	33.33

Notes:

- (a) Auto Aircon (India) Ltd. which was a Joint Venture became a wholly-owned subsidiary of the Company with effect from 6th December, 2002.
- (b) Sermo-PM India Ltd. which was a wholly-owned subsidiary of the Company became a joint venture with effect from 6th July, 2002 and the accounts for the period 6th July, 2002 onwards have not been consolidated as Voltas Ltd. proposes to divest from the Joint Venture.
- (c) The investment in Simtools Ltd., an associate company, has been reported at Re. 1 as the Company's share of losses exceeds the carrying amount of investment.
- (d) 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 & 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. (Refer Note 8 for change in the basis of accounting of the parent company during the year). 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

- (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. In a subsidiary, the balance amount of Technical Know-how fees amounting to Rs. 48.75 Lakhs has been charged off to Profit and Loss Account during the year instead of amortising it over six years.

- (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 its useful life.
- (d) In some of the foreign subsidiaries and foreign joint ventures, the cost of 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) **RESEARCH & DEVELOPMENT EXPENSES**

Research and Development costs of revenue nature are charged to the Profit and Loss Account when incurred. Expenditure of capital nature is capitalized and depreciation provided thereon as per the Company's policy.
- (v) **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.
- (vi) **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.
- (vii) **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.
- (viii) **INTANGIBLE ASSETS**

Intangible assets are stated at cost less accumulated amortization.
- (ix) **FINANCE LEASE**

Fixed assets acquired under finance lease 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 lease term at a constant periodic rate of interest on the remaining balance of the liability.

Rents payable under operating lease 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 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) Revenue transactions for the parent company (other than depreciation) of foreign branches are incorporated 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 (VRS)/ 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. (Refer Note 6 for change in accounting policy of the parent company).
- (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. (Refer Note 6 for change in accounting policy of the parent company).

(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.

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 and Simtools Ltd state that these have been prepared on a going concern basis on the assumption of continued financial support from Voltas Limited.

4. INVESTMENTS

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.

5. DEFERRED TAX ASSET

Major Components of deferred tax assets and liabilities arising are :-

	As at 31.3.2003			
	Deferred Tax Assets Rs. Lakhs	Deferred Tax Liabilities Rs. Lakhs	Deferred Tax Assets Rs. Lakhs	Deferred Tax Liabilities Rs. Lakhs
(i) Depreciation	—	2922	—	2803
(ii) Unabsorbed Depreciation	457	—	649	—
(iii) Carry Forward Business Loss	—	—	1166	—
(iv) VRS	1084	—	627	—
(v) Unpaid Statutory Liabilities	799	—	835	—
(vi) Provision for Doubtful Debts and Advances	1227	—	842	—
(vii) Provision for Contingencies	314	—	—	—
(viii) Others	63	—	49	—
Total	<u>3944</u>	<u>2922</u>	<u>4168</u>	<u>2803</u>
Net Timing Differences	1022		1365	

6. DEFERRED REVENUE EXPENDITURE

The parent company has changed its accounting policy with regard to amortization of cost on voluntary retirement/early separation of employees. Hitherto such costs were amortized over a period of 36 months, whereas as per the current accounting policy, such costs are charged to the Profit and Loss Account in the month of separation of such employees. Consequent to the change in the accounting policy, the charge to the Profit and Loss Account is higher by Rs. 2823.89 Lakhs (Rs. 459.92 Lakhs with regard to the unamortized balance carried forward at the beginning of the year and Rs. 2363.97 Lakhs with regard to such costs incurred during the year).

7. SALES AND SERVICES

The parent company has changed its accounting policy with regard to revenue recognition from 'substantial completion' method to 'percentage completion' method, consequent to which Sales and Services and Profit before Tax are higher by Rs. 3844.25 Lakhs and Rs. 164.18 Lakhs respectively.

8. OPERATING AND ADMINISTRATION EXPENSES

(i) Staff expenses include net credit of Rs. 429.25 Lakhs towards provisions made in prior years no longer required and additional charge for gratuity, pension and leave encashment for past period aggregating Rs 228.51 Lakhs due to increase in actuarial liability consequent upon reduction in interest rates.

(ii) Other Expenses include:

	2002-2003	
	Rupees Lakhs	Rupees Lakhs
Lease rentals	44.33	53.96

(iii) Arising out of internal review in the parent company, it was observed that prior to the current year, there had been incorrect sales billing aggregating Rs. 147.29 Lakhs. The matter is under investigation. The said amount has been included in Bad and Doubtful Debts and Advances.

