

**ANNUAL
REPORT OF
SUBSIDIARY
COMPANIES
2010-2011**

Thermax Limited



REGISTERED OFFICE

D-13, M.I.D.C. Industrial Area,
R. D. Aga Road, Chinchwad,
Pune 411019
Ph.: 020-27475941
Fax.: 020-27472049

CORPORATE OFFICE

Thermax House
14, Mumbai-Pune Road,
Wakdevadi, Pune 411003
Ph.: 020-25542122
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SUBSIDIARIES

WHOLLY OWNED SUBSIDIARIES

DOMESTIC

- ◆ Thermax Sustainable Energy Solutions Ltd. 02
- ◆ Thermax Engineering Construction Co. Ltd. 10
- ◆ Thermax Instrumentation Ltd. 21
- ◆ Thermax Onsite Energy Solutions Ltd. 30

OVERSEAS

- ◆ Thermax International Ltd. (Mauritius) 38
- ◆ Thermax Europe Ltd. (U.K.) 43
- ◆ Thermax Inc. (U.S.A.) 48
- ◆ Thermax do Brasil-Energia e Equipamentos Ltda. (Brazil) 52
- ◆ Thermax (Zhejiang) Cooling & 55
Heating Engineering Co. Ltd. (China)

JOINT VENTURES

- ◆ Thermax SPX Energy Technologies Ltd. 61
- ◆ Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. 71

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Board of Directors

Shishir Joshipura
Gopal Mahadevan
Hemant Mohgaonkar
(Appointed on April 25, 2011)
M S Unnikrishnan

Registered Office

Thermax House
14, Mumbai-Pune Road,
Wakdevadi
Pune 411 003

Auditors

B. K. Khare & Co.
Chartered Accountants
11, Venu Madhav Apartments
S. No. 104/7, Off Lane No. 14
Prabhat Road
Pune 411 004

Bankers

Canara Bank

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty third Annual Report of the company together with audited accounts for the year ended March 31, 2011.

PERFORMANCE

During the year under review, your company has received registration for its Programme of Activities (PoA) from the United Nations Framework Convention on Climate Change (UNFCCC) on January 12, 2011. The PoA "Promotion of biomass based heat generation systems in India" (4041) brings together the company's Clean Development Mechanism (CDM) projects.

The business model and plan for implementation of the PoA is under development and shall be finalised and implemented in the current financial year.

During the year under review, the company earned an income of Rs. 26 lakh against Rs. 70 lakh in the previous year, owing to the reduced consulting assignments, as the focus was on obtaining UNFCCC approval.

The income also included reimbursement of expenses for support rendered to the parent company, Thermax Limited. The company has incurred a net loss of Rs. 123 lakh compared to Rs. 117 lakh in the previous year. This was due to various expenses incurred towards development and validation of CDM projects.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees

None of the employees are covered by the provisions contained in Section 217(2A) of the Companies Act, 1956, read with the rules framed there under, as amended.

2. Conservation of Energy and Technology Absorption

Information pertaining to Conservation of Energy and Technology Absorption is not applicable to your company.

3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange outgo, under Section 217 (1) (e) of the Companies Act, 1956 is set out in note no.7 of Schedule 15 - Notes to Accounts.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the Directors had taken proper and sufficient care 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) the financial statements have been prepared on a going concern basis.

DIRECTORS

Mr. Hemant Mohgaonkar has been inducted on the Board of your company as an Additional Director with effect from April 25, 2011. He holds the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956 (the Act). The requisite notice, with necessary deposit has been received pursuant to Section 257 of the Act, proposing him as the Director of the company. Necessary resolution appointing Mr. Hemant Mohgaonkar as the Director has been set out in the Notice of the ensuing Annual General Meeting for the approval of the shareholders.

In accordance with the provisions of the Act, Mr. M. S. Unnikrishnan, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

COMPLIANCE CERTIFICATE

Compliance Certificate, issued by Mr. Sridhar G. Mudaliar, Company Secretary in Practice, pursuant to The Companies (Compliance Certificate) Rules, 2001 is annexed hereto.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

The Board of Directors also take this opportunity to thank its Customers, Bankers, Employees and all the other stakeholders for their continued co-operation and support to your company. Your Directors look forward to their continued support in the future as well.

For and on behalf of the Board

Pune, April 25, 2011

M. S. Unnikrishnan Gopal Mahadevan
Director Director

Compliance Certificate

CCIN - U29219PN1987PLC045658

Nominal Capital: Rs. 75,000,000/-

Paid Up Capital: Rs. 47,500,000/-

To,
The Members,
Thermax Sustainable Energy Solutions Limited
Pune.

I have examined the registers, records, books and papers of **THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company no comments are required.
4. The Board of Directors duly met four times 04.05.2010, 07.07.2010, 16.10.2010 and 24.01.2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 12th July, 2010 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company
 - i) has not made any allotment / transfer / transmission of any securities during the financial year.
 - ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) has not posted warrants to any member of the Company as no dividend declared during the financial year.
 - iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as no amount has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund and there is no amount lying with the Company.
 - v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional/alternate Directors and Directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31.03.2011.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As informed to me there was no prosecution initiated against the Company, or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any provident fund for its employees and therefore was not required to deposit any money as required in Section 418 of the Act.

Place : Pune
Date : 18th April, 2011

Sridhar G. Mudaliar
C.P. No. 2664

Annexure A

Registers as maintained by the Company

1. Register of Members under Section 150.
2. Register of Transfers.
3. Books of Accounts under Section 209.
4. Register of Contracts in which Director's are interested under Section 301.
5. Register of Directors, Managing Director, Manager and Secretary under Section 303.
6. Register of Directors Shareholdings under Section 307.
7. Register of Directors attendance.

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

Sr. No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 66	Section 383A	31.03.2010	10.08.2010	Yes	NA
2.	Form 20B	Section 159	12.07.2010	08.09.2010	Yes	NA
3.	Form 23AC & 23ACA	Section 220	31.03.2010	11.08.2010	Yes	NA
4.	Form 32	Section 303(2)	12.07.2010	11.08.2010	Yes	NA

Place : Pune
Date : 18th April, 2011

Sridhar G. Mudaliar
C.P. No. 2664

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Auditors' Report

To the members of Thermax Sustainable Energy Solutions Limited

1. We have audited the attached Balance Sheet of Thermax Sustainable Energy Solutions Limited as at 31st March 2011, and also the Profit and Loss Account and Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and in particular Note No.3 to the accounts (assumption as a going concern) and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H.P. Mahajani
Partner
(Membership No. 30168)

Place : Pune
Date : 25th April, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

To the members of Thermax Sustainable Energy Solutions Limited

1.
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act the Company has neither taken from nor granted loans, secured or unsecured, to any such companies, firms or other parties.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act there are no contracts or arrangements with any such party.
5. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. The company does not have an internal audit system.
7. Based on the examination of books of accounts and information and explanations provided to us, the maintenance of cost records has not been prescribed under Section 209 (1) (d) of the Companies Act, 1956 in respect of products manufactured by the company.
8.
 - (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
 - (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and Cess matters that have not been deposited.

9. The Company has accumulated losses as at 31st March 2011, and it has incurred cash loss during the financial year ended on that date and also in the immediately preceding financial year.
10. Based on the information and explanations given to us, the Company had no dues to a financial institution or bank or debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
14. Based on the information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. The Company has not taken any term loan during the year.
16. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. No debentures have been issued during the year.
19. The Company has not raised any money by public issue during the year.
20. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.
21. In our opinion and according to the information and explanations given to us, the requirements of paragraphs 4 (ii) of the Order in respect of 'inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H.P. Mahajani
Partner
(Membership No. 30168)

