

REPORT OF THE BOARD OF DIRECTORS

To The Members

Your Directors present their Sixty-Fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2018.

1. Financial Results

₹ in crores

	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Total Income	6,602	6,307	6,069	5,740
Profit for the year after meeting all expenses but before interest, depreciation and exceptional items	836	778	722	685
Interest	12	16	8	10
Depreciation and amortization	24	24	19	18
Profit before exceptional items	800	738	695	657
Share of Profit/(Loss) of Joint Venture and Associates	4	(19)	—	—
Exceptional items (Net)	1	1	(4)	(6)
Profit before tax	805	720	691	651
Tax expenses	227	200	182	165
Profit after tax	578	520	509	486
Other Comprehensive Income (Net)	163	81	158	87
Total Comprehensive Income	741	601	667	573

2. Reserves

An amount of ₹ 20 crores was transferred to the General Reserve out of Profit available for appropriation.

3. Dividend

The Company's Dividend Policy which is uploaded on the Company's website, is based on the need to balance the twin objectives of appropriately rewarding its shareholders with dividend and of conserving resources to meet its future needs. Based on Company's performance, the Directors recommend dividend of ₹ 4.00 per equity share of ₹ 1 each (400%) for the year 2017-18 (2016-17: 350%).

4. Operations

There appears to be a sense of greater optimism across many parts of the world. According to a latest IMF (International Monetary Fund) report, global growth is expected to rise 3.9% in 2018. Growth drivers include a notable rebound in global trade, an investment recovery in advanced economies, continued strong growth in Asia, a sizable upswing in emerging Europe and signs of recovery in several commodity exporting economies. These supported by strong momentum, favourable

market sentiment, accommodative financial conditions and the domestic cum international repercussions of an expansionary fiscal policy in the United States, is expected to push the recovery. However, the headwinds of a possible escalation of a trade war between U.S.A and China loom large. On the back of America's sanctions on Iran and OPEC (Organisation of the Petroleum Exporting Countries) moves, oil prices have been steadily climbing up with implications for oil consuming countries like India. The threat of inflationary pressures in the US economy remain.

India has recorded the highest growth rate amongst the emerging economies of BRICS (Brazil, Russia, India, China and South Africa). The Government is committed to addressing deterrents and roadblocks to growth with progressive policy reforms such as the implementation of the Goods and Services Tax (GST), the Insolvency and Bankruptcy Code (IBC), recapitalization package to improve the financial health of public sector banks, schemes targeted at Power for All and so on. As a result of these measures, the economy is showing signs of growth although the inflationary impact of factors such as the recent increases in oil

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prices and depreciation of the Indian currency need to be watched.

During the year, Voltas achieved a total income of ₹ 6,602 crores, Income from operations of ₹ 6,380 crores and profit after tax of ₹ 578 crores.

Unitary Cooling Products Business Group (UPBG)

Despite intense competition and aggressive pricing, Voltas continued to remain No. 1 in ACs and improved its market share to 22.1% at Multi-Brand Outlets.

Voltas UPBG closed the year with turnover of ₹ 3,225 crores. The strategy of continued focus on Inverters, Fixed-Speed Split ACs as well as Window ACs has enabled UPBG to address customer needs for different products. In particular, the business is seeing a growth in Inverter AC demand from Quarter 3 (2017-18) onwards. The product range in Inverter ACs has been significantly enhanced to cater to this industry shift and Voltas has the widest range of Inverter ACs in the market.

Voltas sold over 2 lakh Fresh Air Coolers, a growth of around 38%. UPBG is improving market penetration through an expanded product range, a good value proposition supported by better features, competitive pricing, and deeper distribution network. Commercial Refrigeration business also grew with an enhanced portfolio of new products such as combo-coolers (chest freezer cum cooler) and varying capacities for existing categories in response to evolving customer needs.

Domestic Projects Group (DPG)

The decision to focus on Government projects/externally funded investments has helped the domestic projects business to remain sufficiently protected against the impact of low investment in private sector. With the Government pushing the growth agenda, opportunities are increasing in electrical distribution, water treatment and Smart City development. Besides, DPG's core area of HVAC projects has benefited with projects in large buildings and in tunnel ventilation for Metro transportation. Meanwhile, the business continues to pursue various internal efficiency improvement initiatives, which augur well for maintaining the margins. The Company's wholly owned subsidiary - Rohini Industrial Electricals Limited (RIEL) has registered a profit in 2017-18 through efficient execution of rural electrification projects.