9. Interest received in respect of sales on deferred payment terms and other accounts includes Rs. 49.49 Lakhs (2002-2003: Rs. 57.18 Lakhs) being the interest received on Income Tax Refund.

10. EARNINGS PER EQUITY SHARE

Annualised earnings per Equity Share have been calculated based on the Net Profit after Minority Interest and share of Associates of Rs. 4029.08 Lakhs (2002-2003: Rs. 2945.17 Lakhs). Weighted average number of Equity Shares used in computing basic and diluted earnings per Equity Share - 3,30,88,474 (2002-2003: 3,30,88,474).

	2002-2003	
	Rupees	Rupees
Basic and Diluted earnings per share	12.18	8.90
Face Value per share	10.00	10.00



11. The parent company had taken over, on amalgamation of Hyderabad Allwyn Ltd. with the Company, borrowings from Financial Institutions (FIs). The Company has since repaid the borrowings including interest. However, letters of satisfaction/release from FIs are yet to be obtained. The FIs have claimed recompense of interest concession earlier granted in terms of the BIFR Order which claim has been rejected by BIFR. Subsequently, five of the Consortium Banks have settled their dues with the parent company and the balance four banks are in the process of settlement.

12. 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 31-3-2003	As at 31-3-2003
	Rupees Lakhs	Rupees Lakhs
Gross Block	225.77	197.84
Less: Accumulated Depreciation	84.24	70.15
Net Block	141.53	127.69

Future minimum lease payments in respect of the above assets as at 31st March, 2004 are summarised below:

	As at 31-3-2003	As at 31-3-2003
	Rupees Lakhs	Rupees Lakhs
Vehicles and Rigs :		
Total minimum lease payments at the year end	81.49	91.89
Present value of minimum lease payments	73.39	78.17
Not later than one year:		
Minimum lease payments	44.65	40.37
Present value	38.41	31.95
Later than one year but not later than five years:		
Minimum lease payments	36.84	51.52
Present value	34.98	46.22
Later than five years:		
Minimum lease payments	Nil	Nil
Present value	Nil	Nil

13. In terms of agreement dated 30th September, 1998, the parent company's Compressor Plant at Hyderabad and Refrigerators manufacturing facility at Nandalur were transferred on a running business/going concern basis to Electrolux Voltas Limited on the close of the business hours on 31st March, 1999. In respect of the transfer:-

- (i) Deeds of Conveyance and Assignment in respect of assets other than assets handed over by transfer of possession, are pending completion.
- (ii) Necessary approvals/consents are awaited from concerned Financial Institutions/Banks and other authorities.

14. The parent company has accounted in the current year for 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.

- (i) 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.

- (ii) The parent company had accounted in 2002-2003 for the profit on transfer of land Rs. 157.83 lakhs for which the agreement was executed and conveyance is pending.

16. CONTINGENT LIABILITIES NOT PROVIDED FOR

- (a) Guarantees on behalf of other companies:

Limits Rs. 225.00 Lakhs (31-3-2003: Rs. 365.00 Lakhs) against which amount outstanding was Rs. 225.00 Lakhs (31-3-2003: Rs. 213.80 Lakhs).

- (b) Other Guarantees given Rs. 2.77 Lakhs (31-3-2003: Nil).

- (c) Claims not acknowledged as debts Rs. 21035.11 Lakhs (31-3-2003: Rs. 15711.87 Lakhs) against which a provision has been made for

VOLTAS

Annual Report 2003-2004

contingencies Rs.1425.00 Lakhs (31-3-2003 : Rs.1200.00 Lakhs). In respect of a contingent liability of Rs. 2956.00 Lakhs (31-3-2003 : Rs. 2956.00 Lakhs), the Company has a right to recover the same from a third party.

(d) Income tax demands in respect of matters:

(i) Decided in Company's favour by Appellate Authorities where the Department is in further appeal – Rs. 501.76 Lakhs (31-3-2003: Rs. 413.51 Lakhs)

(ii) Other matters – Rs. 2753.98 Lakhs (31-3-2003: Rs. 2177.86 Lakhs).

(e) Arrears of Dividend amounting to Rs. 55.75 Lakhs (31-3-2003: Rs. 53.88 Lakhs) on 14% Cumulative Redeemable Preference Shares (redeemed on 1st October, 1999 for the years 1998-99 and the first half of 1999-2000, upto 30th September, 1999).