Place : Pune
Date : 25th April, 2011

ANNUAL REPORT 2010-2011

Balance Sheet as at 31st March, 2011

	Schedule	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
Sources of Funds			
Shareholders' Funds :			
Share Capital	1	4 75 00 000	4 75 00 000
Reserves & Surplus	2	1 62 52 000	1 62 52 000
Unsecured Loan	3	2 80 06 848	2 65 47 552
Total Funds Employed		9 17 58 848	9 02 99 552
Application of Funds			
Fixed Assets			
Gross Block	4	77 98 030	8 35 782
Less : Accumulated Depreciation		8 04 568	4 66 432
Net Block		69 93 462	3 69 351
Capital - Work in Progress		-	28 97 800
Investments	5	1 40 92 793	2 04 75 768
Current Assets, Loans & Advances :			
Sundry Debtors	6	1 74 945	2 21 449
Cash & Bank Balances	7	66 60 146	78 83 825
Loans & Advances	8	2 36 49 151	2 37 20 097
Total Current Assets		3 04 84 243	3 18 25 371
Less: Current Liabilities & Provisions			
Current Liabilities	9	1 20 24 509	51 90 549
Provisions	10	2 93 417	2 77 770
Total Current Liabilities		1 23 17 926	54 68 319
Net Current Assets		1 81 66 317	2 63 57 051
Profit & Loss Account	11	5 25 06 276	4 01 99 582
Total Funds Applied		9 17 58 848	9 02 99 552
Notes to Accounts	15		

Profit & Loss Account for the year ended 31st March, 2011

	Schedule	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
Income			
Sales and Other Income	12	25 90 609	69 58 032
		25 90 609	69 58 032
Expenditure			
Materials	13	Nil	Nil
Other Expenses	14	1 29 37 727	1 70 03 082
Depreciation		3 38 137	59 813
Interest - Others		16 21 440	16 30 052
		1 48 97 304	1 86 92 947
Profit/(Loss) before Tax		(1 23 06 695)	(1 17 34 916)
Less : Current Tax		-	-
Deferred Tax		-	-
Fring Benefit Tax		-	-
Profit/(Loss) after Tax		(1 23 06 695)	(1 17 34 916)
Add/Less : Balance brought forward from last year		(4 01 99 581)	(2 84 64 667)
Balance available for appropriation		(5 25 06 276)	(4 01 99 582)
Appropriations			
Carried to Balance Sheet		(5 25 06 276)	(4 01 99 582)
		(5 25 06 276)	(4 01 99 582)
Basic / Diluted Earning Per Share (Per Equity Share of Rs.10/- each)		(2.59)	(3.05)
Notes to Accounts	15		

As per our Report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
(Membership No. 30168)

Pune, April 25, 2011

For and on behalf of the Board

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

Gopal Mahadevan
Director

Shishir Joshipura
Director

Pune, April 25, 2011

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Schedule attached to and forming part of the Balance Sheet as at 31st March, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees		As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 1 SHARE CAPITAL			SCHEDULE 2 RESERVES & SURPLUS		
Authorised			General Reserve		
75,00,000 Equity Shares of Rs. 10 each	<u>7 50 00 000</u>	7 50 00 000	Per Last Balance Sheet		
	<u>7 50 00 000</u>	<u>7 50 00 000</u>	Add : Transferred from Profit & Loss A/c		
			Total		
			<u>1 62 52 000</u>	1 62 52 000	
			<u>–</u>	–	
			<u>1 62 52 000</u>	<u>1 62 52 000</u>	
Issued, Subscribed & Paid Up			SCHEDULE 3 UNSECURED LOAN		
47,50,000 Equity Shares of Rs. 10 each fully paid up (Entirely held by Thermax Limited holding company including Ten shares held jointly with nominees)	<u>4 75 00 000</u>	4 75 00 000	Thermax Ltd (from Holding Company)		
	<u>4 75 00 000</u>	<u>4 75 00 000</u>	Interest accrued		
			(Repayable on demand)		
			<u>2 02 68 000</u>	2 02 68 000	
			<u>77 38 848</u>	62 79 552	
			<u>2 80 06 848</u>	<u>2 65 47 552</u>	

SCHEDULE 4 FIXED ASSETS

(Amount in Rupees)

PARTICULARS	Gross Block				Depreciation				Net Block	
	Cost as on 1st April, 2010	Additions during the year	Deductions during the year	Total Cost as on 31st March 2011	As on 1st April 2010	Deductions during the year	Provision for the year	As on 31st March 2011	As at 31st Mar 2011	As at 31st Mar 2010
Tangible Assets										
Computers	4 16 054	93 256		5 09 310	67 690		1 41 396	2 09 086	3 00 224	3 48 364
Computers - 95%	4 19 728			4 19 728	3 98 742			3 98 742	20 986	20 986
Intangible Assets										
Software		2 39 000		2 39 000			30 991	30 991	2 08 009	
Technical Know-how		66 29 992		66 29 992			1 65 750	1 65 750	64 64 242	
TOTAL	8 35 782	69 62 248		77 98 030	4 66 432		3 38 137	8 04 568	69 93 462	3 69 350
Previous Year - Mar 2010	4 19 728	4 16 054		8 35 782	3 98 741		67 690	4 66 432	3 69 350	20 986

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees		As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 5 INVESTMENTS			SCHEDULE 8 LOANS & ADVANCES		
Short term (unquoted)			Unsecured, considered good:		
ICICI Prudential - Mutual Fund (Floating Rate Plan- Daily Dividend) (Refer Schedule 15 note 11)	<u>1 40 92 793</u>	2 04 75 768	Advances recoverable in cash or in kind or for value to be received		
	<u>1 40 92 793</u>	<u>2 04 75 768</u>	Advance to Suppliers		
			Income Tax (Net of Provision)		
			<u>29 20 876</u>	2 55 178	
			<u>2 16 800</u>	29 70 566	
			<u>2 05 11 475</u>	2 04 94 352	
			<u>2 36 49 151</u>	<u>2 37 20 097</u>	
SCHEDULE 6 SUNDRY DEBTORS			SCHEDULE 9 CURRENT LIABILITIES		
Unsecured			Sundry Creditors - Micro, Small & Medium Enterprises		
Debts outstanding for a period exceeding six months.	–	–	Sundry Creditors - Others		
Considered Good	1 74 945	2 21 450	Customer Advances		
Considered doubtful	–	–	Other Liabilities		
Less Provided for Doubtful Debts	–	–			
	<u>1 74 945</u>	<u>2 21 450</u>	<u>1 20 24 509</u>	51 90 548	
			<u>–</u>	–	
			<u>2 93 417</u>	2 77 770	
			<u>2 93 417</u>	<u>2 77 770</u>	
SCHEDULE 7 CASH & BANK BALANCES			SCHEDULE 10 PROVISIONS		
Cash in hand :-	Nil	Nil	Gratuity & Leave Encashment		
Balances with Scheduled banks :-					
In Current Accounts	63 47 463	75 74 720			
In Fixed Deposits	3 12 683	3 09 105			
	<u>66 60 146</u>	<u>78 83 825</u>			
			SCHEDULE 11 PROFIT & LOSS ACCOUNT		
			Debit Balance in Profit & Loss Account		
			<u>5 25 06 276</u>	4 01 99 582	
			<u>5 25 06 276</u>	<u>4 01 99 582</u>	

Schedule attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

Notes forming part of the Accounts

	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
SCHEDULE 12		
SALES AND OTHER INCOME		
I Sales		
Sale - Services	5 00 000	57 50 000
II Other Income		
Interest Received :		
- Banks	1 06 743	19 982
[Tax deducted at source Rs. 9434 (Previous Year Rs.Nil)]		
- Others [Tax deducted at source Nil (Previous year Rs.Nil)]	4 452	2 312
Dividend - Current Investment	11 17 025	4 75 768
Miscellaneous Income	8 62 388	7 09 969
	25 90 609	69 58 032

SCHEDULE 13		
MATERIALS		
Consumption of raw materials, components & stores		
Opening Stocks	-	-
Add: Purchases	-	-
Less: Closing Stocks	-	-
Total	-	-

SCHEDULE 14		
OTHER EXPENSES		
Salaries, wages , bonus & allowances	8 54 339	8 42 980
Contribution to Provident and Other Funds	95 958	93 248
Staff Welfare Expenses	9 810	-
Professional Fees	3 31 744	18 88 562
Deputation charges	72 86 296	76 59 927
Site Expenses	4 06 357	24 45 244
Commission on Sales	-	11 55 000
Power and Water	3 39 746	3 19 670
Repairs and Maintenance:		
Office Equipments	-	85 072
Others	8 96 888	1 16 311
Communication	2 07 038	2 80 902
Travelling and Conveyance	12 21 463	14 04 931
Security Expenses	2 05 688	1 44 337
Printing & Stationery	57 654	1 48 231
Business Meeting & Conference Expenses	1 28 400	2 49 839
Common Expense allocation	7 28 509	-
Other Miscellaneous Expenses	1 67 837	1 68 828
	1 29 37 727	1 70 03 082

SCHEDULE 15
NOTES TO ACCOUNTS

1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and with accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets & Depreciation

- i. The fixed assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- ii. Depreciation on Computers has been provided by the straight line method at higher rate of 33.33% as compared to 16.21% provided in Schedule XIV to the Companies Act 1956.
- iii. Intangible assets are amortised by straight line method over the estimated useful life of such asset. The useful life is estimated based on the evaluation of future economic benefits expected of such assets.

d) Investments

Investments classified as long-term investments are carried at cost. Provision for diminution if any, is made to recognize a decline, other than temporary in nature, in the carrying amount of such long-term investments.