International Operations Business Group (IOBG)

Focus of IOBG has been on effective execution of on-going projects together with settlement and financial closure of older projects. These initiatives have helped to improve the profit margins.

Broad based pick-up in economic growth is expected across the Gulf Cooperation Council (GCC) countries in 2018. Going forward, the Company will continue its existing approach of booking new orders in a risk mitigated manner. At the same time, IOBG is conscious of the continued embargo in Qatar and is selective in booking orders in the Region.

Engineering Products Group (EPG) – Textile Machinery Division (TMD) and Mining & Construction Equipment (M&CE)

Impact of demonetization and GST implementation has been severe on the Domestic Textile Industry leading to further slowdown in new capacity formation. Profitability of spinning mills was also under pressure during the year due to subdued prices for yarn and a steep increase in raw cotton prices. Banks are also reticent to lend to the textile sector. Despite these conditions, TMD focused on providing value added services and delivered profits.

In M&CE, Mozambique operations continue to drive the performance. On the domestic front, the year was challenging with slowdown in mining related activity. However, a gradual recovery appears to be on the horizon. The Government's impetus on road development has been encouraging and orders in the Crushing & Screening Equipment sector have started emerging. M&CE remains focused on adding new principals and customers as well as new equipments.

5. Finance

Environmental headwinds continued in 2017-18 with GST changing business dynamics. However, efficient financial planning has ensured robustness of the Company's Balance Sheet with low debt and a comfortable cash position. The overall cash position including cash and bank balances and liquid investments improved to ₹ 2,227 crores as compared to ₹ 2,089 crores in the previous year while borrowings, at a consolidated level (specific to overseas projects), continues to be lower at ₹ 142 crores, down from ₹ 171 crores last year. Effective execution of ongoing projects, settlement and financial closure of older projects led to improvements in margins. Collection of receivables and realization of money remains a top priority across businesses.

Overall, the cash surplus continues to be deployed in suitably lower risk short term debt growth mutual funds to maximize earnings from the investment portfolio. In line with longer term road map for utilizing the surplus cash for scaling up and growing the business, the Company has invested in a new Joint Venture company

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Voltbek Home Appliances Private Limited (Voltbek) for Consumer Durable Products during 2017-18.

6. Tata Business Excellence Model (TBEM)

During 2017-18, the Company focused on addressing the key areas of improvements identified in the external assessment held in the previous financial year. Based on the outcome of the last TBEM External Assessment, the Company has implemented comprehensive action plans to take its Business Excellence journey forward. These action plans have contributed to improved processes resulting in higher customer satisfaction and improved market share. To assess the Business Excellence journey over last 2 years, the Company plans to participate in TBEM External Assessment during 2018.

Over the period, the Company has developed more than 50 Business Excellence champions to facilitate a seamless Business Excellence journey. 13 of these champions have contributed to external assessments of other Tata group companies with 5 assessors being recognised at the Annual Tata Group Business Excellence Convention 2017 for specific achievements.

During 2017-18, the Company participated in Tata Innovista with 13 innovations across various business teams. Each innovation is assessed by a panel of Subject Matter Experts from within the Tata Group.

7. IT Initiatives

The year 2017 saw a major reform in the Indirect Tax structure of India. In July 2017, GST was implemented across India and all businesses, big and small, had to change their systems to comply to the new framework. Having anticipated and started preparations much in advance, the transition to GST was smooth without any business disruptions.

Firewalls for all locations of Voltas were upgraded and redundancy incorporated in the Architecture. Security was also strengthened around authorization and network access for users. Application Security and Authorization was also an area of focus and SAP Access Violation Management (AVM) was implemented for all SAP users.

On the business front, Extended Warranty System and Mobile Application for Technicians in UPBG, Multiple Analytics based reports for DPG, New Customer Relationship Management (CRM) system for both DPG and TMD, Centralized Attendance System and Bank Payment Automation for IOBG and multiple utility applications for all employees were undertaken.

One of the key projects was SAP implementation for the new VoltBek JV. The plan and business blue print was completed in collaboration with the Arçelik team of Turkey (the joint venture partner) and the project is well under way and will be ready to Go Live in sync with the planned Product launch.

8. Environment and Safety

Safety continues to remain a priority at Voltas. While a Board Committee comprising 3 Directors, including the Managing Director reviews the Safety, Health and Environment (S-H-E) performance, a Steering Committee comprising Corporate Management Group and other key members periodically monitors the Safety performance and oversees the implementation of various initiatives. In an attempt to take the current Safety practices to the next level, the Company has used the behavioural safety approach to increase awareness.