17. The Company has consolidated the accounts of the following joint ventures as on 31st March, 2004 and its percentage holding is given below:

Name of the Joint Venture	% Holding
Universal Comfort Products Private Ltd.	50
Lalbuksh Voltas Engineering and Trading LLC	49
Weathermaker Ltd	49
Universal Voltas LLC	49
Saudi Ensas Company for Engineering Services Ltd	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	2002-2003 Rupees Lakhs
ASSETS		
Net Block (Including Capital WIP)	2580.86	2321.49
Current Assets	5137.39	4477.61
Loans and Advances	526.95	334.75
Deferred Tax Assets	1.25	Nil
	8246.45	7133.85
LIABILITIES		
Reserves and Surplus	1466.49	1896.02
Secured Loans	1936.32	1782.75
Unsecured Loans	31.16	32.83
Deferred Tax Liability	Nil	9.64
Current Liabilities	4226.23	3511.55
Provisions	534.22	395.19
	8194.42	7627.98
INCOME		
Sale of products and other services	7626.45	8508.55
Other Income	34.77	10.19
Extraordinary / Exceptional Items	Nil	82.24
EXPENSES		
Manufacturing and other expenses	6271.64	6899.39
Depreciation	237.53	256.97
Interest	156.82	197.22
Taxes:		
—Current	32.73	35.34
—Deferred	Nil	31.39
—Earlier years	(1.25)	Nil
CONTINGENT LIABILITIES	12.28	573.13
CAPITAL COMMITMENT	20.40	8.12



18. Information about Consolidated Segments :

Particulars	2002-2003	
	Rupees Lakhs	Rupees Lakhs
SEGMENT REVENUE		
Segment - A (Electro - Mechanical Projects and Services)	77777.34	70166.93
Segment - B (Engineering Agency and Services)	8367.05	6487.69
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	45964.28	45611.93
Others	11643.39	12117.41
Less: inter segment revenue	Nil	172.21
NET SALES / INCOME FROM OPERATIONS	143752.06	134211.75
SEGMENT RESULTS		
Segment - A (Electro - Mechanical Projects and Services)	2161.20	3405.80
Segment - B (Engineering Agency and Services)	2746.59	2158.76
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	862.49	239.62
Others	766.30	971.02
Total	6536.58	6775.20
Less : (i) Interest	335.48	436.77
(ii) Other un-allocable expenditure net off un-allocable income	2188.46	3476.00
PROFIT BEFORE EXTRAORDINARY/EXCEPTIONAL ITEMS	4012.64	2862.43
Extraordinary/Exceptional Items	834.26	527.44
PROFIT BEFORE TAX	4846.90	3389.87

Particulars	Segment Assets		Segment Liabilities	
	31-3-2003		31-3-2003	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Segment - A (Electro - Mechanical Projects and Services)	39638.99	38018.28	32223.01	31640.18
Segment - B (Engineering Agency and Services)	2839.66	3152.83	1364.69	1919.73
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	26790.12	25587.56	18112.88	19088.51
Others	8149.13	8737.73	4477.45	4078.11
Total	77417.90	75496.40	56178.03	56726.53

Particulars	Capital Expenditure		Depreciation		Non - Cash Expenses other than depreciation	
	2002-2003		2002-2003		2002-2003	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Segment-A (Electro-Mechanical Projects and Services)	317.71	709.61	418.21	585.61	1958.07	2271.74
Segment - B (Engineering Agency and Services)	31.26	25.82	26.63	23.72	86.88	285.75
Segment - C (Unitary Cooling Products for Comfort and Commercial use)	927.50	405.22	555.14	483.87	345.01	1003.44
Others	128.03	96.43	239.38	291.16	316.31	156.46
Non-Divisional	223.15	391.67	355.88	381.48	4011.69	1389.26
Total	1627.65	1628.75	1595.24	1765.84	6717.96	5106.65

VOLTAS

Annual Report 2003-2004

19. Related Party Disclosures :

(a) List of Related Parties and Relationships

Party	Relation
A. Simtools Ltd. 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. AVCO Marine S.a.S. (Under liquidation) Emirates Voltas LLC (Under closure) Lalbuksh Voltas Engineering Services and Trading LLC 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

(Rupees in Lakhs)