Investments classified as current investments are carried at lower of cost and fair value.

e) Retirement Benefits

Contributions are made to approved superannuation & provident funds. The gratuity liability & leave encashment liability has been provided on actual basis.

f) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognised in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events, if any, are disclosed by way of a note to the Balance Sheet.

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

g) Revenue Recognition

- i) Income from CDM Consultancy and other related Services is recognized based on the work accomplishment, when no significant uncertainty exists regarding the amount that will be derived from the rendering of the services and it is also not unreasonable to expect ultimate collection thereof.
- ii) Interest income is accounted on time proportion basis.

h) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions. Exchange difference on settlement of transactions in foreign currencies is recognized in the profit & loss account. Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognized in the profit & loss account.

2 Contingent Liabilities not provided for

- a) Demands disputed in appellate proceedings Rs 1,91,17,272/- (Previous year Rs. 1,91,17,272/-)
- b) Appeals preferred by Income Tax department in respect to which, should the ultimate decision be unfavorable to the company, the liability is estimated to be Rs. 1,38,09,490/- (Previous year Rs. 1,38,09,490/-)

- 3 As a part of activity of Clean Development Mechanism (CDM) consultancy, during the year, the company's Clean Development Mechanism Programme of Activities (CDM-PoA)- "Promotion of Biomass Based Heat Generation Systems in India" was registered with the United Nations Framework Convention on Climate Change (UNFCCC). During the year, the company has incurred Rs. 66 29 992/- towards CDM PoA development charges which has been recognized as intangible assets.

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Under this CDM-PoA, client's projects will be registered and monitored by the company. Implementation of the PoA will commence from the next financial year.

4 Tax Provision

In absence of taxable income computed in accordance with the provisions of the Income tax Act, 1961 (including u/s 115JB (MAT), no provision for Current Tax has been made for the year. As in the past, on consideration of prudence, no deferred tax asset has been recognised in respect of accumulated loss and other timing differences.

5 Other Expenses include

	Year ended 31st March 2011 Rs.	Year ended 31st March 2010 Rs.
i) Audit Fees	27,525	22,060
ii) Tax Audit Fees	11,030	5,515

6 Information with regard to matter specified in clause 3, 4, 4A, 4C and 4D of Part II of schedule VI of the Companies Act 1956, have been given to the extent relevant and applicable to the company.

7 Expenditure in foreign currency (on accrual basis)

Particulars	2010-11 (Rs.)
Legal and Professional charges	21 53 554

8 Segment Reporting

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company is operating in a single business segment viz. Environment.

Secondary Segment

The Company caters mainly to the needs of Indian markets; hence there are no reportable geographical segments.

9 Related Party Disclosures

a) Name of related parties & description of relationship

Sr No	Relationship	Name of Related Parties
1	Ultimate Holding Company	RDA Holding & Trading Pvt. Ltd.
2	Holding Company	Thermax Limited
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Engineering & Construction Company Ltd., Thermax Instrumentation Ltd., Thermax Onsite Energy Solutions Ltd., Thermax Europe Ltd., Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Ltd. Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. Thermax Denmark ApS Thermax Netherlands B.V. Danstoker A/S Omnic Kessel- und Apparatebau GmbH Ejendomsanpartsselskabet Industrivej Nord 13 Danstoker (UK) Ltd.

b) Transactions with the Related parties

Sr No	Transaction with related parties	2010-11 Rupees	2009-10 Rupees
1	Reimbursement of expenses incurred by the Holding Company	12740012	9808659
2	Reimbursement of expenses on behalf of the Holding Company Fellow Subsidiary Company	862388 770767	709969 -
3	Interest on loan taken from the Holding Company	1621440	1621440
4	Outstanding Balances as at 31st March 2011		
	Holding Company Receivable	-	-
	Fellow Subsidiary Receivable	770767	-
	Holding Company Payable	4442195	2063917
	Holding Company Loan Payable	20268000	20268000
	Holding company Interest payable	7738848	6279552

10 Earnings per Share (EPS)

The earning per share calculated in accordance with Accounting standard – 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India :

Particulars	As at 31st March 2011	As at 31st March 2010
Net profit as per Profit & Loss Account (in Rupees)	(12,306,696)	(11,734,916)
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	4,750,000	3,851,370
Basic and Diluted EPS (in Rupees)	(2.59)	(3.05)#

Not annualised

11 Investments purchased and sold during the year

Sr. No.	Name of the Investments	No. of Units	Face Value	Cost of Acquisition
1.	ICICI Prudential Floating Rate Plan	140895.525	100.023	1 40 92 793

12 The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid / payable as required under the said Act have not been given.

13 Figures for the previous year have been regrouped wherever necessary to conform to this year's classification.

14 Balance Sheet Abstract and Company's General Business Profile

I) Registration Details:

Registration No	:	45658
State Code	:	11
Balance Sheet Date	:	31/03/2011

II) Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	91758
Total Assets	:	91758
Sources of Funds		
Paid-up Capital	:	47500
Reserve & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	28007
Application of Funds		
Net Fixed Assets	:	6993
Investments	:	14093
Net Current Assets	:	18166
Misc. Expenditure	:	Nil
Accumulated Losses	:	52506

IV) Performance of Company (Amount in Rs. Thousand)

Turnover	:	2591
Total Expenditure	:	14897
Profit before Tax	:	(12307)
Profit after Tax	:	(12307)
Earning per share in Rs	:	(2.59)
Dividend Rate %	:	NIL

V) Generic Names of Three Principal Products/Services of Company (As per Monetary Terms) - Presently not applicable

As per our report of even date

For and on behalf of the Board

For B K Khare & Company
Chartered Accountants

M. S. Unnikrishnan
Director

Gopal Mahadevan
Director

H. P. Mahajani
Partner
(Membership No. 30168)

Hemant Mohgaonkar
Director

Shishir Joshipura
Director

Pune, April 25, 2011

Pune, April 25, 2011

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	2010-11 Rupees	2009-10 Rupees		2010-11 Rupees	2009-10 Rupees
A Cash flow from Operating Activities			C Cash flow from Financing Activities		
Net Loss before tax	(1 23 06 696)	(1 17 34 916)	Proceeds from issue of Share Capital/application	-	4 00 00 000
<i>Add Adjustments for</i>			Interest paid	-	(55 105)
Depreciation	3 38 137	59 813	Net cash from Financing activities	-	3 99 44 895
<i>Less Adjustments for</i>			Net (decrease)/increase in cash & cash equivalents	(12 23 679)	71 46 444
Interest(Income) / Expenses Net	15 10 243	16 07 758	Opening cash & bank balances	78 83 825	7 37 381
Dividend Received	(11 17 025)	(4 75 768)	Closing cash & bank balances	66 60 146	78 83 825
Operating profit before working capital changes	(1 15 75 341)	(1 05 43 113)			
<i>Adjustments for</i>			Note: Previous year figures have been grouped wherever necessary to confirm to this year's classification.		
Trade and other receivables	1 34 573	(44 76 724)	<hr/>		
Trade payables	66 87 464	55 05 070	As per our report of even date	For and on behalf of the Board	
Cash generated from operations (After Extra Ordinary Items)	(47 53 304)	(95 14 767)	For B K Khare & Company <i>Chartered Accountants</i>	M. S. Unnikrishnan <i>Director</i>	Gopal Mahadevan <i>Director</i>
Direct taxes paid	(17 123)	(0)	H. P. Mahajani <i>Partner</i> <i>(Membership No. 30168)</i>	Hemant Mohgaonkar <i>Director</i>	Shishir Joshipura <i>Director</i>
Net cash from operating activities (After Extra Ordinary items)	(47 70 427)	(95 14 767)	Pune, April 25, 2011	Pune, April 25, 2011	
B Cash flow from Investing activities					
Purchase of Fixed Assets	(40 64 447)	(33 05 977)			
Purchase of other Investments	(11 17 025)	(3 04 75 768)			
Proceeds from sale of Investments	75 00 000	1 00 00 000			
Interest received	1 11 195	22 294			
Dividend Received	11 17 025	4 75 768			
Cash Flow from Investing activities after Extra ordinary items	35 46 748	(2 32 83 684)			
Direct Taxes Paid					
Net cash from Investing activities	35 46 748	(2 32 83 684)			

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors

Ravinder Advani
Gopal Mahadevan
R. V. Ramani

Registered Office

Thermax House
14, Mumbai-Pune Road,
Wakdevadi
Pune 411 003

Auditors

B. K. Khare & Co.
Chartered Accountants
11, Venu Madhav Apartments
S. No. 104/7, Off Lane No. 14
Pune 411 004

Chief Operating Officer

Avinash K. Marathe

Company Secretary

Devang Trivedi

Head Office

Energy House,
D-II Block, Plot 38 & 39,
MIDC Area,
Chinchwad, Pune 411 019

Bankers

Union Bank of India
HDFC Bank Ltd.
State Bank of India
Corporation Bank
Oriental Bank of Commerce

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the Twentieth Annual Report and the audited accounts of your company for the year ended March 31, 2011.