In order to ensure consistency and resilience of its Safety controls, 61 major projects were audited, with a weighted score on the Tata Group Safety Standards compliances. This was in addition to the regular Safety inspections and audit of sites, Customer Care premises and offices.

The Company's manufacturing facilities, certified as ISO 14001 and OHSAS 18001 undergo Internal as well as External audits and the systems and processes are continuously fine-tuned every year. Unfortunately, during 2017-18, there was one fatal incident at RIEL project, caused due to collapse of a concrete pole during erection.

The Company seeks to ensure Zero Fatality. Accordingly, a focused approach in training was developed and the Company has achieved the following in 2017-18:

- Awareness – Across multiple programs, 2,00,546 personnel were Safety trained as compared to 1,69,162 in previous year.
- Certification program with NIST institute on Tata Safety standards – 23 personnel have been certified in the current year.
- 100% Induction training is ensured for all personnel at project sites.
- Increase in number of Near Miss instances reported in 2017-18 by 3 times as compared to last year due to better awareness.

Besides the formal trainings conducted, the Company is also aligning itself with digital platforms. Progress on the earlier created Online portal "SAFETY@VOLTAS" that captures S-H-E observations and ensures timely implementation of action plans, has been satisfactory,

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resulting in reduction of unsafe and adverse work conditions. A WhatsApp group of Safety practitioners has also been started so as to effectively share timely information and updates.

The Company has received numerous appreciation letters and awards in recognition of its contribution towards improving the Safety standards.

Sustainable Development

Engage, Equip and Empower, is the way chosen by Voltas to bring the marginalized segment into a stream of Sustainable Development. Voltas CSR interventions emphasize on people's participation, bringing in ownership and fostering social capital. Sustainability is the pre-cursor to all Voltas CSR Projects. The Company has identified CSR projects which are need-based and which focus on building capability of various key stakeholders to ensure perpetual community action.

Sustainable Livelihood

Sustainable Livelihood which is the flagship program of Voltas, has over 25 Skill Training Centres under its umbrella. The Skill Training Centres, which are being pursued in partnership with 13 reputed organizations are making both technical and non-technical courses available to community youth and women. Besides offering training in the domain area of Refrigeration and Air-conditioning, the Company has also initiated other technical trainings like Electrical and Plumbing. The non-technical courses like Tally & Accounts, Advance Tailoring and Stitching, IT Help Desk, etc. are also attracting girls from under privileged communities. In FY 2017-18, over 2,900 youth were trained in aggregate, under Technical and Non-technical courses and around 80% youth are now gainfully employed.

Voltas had initiated a notable project in 2016-17 named "Recognition of Prior Learning" (RPL). The RPL program that aims at formally training and upgrading knowledge of existing technicians from the Refrigeration and Air-conditioning Industry, has certified and trained 1400 existing technicians from across 19 locations in the country. Taking the initiative forward in FY 2017-18, the Company also piloted its first batch of RPL for technicians working in the space of Central Air-Conditioning.

9. Community Development

The vertical which essentially intervenes in the key community issues like Education, Health and Water, has also achieved many milestones by reaching out to over 20,000 people in FY 2017-18. To enhance the

quality of human capital, the Company's educational interventions are focusing on 5 crucial aspects like Quality Education, Teacher's Training and Capacity Building, English proficiency, Inculcating Reading habits in primary school children and Career Guidance and counselling for Youth. Over 7,500 Children are directly impacted by the quality education intervention. Under Teachers Training, in partnership with Mukhtangan, Voltas could reach out to over 650 teachers. Voltas is particularly focusing a lot on Community teachers' training as a way to ensure quality education for more and more children.

A community project in Dadra has successfully completed 200 toilets with an active participation from villagers and Gram Panchayat. Under water for irrigation project, the Company has formed water user groups. Hydro-geological investigation has been done to find out 10 apt sites for borewell installation.

National Importance

There are 3 sub-themes under its aegis, namely Disaster Management, Affirmative Action (for inclusion of socio-economically weaker sections in the process of development) and Sanitation.

As part of Disaster Management, an intervention was initiated two years ago to address water scarcity in the perennially drought prone area of Marathwada in Maharashtra. The initiative which began with water distribution as an immediate answer to the need of villages, carried out an action research project called Participatory Ground Water Management to understand hydro-geological state of the villages and measures for sustainable and safe drinking water.