Transactions	Associates and Joint Ventures	Key Management Personnel	Promoter (TATA SONS LTD)	Total
Purchase of Goods [Refer 19 (c) (1)]	6056.35 (4628.42)	—	—	6056.35 (4628.42)
Sale of Goods [Refer 19 (c) (2)]	70.27 (12.50)	—	653.68 (134.90)	723.95 (147.40)
Service Income [Refer 19 (c) (3)]	443.63 (546.18)	—	89.30 (28.22)	532.93 (574.40)
Sale of Assets	— (25.41)	—	—	— (25.41)
Rental Income [Refer 19 (c) (4)]	22.49 (16.58)	—	47.36 (63.38)	69.85 (79.96)
Interest Income [Refer 19 (c) (5)]	17.62 (14.57)	—	—	17.62 (14.57)
Deputation Charges received / receivable [Refer 19 (c) (6)]	10.09 (11.34)	—	—	10.09 (11.34)
Freight recovery [Refer 19 (c) (7)]	114.13 (133.64)	—	—	114.13 (133.64)
Advertising Recovery [Refer 19 (c) (8)]	269.80 (260.30)	—	—	269.80 (260.30)
Warranty Recovery [Refer 19 (c) (9)]	98.97 (122.46)	—	—	98.97 (122.46)
Remuneration paid [Refer 19 (c) (10)]	— —	74.00 (100.98)	—	74.00 (100.98)
Debit Balance Outstanding as on 31-3-2004 [Refer 19 (c) (11)]	1460.13 (292.37)	1.90 (2.36)	— (39.42)	1462.03 (334.15)



(b) Related Party Transactions (Contd.)

(Rupees in Lakhs)

Transactions	Associates and JVs	Key Management Personnel	Promoter (TATA SONS LTD)	Total
Credit Balance outstanding as on 31-3-2004 [Refer 19 (c) (12)]	1117.69 (1394.17)	— —	266.19 —	1383.88 (1394.17)
Loan availed	— —	— (7.50)	— —	— (7.50)
Deposit Received [Refer 19 (c) (13)]	— —	— —	175.00 —	175.00 —
Recovery of Loan [Refer 19 (c) (14)]	— —	0.46 (8.48)	— —	0.46 (8.48)
Interest on Housing Loan [Refer 19 (c) (15)]	— —	0.10 (0.26)	— —	0.10 (0.26)
Unsecured Advances given (Refer 19 (c) (16))	816.36 (9.18)	— —	1.46 —	817.82 (9.18)
Repayments of Unsecured Advances given [Refer 19 (c) (17)]	24.90 (10.00)	— —	— —	24.90 (10.00)
Other Operating and Administration Expenses Received/Receivable [Refer 19 (c) (18)]	7.42 (0.09)	— —	9.66 —	17.08 (0.09)
Other Operating and Administration Expenses Paid/Payable (Refer 19 (c) (19))	17.52 —	— —	11.28 —	28.80 —
Intercompany Deposit Placed (Refer 19 (c) (20))	150.00 —	— —	— —	150.00 —
Refund of Intercompany Deposit Placed (Refer 19 (c) (21))	150.00 —	— —	— —	150.00 —
Provision for Debts and Advances Due [Refer 19 (c) (22)]	782.45 (17.57)	— —	— —	782.45 (17.57)
Provision/Write off of Debts and Advances [Refer 19 (c) (23)]	782.45 (17.57)	— —	— —	782.45 (17.57)
Write back of Debts and Advances [Refer 19 (c) (24)]	17.57 —	— —	— —	17.57 —
Consulting Charges [Refer 19 (c) (25)]	— —	— —	38.10 (36.71)	38.10 (36.71)
Refund of Sitting Fees from Subsidiaries [Refer 19 (c) (26)]	— —	0.01 —	— —	0.01 —
Tata Brand Equity [Refer 19 (c) (27)]	— —	— —	193.51 (145.26)	193.51 (145.26)

Note : Figures in brackets are of previous year.