FINANCIAL RESULTS

Particulars	2010-11	2009-10
Total Income	12,019.52	9,626.48
Profit before depreciation	1,000.26	563.68
Depreciation	57.50	55.87
Profit before tax	942.76	507.81
Provision for taxation including deferred tax	307.15	199.21
Prior year tax adjustment	0.00	5.60
Profit after tax	635.61	303.00

PERFORMANCE

For the year under review, your company's total income is Rs. 12020 lakh compared to Rs. 9626 lakh in the previous year. The spurt in the income is on account of higher order balance as on March 31, 2010.

Your company has achieved profit before tax of Rs. 943 lakh (previous year, Rs. 508 lakh) and profit after tax has doubled to Rs. 636 lakh (previous year, Rs 303 lakh). The improvement in results is owing to better cost management and a recovery of liquidated damages levied in earlier years by customer.

During the year, your company has erected about 41,200 tons (previous year, 33,000 tons) of boiler equipment. With Rs. 24404 lakh order balance as at March 31, 2011, it is expected that revenues for the financial year 2011- 12 would be higher.

The company faces significant cost pressures due to restricted availability of skilled manpower at reasonable costs leading to margin pressures. In response, it is putting in efforts to protect profitability by controlling costs and making changes in execution methods.

The company, in addition to servicing orders of Thermax Ltd., is also pursuing other direct orders from the market. It plans to leverage its expertise developed over the years. It has bid for a few jobs in the year under review as part of this strategy and would initially be taking up external jobs selectively.

DIVIDEND

With a view to conserve resources, the Directors do not recommend any dividend for the year.

SAFETY

The continued focus on safety in operations has resulted in significant improvement in overall safety at project sites. The company is pursuing "Inherently Safe" erection techniques by redesigning present erection methods and greater modularization of its products.

PARTICULARS UNDER SECTION 217

Information pertaining to conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956, is not applicable to your company. However, information pertaining to foreign exchange outgo, is set out in note no. 10 of Schedule 17- Notes to Accounts.

None of the employees are covered by the provisions contained in Section 217(2A) of the Companies Act, 1956 read with the rules framed thereunder, as amended.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the company's Articles of Association, Mr. Ravinder Advani retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care 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;
- the financial statements have been prepared on a going concern basis.

AUDIT COMMITTEE

The committee comprises three members, all being non-executive directors. The chairman, Mr. Gopal Mahadevan is a Chartered Accountant and Company Secretary by qualification. The other members of the committee are Mr. Ravinder Advani and Mr. R.V. Ramani.

The committee met four times during the financial year 2010-11 on the following dates i.e. April 26, 2010, July 14, 2010, October 15, 2010 and January 14, 2011. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, retire as auditors of the company at the conclusion of the ensuing Annual General Meeting of the company and have given their consent for reappointment.

ACKNOWLEDGEMENTS

The Board of Directors also takes this opportunity to thank its customers, bankers, employees and all the other stakeholders for their continued co-operation and support to your company. Your Directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Gopal Mahadevan R. V. Ramani
Director Director

Pune, April 23, 2011

Auditors' Report

To the members of Thermax Engineering Construction Company Limited

1. We have audited the attached Balance Sheet of Thermax Engineering Construction Company Limited as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
 - e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare & Company
Chartered Accountants
Firm Registration No. 105102W

H. P. Mahajani
Partner
Membership no. 30168

Place : Pune
Date : April 23, 2011

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Annexure to the Auditors' Report (Referred to in paragraph 3 of our report of even date) To the members of Thermax Engineering Construction Company Limited

1. In our opinion and according to the information and explanations given to us, the requirement of paragraph 4(ii) of the Order is not, on facts, applicable and hence no comments have been offered there under.
2. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
3. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act the Company has neither taken from nor granted loans, secured or unsecured, to any such companies, firms or other parties.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and service. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act there are no contracts or arrangements with any such party.
6. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed under Section 209 (1) for any of the products of the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
(b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited except as follows:

Name of the Statute	Amount (Rs.)	Forum where pending
Uttar Pradesh Trade Tax, 1948	3,38,621/- (Financial Year 2004-05)	Joint Commissioner (Appeals) IV, Commercial Taxes, Ghaziabad
Rajasthan VAT Act 2003	4,72,163/-*	Deputy Commissioner (Appeals) Commercial Taxes, Kota (Rajasthan)
Andhra Pradesh Sales Tax	7,82,963/-	Appellate Deputy Commissioner, Punjagutta, Hyderabad

* Rs 23,640 has been deposited as Security deposit to Rajasthan Sales Tax. The amount is included above.

10. The Company has neither accumulated losses as at 31st March 2011, nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment

of dues to any financial institution or bank or to debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment of cash surplus in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. The Company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares during the year.
19. No debentures have been issued during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For B. K. Khare & Company
Chartered Accountants
Firm Registration No. 105102W

H. P. Mahajani
Partner
Membership no. 30168

Place : Pune
Date : April 23, 2011

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Balance Sheet as at 31st March, 2011

	Schedule	As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4 50 00 000	4 50 00 000
Reserves & Surplus	2	15 96 43 720	9 60 82 488
Total Funds Employed		20 46 43 720	14 10 82 488
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	6 35 17 158	3 79 17 868
Less: Depreciation		3 16 89 209	2 86 45 747
Net Block		3 18 27 949	92 72 121
Capital Work-in-progress		15 13 675	2 03 440
Investments	4	10 34 59 391	12 56 39 498
Current Assets, Loans & Advances			
Contracts In Progress	5	8 34 10 000	6 53 05 200
Sundry Debtors	6	32 72 54 344	17 26 12 968
Cash & Bank Balances	7	9 03 49 201	5 13 56 199
Other Current Assets	8	3 70 369	1 77 304
Loans & Advances	9	13 12 98 441	13 28 57 525
		63 26 82 355	42 23 09 196
Less : Current Liabilities & Provisions			
Current Liabilities	10	46 03 44 396	34 39 05 915
Contracts In Progress	5	11 42 37 000	8 48 85 700
Provisions	11	26 000	7 000
		57 46 07 396	42 87 98 615
Net Current Assets		5 80 74 959	(64 89 420)
Deferred Tax (Refer Schedule 17, Note 12)			
Deferred Tax Asset		1 00 44 693	1 28 29 009
Deferred Tax Liability		(2 76 947)	(3 72 160)
		97 67 746	1 24 56 849
Total Funds Applied		20 46 43 720	14 10 82 488
Notes to Accounts	17		