Under Affirmative Action, the Company continues to extend nutritional and educational support to Kathkari children from a school near Panvel. In addition to the said support, Voltas also introduced two more initiatives: Stitching and Tailoring skill training program for tribal women and Nursing course. The training program was further strengthened and 28 tribal girls were trained and 50% are gainfully employed.

Voltas also initiated an exclusive skill training program in electrical and plumbing for Schedule Caste/ Schedule Tribe youth in Raigad and Thane District. 210 young boys have been trained and 121 are placed with appropriate organizations.

10. Corporate Social Responsibility (CSR)

Disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 in prescribed form is enclosed as Annexure I to the Directors' Report.

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During the financial year 2017-18, the Company has spent ₹ 9.14 crores towards various CSR activities, in line with the requirements of Section 135 of the Companies Act, 2013 ('Act').

11. **Subsidiary/Joint Ventures/Associate Companies**

The Company has 9 subsidiaries, 5 joint ventures and 2 associate companies.

As per the requirement of Section 129(3) of the Act, a statement containing salient features of the financial statements of subsidiaries, joint venture and associate companies in prescribed Form No. AOC-1 is attached to the financial statements of the Company. Further, pursuant to Section 136 of the Act, the financial statements of the Company, including consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company www.voltas.com.

There have been no material changes in the nature of the business of the subsidiaries including associates and joint ventures during the financial year 2017-18.

During the year under review, the Company had transferred its entire 49% shareholding in Universal Weathermaker Factory L.L.C (UWF), Abu Dhabi, UAE and accordingly UWF ceased to be a joint venture company as on 31st March, 2018.

12. **Number of Board Meetings**

During 2017-18, eleven Board Meetings were held on 19th April, 2017; 23rd May, 2017; 8th June, 2017; 10th July, 2017; 2nd August, 2017; 27th September, 2017; 16th October, 2017; 8th November, 2017; 10th January, 2018; 7th February, 2018 and 15th March, 2018.

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

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board has adopted the Remuneration Policy for Directors, KMPs and other Employees. NRC has formulated the criteria for determining qualifications, positive attributes and independence of an Independent Director and also the criteria for Performance evaluation of individual Directors, the Board as a whole and the Committees.

14. **Evaluation of Performance of Board, its Committees and of Directors**

Pursuant to the provisions of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors.

The performance of the Board as a whole, Committees and individual Directors was evaluated by seeking inputs from all Directors based on certain parameters such as: Degree of fulfilment of key responsibilities; Board structure and composition; Establishment and delineation of responsibilities to various Committees; Effectiveness of Board processes, information and functioning; Board culture and dynamics and Quality of relationship between the Board and the Management. The Directors also made a self-assessment of certain parameters - Attendance, Contribution at Meetings and guidance/support extended to the Management. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their annual separate Meeting held on 15th March, 2018 and also shared with the NRC/Board. At the separate annual Meeting of Independent Directors, performance of Non-independent Directors, including Chairman, Board as a whole and various Committees was discussed. The performance of the individual Directors, including Independent Directors, performance and role of the Board/Committees was also discussed at the Board Meeting held on 17th May, 2018.

15. **Statutory Auditors**

At the 63rd Annual General Meeting (AGM) held on 28th August, 2017, the Members had approved the appointment of S R B C & Co. LLP (SRBC) as Statutory Auditors as well as Branch Auditors of the Company, to examine and audit the accounts of the Company for five consecutive financial years between 2017-18 and 2021-22, subject to ratification of their appointment at every subsequent AGM, if required under the Act. The Ministry of Law and Justice has through the Companies (Amendment) Act, 2017, notified certain amendments to the Companies Act, 2013 which would come in force from different dates as may be notified from time to time. The provisions relating to the requirement of seeking approval of the Members for ratification of appointment of Statutory Auditors at every AGM has been omitted with effect from 7th May, 2018, and is no more a legal requirement. Accordingly, the Notice convening the ensuing AGM does not include any Resolution for ratification of appointment of SRBC as the Statutory Auditors of the Company. The Auditors' Report for FY 2017-18 does not contain any qualification, reservation or adverse remarks.

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16. Cost Auditors

The Board had appointed M/s. Sagar and Associates, Cost Accountants as the Cost Auditors for the financial year 2017-18. M/s. Sagar and Associates, Cost Accountants, have been re-appointed as Cost Auditors of the Company for the financial year 2018-19 and approval of the Members is being sought for ratification of their remuneration.