VOLTAS

Annual Report 2003-2004

(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	2002-2003
1. Purchase of Goods		
Universal Comfort Products Private Ltd.	5844.92	4400.67
2. Sale of Goods		
Tata Sons Ltd.	653.68	134.90
3. Service Income		
Universal Comfort Products Private Ltd.	404.40	519.21
Tata Sons Ltd.	89.30	28.22
4. Rental Income		
Sermo-PM India Ltd.	22.49	16.58
Tata Sons Ltd.	47.36	63.38
5. Interest Income		
Simtools Ltd.	14.29	14.57
Universal Comfort Products Private Ltd.	3.33	Nil
6. Deputation Charges received/receivable		
Universal Comfort Products Private Ltd.	8.30	10.59
Sermo-PM India Ltd.	1.79	0.75
7. Freight Recovery		
Universal Comfort Products Private Ltd.	114.13	133.64
8. Advertising Recovery		
Universal Comfort Products Private Ltd.	269.80	260.30
9. Warranty Recovery		
Universal Comfort Products Private Ltd.	98.97	122.46
10. Remuneration paid		
Mr. A. Soni	39.02	25.13
Mr. S. N. Tripathi	34.98	28.83
11. Debit Balance outstanding as on 31-3-2004		
AVCO Marine S.a.S.	780.29	(19.68)
Universal Voltas LLC	353.44	(299.51)
12. Credit Balance outstanding as on 31-3-2004		
Universal Comfort Products Private Ltd.	1115.53	1046.75
Tata Sons Ltd.	266.19	(39.42)
13. Deposit Received		
Tata Sons Ltd.	175.00	Nil
14. Recovery of Loan		
Mr. S. N. Tripathi	0.45	0.43
15. Interest on Housing Loan		
Mr. S. N. Tripathi	0.10	0.13
16. Unsecured Advances given - Others		
AVCO Marine S.a.S.	782.45	Nil
17. Repayment of Unsecured Advances given		
Universal Comfort Products Private Ltd.	24.90	Nil



(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	2002-2003
18. Other Operating and Administration Expenses - Received/Receivable		
Sermo-PM India Ltd.	7.42	Nil
Tata Sons Ltd.	9.66	Nil
19. Other Operating and Administration Expenses - Paid/Payable		
Tata Sons Ltd.	11.28	Nil
AVCO Marine S.a.S.	17.52	Nil
20. Inter Corporate Deposits Placed		
Universal Comfort Products Private Ltd.	150.00	Nil
21. Refund of Inter Corporate Deposits Placed		
Universal Comfort Products Private Ltd.	150.00	Nil
22. Provision for Debts and Advances Due		
AVCO Marine S.a.S.	782.45	Nil
23. Provision / Write off of Debts and Advances		
AVCO Marine S.a.S.	782.45	Nil
24. Write back of Debts and Advances		
Emirates Voltas LLC	17.57	Nil
25. Consulting Charges		
Tata Sons Ltd.	38.10	36.71
26. Refund of Sitting Fees from Subsidiaries		
Mr. A. Soni	0.01	Nil
27. Tata Brand Equity		
Tata Sons Ltd.	193.51	145.26

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

Details of Subsidiary Companies as at 31st March, 2004

Name of Subsidiary Company	Simto Investment Company Ltd. (Simto)	Auto Airon (India) Ltd. (AAIL)	Metrovol FZE (Metrovol)		VIL Overseas Enterprises (VOEBV)		Voice Antilles N.V. (VANV)	
	(Rupees in Lakhs)	(Rupees in Lakhs)	(AED) #	(Rupees in Lakhs)	(Euro) #	(Rupees in Lakhs)	(USD) #	(Rupees in Lakhs)
1. Capital	152.98	1130.00	2000000	246.60	618729	333.43	400000	176.16
2. Reserves & Surplus	311.74	—	3033146	373.98	121297	65.37	23550	10.37
3. Total Assets (Fixed Assets+Current Assets)	62.51	108.03	6952508	857.23	166579	89.76	516096	227.29
4. Total Liabilities (Debts+Current Liabilities)	2.39	106.14	1494362	184.25	27936	15.05	92546	40.76
5. Investments * excluding investment in subsidiary	404.60	—	375000	46.24	186722*	100.63	—	—
6. Turnover/Total Income	39.73	51.87	2276260	287.72	131255	69.13	99891	45.74
7. Profit/(Loss) before Tax	38.57	(105.07)	930035	117.56	71956	37.90	94611	43.32
8. Provision for Tax	0.25	—	—	—	—	—	(738)	(0.34)
9. Profit/(Loss) after Tax	38.32	(105.07)	930035	117.56	71956	37.90	95349	43.66
10. Proposed Dividend	—	—	800000	98.64	92809	50.01	88000	38.76

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