Profit & Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
Income			
Income from Operations and Other Income	12	1 20 19 51 937	96 26 48 015
		1 20 19 51 937	96 26 48 015
EXPENDITURE			
Project Execution Expenditure	13	93 51 82 124	75 98 67 612
Personnel Cost	14	14 37 32 517	11 05 29 861
General & Administrative Expenses	15	2 25 80 769	3 54 44 703
Depreciation		57 49 653	55 86 800
Interest	16	4 30 563	4 38 368
		1 10 76 75 626	91 18 67 344
Profit Before Tax		9 42 76 311	5 07 80 671
Provision for Taxation			
Current Tax		2 80 00 000	2 65 00 000
Previous Year's Tax adjustment		-	5 59 810
Deferred Tax		26 89 103	(65 85 657)
Wealth Tax		25 976	7 000
Profit After Tax		6 35 61 232	3 02 99 518
Balance carried forward from last year		7 35 61 789	4 82 62 271
Profit available for Appropriation		13 71 23 021	7 85 61 789
Appropriations			
Transfer to General Reserve		1 00 00 000	50 00 000
Balance Carried to Balance Sheet		12 71 23 021	7 35 61 789
		13 71 23 021	7 85 61 789
Basic / Diluted Earning Per Share (EPS)- Rs. (Per Equity Share of Rs. 10/- each) (Refer Schedule 16, Note 18)		14.12	6.73
Weighted average number of Equity Shares (Refer Schedule 16, Note 18)		45 00 000	45 00 000
Notes to Accounts	17		

As per our Report of even date

For B.K.Khare & Co.
Chartered Accountants

H P Mahajani
Partner
(Membership No. 30168)

Pune, April 23, 2011

For and on behalf of the Board

R. V. Ramani
Director

Gopal Mahadevan
Director

Devang Trivedi
Company Secretary

Pune, April 23, 2011

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

	As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees		As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees
SCHEDULE 1			SCHEDULE 2		
SHARE CAPITAL			RESERVES & SURPLUS		
Authorised			General Reserve		
1,00,00,000 Equity Shares of Rs.10/- each (PY 1,00,00,000 Equity Shares of Rs 10/- each)	<u>10 00 00 000</u>	<u>10 00 00 000</u>	As Per Last Balance Sheet	<u>2 25 20 699</u>	<u>1 75 20 699</u>
Issued, Subscribed & Paid up			Add : Transferred from Profit & Loss A/c.	<u>1 00 00 000</u>	<u>50 00 000</u>
45,00,000 Equity Shares of Rs.10/- each, fully paid (The entire share capital is held by the holding Company, Thermax Limited including shares held jointly with nominees)	<u>4 50 00 000</u>	<u>4 50 00 000</u>	Total	<u>3 25 20 699</u>	<u>2 25 20 699</u>
			Balance in Profit & Loss Account	<u>12 71 23 021</u>	<u>7 35 61 789</u>
	<u><u>4 50 00 000</u></u>	<u><u>4 50 00 000</u></u>		<u><u>15 96 43 720</u></u>	<u><u>9 60 82 488</u></u>

SCHEDULE 3 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Additions/ Adjustments during the year	Deductions / Adjustments during the year	As on 31.3.2011	Upto 31.03.2010	On deductions during the year	For the year	As on 31.3.2011	As on 31.3.2011	As on 31.3.2010
Plant & Machinery	2 59 39 716	2 18 00 404	17 09 735	4 60 30 385	1 98 78 318	16 67 184	40 46 578	2 22 57 712	2 37 72 673	60 61 398
Office Equipments	60 32 366	23 50 714	1 10 913	82 72 167	50 19 209	1 10 904	8 40 387	57 48 692	25 23 475	10 13 157
Vehicles	59 45 786	45 26 782	12 57 962	92 14 606	37 48 219	9 28 103	8 62 688	36 82 804	55 31 802	21 97 567
Total	3 79 17 868	2 86 77 900	30 78 610	6 35 17 158	2 86 45 747	27 06 191	57 49 653	3 16 89 209	3 18 27 949	92 72 121
Previous Year	3 64 58 233	36 27 955	21 68 320	3 79 17 868	2 48 95 366	18 36 419	55 86 800	2 86 45 747	92 72 121	1 15 62 867
Capital W.I.P. including capital advances									15 13 675	2 03 440
								Total	3 33 41 624	94 75 561

	Face Value	As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees		As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees
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SCHEDULE 4 INVESTMENTS

Current Investments - Non Trade
Quoted but not listed
In Mutual Funds
Units

1,719,415 Units of (Previous year 9,558,693 units) Birla Sunlife Ultra Short Term Fund-Institutional - Dividend Scheme - Reinvestment	1 71 94 150	1 72 03 605	9 56 39 498
0 units of (Previous Year 299,880 units) ICICI Prudential Mutual Fund - Floating Rate Plan C - Dividend Scheme	-	-	3 00 00 000
362,475 units of (Previous Year Nil) 1542 ICICI Prudential Mutual Fund - Floating Rate Plan D - Dividend Scheme	3 62 47 500	3 62 55 786	-
2,00,000 units of (Previous Year Nil) Birla Sunlife Short Term FMP Series 8 - Growth	2 00 00 000	2 00 00 000	-
1,473,666 units of (Previous Year Nil) Birla Sunlife Interval Income - INSTL - Quarterly - S1 - Growth	1 47 36 660	1 50 00 000	-
1,500,000 units of (Previous Year Nil) Birla Sunlife Fixed Term Plan Series CR - Growth	1 50 00 000	1 50 00 000	-
	<u>10 31 78 310</u>	<u>10 34 59 391</u>	<u>12 56 39 498</u>
Aggregate value of Quoted Investments		10 34 59 391	12 56 39 498
Aggregate Market Value (Repurchase Price)		10 43 39 717	12 56 39 498
Cost of Investments Purchased and Sold during the year (Refer Schedule 17 note 13)		26 47 50 346	27 12 69 287

SCHEDULE 5 CONTRACTS IN PROGRESS

[Refer Schedule 16, Note 11]

The aggregate amount of costs incurred and recognised profits / less recognised losses	2 67 72 53 000	2 61 88 63 500
Less : Running Bills	2 70 80 80 000	2 63 84 44 000
	<u>(3 08 27 000)</u>	<u>(1 95 80 500)</u>

SCHEDULE 6 SUNDRY DEBTORS

Unsecured

Debts outstanding for a period exceeding six months [includes retention Rs. 240.72 Lacs (Previous year Rs. 143.89 Lacs)]	3 73 47 728	4 24 89 947
a) considered good		
b) considered doubtful [includes retention Rs. 94 lacs (Previous year Rs. 61.20 Lacs)]	2 01 84 433	2 50 88 528
Less: Provided for	2 01 84 433	2 50 88 528
Other Debts, considered good [includes retention Rs. 434.70 Lacs (Previous year Rs. 83.26 Lacs)]	28 99 06 616	13 01 23 021
	<u>32 72 54 344</u>	<u>17 26 12 968</u>

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Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

	As on 31st March, 2011 Rupees	As on 31st March, 2010 Rupees
SCHEDULE 7 CASH & BANK BALANCES		
Cash on hand	1 52 311	88 034
<i>Balances with Scheduled Banks</i>		
In Current Accounts	6 77 38 180	4 67 42 728
In Deposit Accounts	95 46 491	45 25 437
[Includes Fixed Deposit Receipts of Rs.120,058 deposited as security with statutory authorities (Previous year Rs.96,076)]		
Cheques in Hand	1 29 12 219	-
	<u>9 03 49 201</u>	<u>5 13 56 199</u>
SCHEDULE 8 OTHER CURRENT ASSETS		
Interest Accrued but not due (on Fixed Deposit Receipts)	3 70 369	1 77 304
	<u>3 70 369</u>	<u>1 77 304</u>
SCHEDULE 9 LOANS & ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	4 89 62 568	3 72 24 669
Prepaid Long Term Employee Benefits	8 08 279	4 15 117
Advances to Staff		
a) Considered good [due from officers of the Company]maximum amount outstanding during the year Rs. Nil (Previous year Rs. Nil)]	79 01 867	84 16 537
b) considered doubtful	15 47 362	15 47 362
Less: Provided for	15 47 362	15 47 362
Sundry Deposits	30 86 324	16 32 788
Advance Payment of Income Tax [Net of Provision of Rs.9,60,00,000 (Previous year Rs.6,71,00,000/-)]	6 04 78 058	7 66 46 189
Advance Payment of Fringe Benefit Tax [Net of Provision of Rs.88,80,000 (Previous Year Rs.88,80,000/-)]	4 45 463	4 45 463
Dues from Sales Tax Authorities		
a) considered good	96 15 882	80 76 762
b) considered doubtful	28 48 240	28 48 240
Less: Provided for	28 48 240	28 48 240
	<u>13 12 98 441</u>	<u>13 28 57 525</u>
SCHEDULE 10 CURRENT LIABILITIES		
Customer Advances	21 98 64 788	12 75 99 303
<i>Sundry Creditors</i>		
Dues to Micro,Small and Medium Enterprises	-	3 33 351
Dues to Others	19 80 60 923	17 67 28 627
Other Liabilities	1 47 89 819	1 78 95 574
Short Term Employee Benefits	2 76 28 866	2 13 49 060
	<u>46 03 44 396</u>	<u>34 39 05 915</u>
SCHEDULE 11 PROVISIONS		
Wealth Tax Provision	26 000	7 000
	<u>26 000</u>	<u>7 000</u>