17. Secretarial Auditor

M/s. N. L. Bhatia and Associates, the Practicing Company Secretaries were appointed as Secretarial Auditor to undertake Secretarial Audit of the Company for the year 2017-18. Their Secretarial Audit Report, in prescribed Form No. MR-3, is annexed to the Directors Report as Annexure V, and does not contain any qualification, reservation or adverse remarks. M/s. N. L. Bhatia and Associates have been re-appointed as the Secretarial Auditor for the financial year 2018-19.

18. Audit Committee

The Audit Committee comprise Mr. Nani Javeri (Chairman), Mr. R. N. Mukhija and Mr. Debendranath Sarangi, all Independent Directors, in line with the requirements of Section 177 of the Act. The Board has accepted the recommendations made by the Audit Committee from time to time.

19. Internal Financial Controls

The Internal Financial Controls (IFCs) and its adequacy and operating effectiveness is included in the Management Discussion and Analysis, which forms part of this Report. The Auditors Report also includes their reporting on IFCs over Financial Reporting.

20. Risk Management

Pursuant to Section 134(3)(n) of the Act and Regulation 21 of Listing Regulations, Risk Management Committee is in place comprising Mr. Nani Javeri (Chairman), Mr. R. N. Mukhija and Mr. Debendranath Sarangi. The Company has formulated a detailed Risk Management Policy to establish an effective and integrated framework for the risk management process. During 2017-18, two meetings were held on 5th July, 2017 and 10th January, 2018 where, the top 10 risks were identified for the Company and various mitigation measures in respect thereof were reviewed and discussed.

21. Particulars of Employees

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- (a) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:**

Directors	Ratio to median remuneration
Mr. Ishaat Hussain (upto 28.8.2017)	*
Mr. Noel N. Tata	4.73
Mr. Pradeep Bakshi (w.e.f. 1.9.2017)	*
Mr. Anil George (w.e.f. 1.9.2017)	*
Mr. Nani Javeri	6.38
Mr. R. N. Mukhija	5.19
Mr. Vinayak Deshpande	3.25
Mr. Debendranath Sarangi	4.90
Mr. Bahram N. Vakil	4.89
Ms. Anjali Bansal	4.29
Mr. Hemant Bhargava (w.e.f. 23.5.2017)	*
Mr. Arun Kumar Adhikari (w.e.f. 8.6.2017)	*

Managing Director	Ratio to median remuneration
Mr. Sanjay Johri (upto 9.2.2018)	*
Mr. Pradeep Bakshi (w.e.f. 10.2.2018)	*

* Since the remuneration of these Directors is only for part of the year, the ratio of their remuneration to median remuneration is not comparable and hence not stated.

Note: Ratio of Remuneration of Directors is computed based on Sitting fees and Commission paid during 2017-18.

- (b) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Ishaat Hussain (upto 28.8.2017)	*
Mr. Noel N. Tata	33
Mr. Pradeep Bakshi (w.e.f. 1.9.2017)	*
Mr. Anil George (w.e.f. 1.9.2017)	*
Mr. Nani Javeri	16
Mr. R. N. Mukhija	29
Mr. Vinayak Deshpande	45
Mr. Debendranath Sarangi	55
Mr. Bahram N. Vakil	31
Ms. Anjali Bansal	64
Mr. Hemant Bhargava (w.e.f. 23.5.2017)	*

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Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Arun Kumar Adhikari (w.e.f. 8.6.2017)	*
Mr. Sanjay Johri (Managing Director upto 9.2.2018)	*
Mr. Anil George (CFO upto 31.8.2017) – KMP	*
Mr. Abhijit Gajendragadkar (CFO w.e.f. 1.9.2017) – KMP	*
Mr. V. P. Malhotra (Company Secretary) – KMP	57

* Since the remuneration of Directors / KMPs in 2017-18 is for part of the year, the percentage increase in their remuneration is not comparable and hence not stated.

- (c) **Percentage increase in the median remuneration of employees in the financial year:** 2.96%
- (d) **Number of permanent employees on the rolls of Company:**
2,613 employees.
- (e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstance for increase in managerial remuneration:**
Average increase in remuneration is 8.30% for Employees other than Managerial Personnel and for Managerial Personnel (MD), it is not comparable. In 2016-17, there was one MD and in 2017-18, there were two MDs, for part of the year, respectively.
- (f) **Affirmation that the remuneration is as per the Remuneration policy of the Company:**
The Company affirms that the remuneration paid is as per the Remuneration policy of the Company.
- (g) A statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under

Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming part of this Report. Further, the Report and the Accounts are being sent to the members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

22. Employee Stock Option

The Company has not issued any Employee Stock Options.

23. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Information pursuant to Section 134(3)(m) of the Act, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given as Annexure II to this Report.

24. Directors and Key Managerial Personnel

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

Mr. Ishaat Hussain retired as the Chairman and Director of the Company at the 63rd AGM of the Company held on 28th August, 2017. Mr. Sanjay Johri ceased to be Managing Director of the Company with effect from 10th February, 2018 upon expiry of his term of appointment. The Directors place on record their sincere appreciation of the valuable guidance and support given by Mr. Ishaat Hussain during his long tenure as Chairman of the Company. The Board also placed on record their sincere gratitude and appreciation of the valuable services rendered by Mr. Johri, to take the Company to greater heights.

Mr. Noel N. Tata was appointed as the Chairman of the Company with effect from 1st September, 2017 and Mr. Abhijit Gajendragadkar was appointed as Chief Financial Officer and Key Managerial Personnel (KMP) of the Company with effect from 1st September, 2017. Based on the recommendation of NRC, the Board had appointed Mr. Pradeep Bakshi and Mr. Anil George as Additional Directors and Executive Directors of the Company with effect from 1st September, 2017 for a period of 3 years, subject to approval of Members

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at the ensuing AGM. Subsequently, based on the recommendation of NRC, the Board had, at its Meeting held on 16th October, 2017, appointed Mr. Pradeep Bakshi as Managing Director (Designate) with effect from 16th October, 2017 and as Managing Director & Chief Executive Officer (CEO) with effect from 10th February, 2018 for the period upto 31st August, 2020. Mr. Anil George was appointed as Deputy Managing Director (Designate) with effect from 16th October, 2017 and as Deputy Managing Director with effect from 10th February, 2018 for the period upto 31st August, 2020.

In accordance with the provisions of Section 161(1) of the Act, Mr. Pradeep Bakshi and Mr. Anil George hold office up to the date of the forthcoming AGM and are eligible for appointment as Directors of the Company. Notices under Section 160 of the Act have been received from a Member proposing their appointment as Directors of the Company. The Resolutions seeking approval of the Members for appointment of Mr. Pradeep Bakshi as a Director and as Executive Director/Managing Director & CEO and Mr. Anil George as a Director and Executive Director/Deputy Managing Director of the Company, including their brief profile forms part of the Notice of the 64th AGM of the Company.

None of the Directors is the Managing or Whole-time Director of any subsidiary of the Company.

Mr. Pradeep Bakshi (Managing Director), Mr. Anil George (Deputy Managing Director), Mr. Abhijit Gajendragadkar (Chief Financial Officer) and Mr. V. P. Malhotra (Company Secretary) are the Key Managerial Personnel (KMPs) of the Company, in line with the requirements of Section 203 of the Act.

25. Declaration by Independent Directors

Pursuant to Section 149(7) of the Act, the Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act as amended and Regulation 26 of Listing Regulations.

26. Corporate Governance

Pursuant to Schedule V of Listing Regulations, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the Board Members and Senior Management personnel also forms part of the Annual Report.

27. Details of establishment of vigil mechanism for Directors and employees

The Company had adopted a Whistle Blower Policy ('the Policy') as required under Section 177(9) of the Act and Listing Regulations. The Policy has been formulated with a view to provide a mechanism for Directors and employees of the Company to approach the Ethics Counsellor/Chairman of the Audit Committee of the Company in case of any concern. During 2017-18, no complaints were received under the Whistle Blower Policy. The Whistle Blower Policy can be accessed on the Company's website at the link: <http://www.voltas.com/WBP.pdf>

28. Particulars of loans, guarantees or investments under Section 186 of the Act during 2017-18

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statements (Please Refer to Notes 7, 8, 16 and 38 of the standalone financial statements).

29. Particulars of contracts or arrangements with related parties

All related party transactions during 2017-18 were in the ordinary course of business and satisfied the test of arm's length. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in prescribed Form No. AOC-2 as Annexure III to this Report.

30. Secretarial Standards

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

31. Directors' Responsibility Statement

Based on the framework and testing of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal

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financial controls were adequate and effective during the financial year 2017-18. Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- (vi) they have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. Extract of the Annual Return

Pursuant to Sections 92(3) and 134(3)(a) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in prescribed Form No. MGT-9 is given as Annexure IV to this Report.

33. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a 'Respect for Gender' Policy on prevention, prohibition and redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Company had not received any written complaints on sexual harassment during the financial year 2017-18.

34. General

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

Noel N. Tata
Chairman

Mumbai, 17th May, 2018