Schedules attached to and forming part of the Profit & Loss Account for the year ended 31st March, 2011

	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
SCHEDULE 12 INCOME FROM OPERATIONS OTHER INCOME		
Income from Operations		
Sales	1 18 05 61 634	97 19 32 798
Add : Closing Contracts in Progress	(3 08 27 000)	(1 95 80 500)
Less : Opening Contracts in Progress	(1 95 80 500)	12 55 000
	<u>1 16 93 15 134</u>	<u>95 10 97 298</u>
Other Income from Operations		
Balances earlier written off now recovered	1 40 05 221	-
Profit on Sale of Assets	3 50 511	81 157
Doubtful Debts Provision written back (Net)	49 04 095	-
Miscellaneous Income [Includes provisions no longer required Rs. 47,03,402 (Previous Year Rs. 82,55,056)]	49 17 086	85 51 965
	<u>2 41 76 913</u>	<u>86 33 122</u>
Income from Investments		
Dividend - Current Investment	45 96 358	20 16 540
Interest (Income Tax deducted at source Rs. 48,294 (Previous Year Rs. 15,617), includes interest on tax refund Rs. 31,93,512 (Previous Year Rs. 6,14,588))	38 61 097	9 00 979
<i>Profit / (Loss) on Sale of Investment</i>		
Current investments	2 435	76
	<u>84 59 890</u>	<u>29 17 595</u>
	<u>1 20 19 51 937</u>	<u>96 26 48 015</u>
SCHEDULE 13 PROJECT EXECUTION EXPENDITURE		
Erection, Fabrication etc.	84 42 85 293	69 20 58 270
Site Administration & Miscellaneous Expenses	4 82 86 237	3 90 86 085
Material Costs	72 82 300	49 17 225
Repairs & Maintenance	10 12 969	10 60 309
Travelling and Conveyance	3 19 05 507	2 05 50 563
Communication	21 72 798	20 00 071
Insurance	2 37 020	1 95 089
	<u>93 51 82 124</u>	<u>75 98 67 612</u>
SCHEDULE 14 PERSONNEL COST		
Salaries, wages and allowances	13 44 83 660	10 45 44 628
Gratuity	11 20 454	33 344
Contribution to Provident and other Funds	77 12 727	55 88 059
Staff Welfare Expenses	4 15 676	3 63 830
	<u>14 37 32 517</u>	<u>11 05 29 861</u>
SCHEDULE 15 GENERAL & ADMINISTRATIVE EXPENSES		
Rent, Rates & Taxes	50 18 850	15 20 434
Insurance	30 42 092	15 89 759
<i>Repairs & Maintenance</i>		
Buildings	2 89 549	81 775
Others	8 81 130	3 97 868
Communication	15 22 153	7 10 548
Travelling & Conveyance	11 85 887	10 82 367
Printing & Stationery	7 44 036	4 45 063
Bad Debts Written Off	20 53 836	4 15 307
Provision for Doubtful Debts (Net)	-	1 62 81 778
Loss on sale of Assets	-	59 474
Miscellaneous Expenses	78 43 236	1 28 60 330
	<u>2 25 80 769</u>	<u>3 54 44 703</u>
SCHEDULE 16 INTEREST		
Others	4 30 563	4 38 368
	<u>4 30 563</u>	<u>4 38 368</u>

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Schedule forming part of the Accounts

SCHEDULE 17

NOTES TO ACCOUNTS

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets – Tangible Assets

Tangible fixed assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use. Borrowing cost, if any, attributable to fixed assets is capitalised.

d) Depreciation

Depreciation on Furniture & Fixtures, Air Conditioners, Office Equipments, Electrical Installation at Head Office is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956. In respect of assets at sites / other locations, depreciation is provided over the useful economic life of assets based on the technical assessment by the Management. The rates of depreciation so arrived at are higher as compared to the rates provided in Schedule XIV to the Companies Act, 1956. The rates are as given below

Sr. No.	Class of Asset	Item	Depreciation Rate as Applied	Depreciation rate % p.a. (As per Schedule XIV to The Companies Act)
1	Plant & Machinery	a. Cranes (10 Ton & above)	14.29	4.75
		b. Containers		
		c. Cranes (Upto 10 Ton) including Hydras		
		d. Tractors & Trailers	20.00	4.75 (for Tractor 11.31)
		e. Precision Tools, Electrical Winches		
		f. Generator Set		
		g. Grinding, Drilling, Welding, cutting m/c. & Wire Ropes, slings etc.		
		h. Pipe Chamfering, Hydraulic Tube Expanding m/c., Rigging & Lifting Tools, Drying Oven etc.	33.33	4.75
		i. Calibration Equipments and E&I tools	100.00	4.75
		2	Furniture & Fixture	a. At Site
3	Office Equipments	a. Computers, Printers, Refrigerators, Television and other office equipments at Site	50.00	16.21
		b. Computers, Printer & Software at H.O.	33.33	16.21
		c. Photocopying m/c., Air Conditioners, Water/ Air Coolers at Site		
4	Vehicles	a. Motor Cars used at Site	33.33	9.50
		b. Motor Cars for Officers (Grade - M1 & M2)	13.45	9.50
		c. Motor Cars for Officers (Grade - M3 & M4)	15.00	9.50

e) Asset Impairment

Provision for impairment loss, if any, is recognized to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's estimated net selling price and its value in use. Value in use determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

f) Investments

Investments classified as long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary in nature, in the carrying amount of such long-term investments.

Investments classified as current investments are carried at lower of cost and fair value.

g) Employee Benefits

Long-Term Benefits

Provident Fund

Liability on account of the company's obligation under the employee's provident fund, a defined contribution plan is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary

Superannuation Fund

Liability on account of the company's obligation under the employee's superannuation fund, a defined contribution plan is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary

Gratuity

a. Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation.

b. Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-cum-life assurance policy is recognised as asset.

c. Current service cost, interest cost and actuarial gains and losses are charged to profit and loss statement.

d. Past service cost/effect of any curtailment or settlement is charged/credited to the profit and loss statement, as applicable.

Short-Term Benefits

Leave Encashment

Liability on account of the company's obligation under the employee's leave policy is provided on actual basis in respect of leave earned but not availed based on the number of days of carry forward entitlement at each balance sheet date.

Medical and Leave Travel Assistance benefits

Liability on account of the company's obligations under the employee's medical reimbursement scheme and leave travel assistance are provided on actual basis.

Bonus & Employee's Short Term Incentive Plan

Liability on account of the company's obligations in respect of bonus as per Payment of Bonus Act, 1965 and employee short-term incentive plan as applicable is provided on actual basis.

h) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognised in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events are disclosed by way of a note to the Balance Sheet.

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

i) Revenue Recognition

Revenue in respect of contracts of civil work, erection and commissioning of boilers and co-generation plants etc., execution of which is spread over different accounting periods is recognized on the basis of percentage of completion method as provided in AS 7.

Stage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contracts costs.

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Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

Revenue in respect of long-term service / supervision contracts is recognized on the basis of stage of completion as provided in AS 9.

Dividend from investments is recognized when the company's right to receive is established.

j) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.

Exchange differences arising on settlement of transactions in foreign currency are recognised in the Profit & Loss Account.

Assets (other than fixed assets) and liabilities denominated in foreign currency are translated at the closing exchange rates.

k) Taxes on Income

Current tax is provided on the basis of estimated tax liability, computed as per applicable provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

l) Others

- Liability for liquidated damages is recognised when it is deducted/claimed by the customer or when a reasonable estimate of the likely obligation can be made.
- Provision for doubtful debts is made on the basis of standard norms in respect of debtors outstanding beyond pre-defined period and also, where required, on actual evaluation.

2. Employee Benefits

Defined Benefit Plan for Employees (AS 15)

Rs. Lakh

	2010-11	2009-10
i Components of Employer expense		
a Current Service Cost	962,372	714,521
b Interest Cost	402,627	323,004
c Expected Return on Plan Assets	(576,002)	(426,783)
d Actuarial (Gain)/Loss	1,011,252	(128,373)
e Past Service Cost	(679,795)	(449,025)
f Total expense recognised in the Profit and Loss Account	1,120,454	33,344
ii Net Assets/(Liability) recognised in Balance Sheet as at 31st March		
a Present Value of Obligation	7,408,778	5,088,077
b Fair Value of Plan Assets	(8,217,057)	(6,182,989)
c (Asset)/Liability recognised in the Balance Sheet	(808,279)	(1,094,912)
iii Change in Gratuity Obligation during the year		
a Present Value of Obligation as at 31st March	5,088,077	4,037,550
b Current Service Cost	402,627	323,004
c Interest Cost	962,372	714,521
d Actuarial (Gain)/Loss	1,066,175	13,002
e Benefit Paid	(110,473)	0
f Present Value of Obligation as at 31st March	7,408,778	5,088,077
iv Changes in the Fair Value of Plan Assets		
a Present Value of Plan Assets as 31st March	6,182,989	4,486,575
b Expected Return on Plan Assets	576,002	426,783
c Actual Company Contribution	1,403,143	1,128,256
d Benefits Paid	0	0
e Actuarial Gain/(Loss)	54,923	141,375
f Present Value of Plan Assets as 31st March	8,217,057	6,182,989
iv Actuarial Assumptions		
a Discount Rate	8% p.a.	8% p.a.
b Expected Rate of Return	8% p.a.	8% p.a.

3. Contingent Liabilities not provided for

- Income tax demands disputed in Appellate proceedings Rs.12,81,098 (Previous Year Rs. 25,60,049).
- Sales tax demands disputed in Appellate proceedings Rs. 8,09,997 (Previous Year Rs. 18,06,965).

- Bank Guarantees for advance payments and performance Rs.21,61,69,513 (Previous Year Rs.14,76,12,272).
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.9,30,964 (Previous Year Rs. 20,62,757).

4. Micro & Small Scale Enterprises

Micro & Small scale enterprises as defined under the Micro, Small and Medium Enterprises Development Act 2006 have been identified to the extent of information available with the company. This has been relied upon by the auditors.

Sr. No.	Particulars	Principal Amount	Interest	Total
A	Total Outstandings to MSMED vendors	Nil	Nil	Nil
B	Principal amount and Interest due thereon to MSMED parties BOTH remaining unpaid as on 31st March 2011	Nil	Nil	Nil
C	Amount of Interest paid in terms of Sec 16 of MSMED Act alongwith the RELATED principal amount paid during the Year	Nil	Nil	Nil
D	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on 31st March 2011)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2011 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

5. Miscellaneous Expenses include :

	Year ended 31.03.2011 Rupees	Year ended 31.03.2010 Rupees
Auditors' Remuneration		
(i) Audit Fees	1,00,000	1,00,000
(ii) Tax Audit Fees	35,000	35,000
(iii) VAT Audit Fees	25,000	25,000
(iv) Reimbursement of expenses	5,602	1,812

6. Previous year's expenses/income included under various heads of accounts:

Expenses	2010-11 Rupees	2009-10 Rupees
Erection charges	61,49,326	64,44,569
Expenses at Site	84,375	7,80,173

7. Installed capacity, Production, Stocks and Turnover :

- Installed capacity : N.A
- Production: The company is engaged in the erection and supervision of erection of Boilers and Boiler Accessories, spares and utility facilities at sites. This entails no manufacturing and hence no figures for Production are applicable.
- Stocks: NIL.

8. Consumption of Raw Materials, Components etc.

	Unit	Year ended 31.03.2011		Year ended 31.03.2010	
		Qty.	Value	Qty.	Value
Structural & other fabricated items	Numerous	-	-	-	13,00,392
Other materials used for project execution	Numerous	-	72,28,649	-	36,16,833
TOTAL			72,28,649		49,17,225

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9. Value of imported & indigenous raw materials, components & spare parts consumed

	%	Year ended 31.03.2011	%	Year ended 31.03.2010
INDIGENOUS :	100	72,28,649	100	49,17,225
IMPORTED :	Nil	Nil	Nil	Nil
TOTAL		72,28,649		49,17,225

10. Expenditure in Foreign Currency

	Year ended 31.03.2011 Rupees	Year ended 31.03.2010 Rupees
(i) Travelling Expenses	96,66,410	30,69,062

11. In respect of contracts in progress

Particulars	As on 31 st March 2011	As on 31 st March 2010
Aggregate amount recognised as Contract Revenue (RR) for		
a) the Year	11693.15	9510.97
b) In respect of contracts in progress as on 31 st March :		
Aggregate amt of Costs incurred and recognised profits (less recognised losses)	26772.53	26188.64
Amount of Customer Advances received (Unadjusted as on 31 st March)	2198.65	1275.99
Amount of Retentions	769.43	288.35
c) Gross amount due from customers for contract work (Positive CIP)	834.10	653.05
d) Gross amount due to customers for contract work (Negative CIP)	1142.37	848.86

12. Deferred Tax

The major components of deferred tax assets and liabilities are as below.

Particulars	Deferred Tax Liabilities		Deferred Tax Assets	
	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010
Depreciation	-	-	21,00,197	32,55,497
Provision for Gratuity	2,76,947	3,72,160	-	-
Provision for Doubtful Debts	-	-	68,98,572	85,27,590
Provision for Doubtful Advances/Deposits	-	-	10,45,924	10,45,924
Net Deferred Tax Asset	2,76,947	3,72,160	1,00,44,693	1,28,29,011

13. Investments purchased and sold during the year:

Sr. No.	Name of the Investments	No. of Units	Face Value	Cost of Acquisition
1	Birla Sun Life Ultra Short Term Fund – Institutional - Dividend scheme - Reinvestment	1 11 79 901	11 17 99 012	11 18 60 501
2	ICICI Prudential Mutual Fund - Floating Rate Plan D - Dividend Scheme	15 28 421	15 28 42 175	15 28 89 845
	Total			26 47 50 346

14. In cases where letters of confirmation have been received from parties, book balances have been generally reconciled and adjusted. In other cases, balances in accounts of sundry debtors, sundry creditors and advances or deposits have been taken as per books of account.

15. Segment Reporting:

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment viz. Energy.

Secondary Segment

The Company caters mainly to the needs of Indian markets. Hence there are no reportable geographical segments.

16. Related Party Disclosures

Related party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below:

a) List of related parties and description of relationships:

Parties where control exists:

RDA Holding & Trading Pvt. Ltd - Ultimate Holding Company
Thermax Limited - Holding Company

Fellow Domestic Subsidiary

Thermax Instrumentation Limited (India)
Thermax Sustainable Energy Solutions Limited (India)
Thermax Onsite Energy Solutions Limited (India)

Fellow Overseas Subsidiary

Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K)
Thermax Inc. (U.S.A)
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited (China)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax Netherlands B.V. (Netherlands)
Thermax Denmark ApS (Denmark)
Omnicel Kessel - und Apparatebau GmbH (Germany)
Ejendomsanpartsselskabet Industrivej Nord 13 (Netherlands)
Danstoker (UK) Ltd. (UK)

Fellow Joint Venture Subsidiary

Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (India)
Thermax SPX Energy Technologies Ltd. (India)

b) Transactions with the Related Parties

Particulars	Holding Company	Total
Sales (including debits of expenses)	53,43,57,390 (66,84,92,193)	53,43,57,390 (66,84,92,193)
Project Execution Expenditure	1,10,01,077 (33,29,887)	1,10,01,077 (33,29,887)
Receiving of Services	13,512,466 (68,84,534)	1,35,12,466 (68,84,534)
Management Contracts including for deputation of employees	27,70,966 (25,32,045)	27,70,966 (25,32,045)
Guarantees and Collaterals	18,00,00,000 (15,09,97,241)	18,00,00,000 (15,09,97,241)
Debtors Balance Outstanding as on 31 st March 2011	14,79,87,164 (7,85,33,775)	14,79,87,164 (7,85,33,775)
Advances outstanding as on 31 st March 2011	28,27,809 (2,10,93,002)	28,27,809 (2,10,93,002)
Creditors Balances Outstanding as on 31 st March 2011	59,54,784 (14,74,441)	59,54,784 (14,74,441)

17. Earnings Per Share (EPS)

Earnings per share calculated in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

Particulars	For the Year Ended March 31,2011	For the Year Ended March 31,2010
Net profit available for Shareholders (Rs.)	6,35,61,232	3,02,99,021
Weighted average number of Equity Shares of Rs. 10 each *	45,00,000	45,00,000
Basic earnings per share (Rs.)	14.12	6.73

18. Information pursuant to Part IV, Schedule VI to companies Act 1956 of India is given in the Annexure.

19. Previous year's figures have been regrouped / rearranged wherever necessary to conform to this year's classification.

20. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No.	:	062959
State Code	:	11
Balance Sheet Date	:	31st March 2011

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

Public issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	204644
Total Assets	:	204644
Sources of Funds		
Paid up Capital	:	45000
Reserves & Surplus	:	159644
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	33341
Investments	:	103459
Deferred Tax Asset	:	9768
Miscellaneous Expenditure	:	Nil
Net Current Assets	:	58075
Accumulated Losses	:	Nil

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

Turnover	:	1201952
Total Expenditure	:	1107676
Profit / (Loss) before tax	:	94276
Profit / (Loss) after tax	:	63561
Earnings Per Share	:	14.12
Dividend	:	Nil

V. Generic Name of three Principal Products/ Services of the Company (As per monetary terms)

	:	N.A.
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As per our Report of even date

For and on behalf of the Board

For B.K.Khare & Co.
Chartered Accountants

R. V. Ramani
Director

Gopal Mahadevan
Director

H.P.Mahajani
Partner
(Membership No.- 30168)

Devang Trivedi
Company Secretary

Pune, April 23, 2011

Pune, April 23, 2011

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Cash Flow Statement for the year ended March 31, 2011

Pursuant to the Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

	2010-11	2009-10		2010-11	2009-10
		Amount in Rupees			Amount in Rupees
A) Cash flow from operating activities :			B) Cash flow from investing activities :		
Net Profit Before Tax	9 42 76 311	5 07 80 671	Purchase of fixed assets	(2 99 88 135)	(38 31 395)
Adjustments for :			Sale of fixed assets	7 22 930	3 53 585
Depreciation	57 49 653	55 86 800	Purchase of investments	(36 82 09 739)	(39 69 30 058)
Interest Received	(38 61 097)	(9 00 979)	Sale of investments	39 03 92 281	30 67 97 997
Dividend Received	(45 96 358)	(20 16 540)	Interest received	36 68 032	7 46 944
Profit / Loss on sale of Investments	(2 435)	(76)	Dividend received	45 96 358	20 16 540
Interest (Expense)	4 30 563	4 38 368	Net Cash flow from investing		
Net provision for doubtful debts	1 35 76 350	2 14 95 028	activities (B)	<u>11 81 727</u>	<u>(9 08 46 387)</u>
Provision for Employee Retirement and					
Other Benefits	9 99 731	(8 59 503)	C) Cash flow from financing activities :		
Profit on sale of Assets	(3 50 511)	(81 157)	Interest paid	(430 563)	(4 38 368)
Loss on sale of Assets	-	59 474	Net Cash flow from financing		
Doubtful debts write back	(1 84 80 445)	(52 13 250)	activities (C)	<u>(4 30 563)</u>	<u>(4 38 368)</u>
Operating profit before working			Net change in cash and cash		
capital changes	<u>8 77 41 762</u>	<u>6 92 88 836</u>	equivalents (A + B + C)	3 89 93 003	(76 96 390)
Adjustments for :			ADD : Cash and cash equivalents		
Trade & other receivables	(16 30 27 880)	(1 38 73 331)	at the beginning of the year	5 13 56 198	5 90 52 588
Inventories (Contract In Progress)	1 12 46 500	2 08 35 500	Cash and cash equivalents at the		
Trade payables	11 41 20 302	2 42 55 539	end of the year	9 03 49 201	5 13 56 198
Cash generated from operations	<u>5 00 80 684</u>	<u>10 05 06 544</u>			
Direct taxes paid	1 18 38 845	(1 69 18 179)			
Net Cash flow from operating					
activities (A)	<u>3 82 41 839</u>	<u>8 35 88 365</u>			

As per our Report of even date

For B.K.Khare & Co.
Chartered Accountants

H P Mahajani
Partner
(Membership No. 30168)

Pune, April 23, 2011

For and on behalf of the Board

R. V. Ramani
Director

Gopal Mahadevan
Director

Devang Trivedi
Company Secretary

Pune, April 23, 2011

THERMAX INSTRUMENTATION LIMITED

Board of Directors

Ravinder Advani
Gopal Mahadevan
R. V. Ramani

Manager
M. L. Bindra

Company Secretary

Sudhir Lale

Registered Office

Thermax House
14, Mumbai-Pune Road,
Wakdevadi,
Pune 411 003

Corporate Office

Sai Chambers
15, Mumbai-Pune Road,
Wakdevadi,
Pune 411 003

Auditors

B. K. Khare & Co.
Chartered Accountants
11, Venu Madhav Apartments,
S. No. 104/7, Off Lane No. 14,
Pune 411 004

Bankers

Union Bank of India
HDFC Bank Ltd.
State Bank of India
Corporation Bank
ICICI Bank
Citibank

Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the audited accounts for the year ended March 31, 2011.

Financial Results

Particulars	(Rs. in lakh)	
	2010-2011	2009-2010
Total Income	23,653.50	12,925.98
Profit before Depreciation	660.48	375.16
Depreciation	155.16	30.34
Profit before Tax	505.32	344.82
Provision for Taxation including Deferred Tax	167.92	142.79
Profit after tax	337.40	202.03

PERFORMANCE

During the year, your company earned a total income of Rs. 23,653.50 lakh as against Rs. 12,925.98 lakh in the previous year. Profit before tax stood at 505.32 lakh (previous year, Rs. 344.82 lakh) and profit after tax was Rs. 337.40 lakh (previous year, Rs. 202.03 lakh). Increase in business volume has helped your company to achieve a better performance. The company's largest Independent Power Plant (IPP) order contributed to a significant share of revenues.

During the year, the company has commissioned eight power plants comprising eight units aggregating to 133 MW.

SAFETY

The company continues to focus on enhancing safety at sites. The company's focus on safety was recognised by one of its large corporate customers with a safety award.

The parent company, Thermax Limited has received the BS OHSAS 18001:2007 certificate in January, 2011. This certification would help the company's construction sites to manage Occupational Health and Safety (OH&S) risk while improving performance.

DIVIDEND

With a view to conserve resources, the Directors do not recommend any dividend for the year.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees

None of the employees are covered by the provisions contained in Section 217(2A) of the Companies Act, 1956, read with the rules framed there under, as amended.

2. Conservation of Energy and Technology Absorption

Information pertaining to Conservation of Energy and Technology Absorption is not applicable to your company.

3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange earnings and outgo, under Section 217(1)(e) of the Companies Act, 1956 is set out in note no. 9 of Schedule 16 - Notes to Accounts.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. R. V. Ramani, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as a Director.

MANAGER

Mr. M. L. Bindra was appointed as 'Manager' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, w.e.f. April 1, 2008 without remuneration. The said appointment was for the period upto March 31, 2011. Subsequently, your Board has approved appointment of Mr. M. L. Bindra as 'Manager' of the company, for a period from April 1, 2011 to March 31, 2013 subject to the approval of the shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care 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;
- the directors present the accounts for the financial year ended March 31, 2011 on a 'going concern basis.

CONSTITUTION OF AUDIT COMMITTEE OF THE BOARD

The committee comprises three members, all being non-executive directors. The Chairman, Mr. Gopal Mahadevan is a Chartered Accountant and Company Secretary by qualification. The other members of the committee are Mr. Ravinder Advani and Mr. R.V. Ramani.

The committee met four times during the financial year 2010-11 on the following dates i.e. April 26, 2010, July 12, 2010, October 15, 2010 and January 14, 2011. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

AUDITORS

M/s B. K. Khare & Co., Chartered Accountants, will retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support extended by the company's clients, vendors and bankers during the year. Your Directors also wish to place on record their appreciation for the dedication and contribution made by its employees. Your Directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

R. V. Ramani Gopal Mahadevan
Director Director

Pune, April 22, 2011

THERMAX INSTRUMENTATION LIMITED

Auditors' Report

To the members of Thermax Instrumentation Limited

1. We have audited the attached Balance Sheet of **Thermax Instrumentation Limited** as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- e. On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W
H. P. Mahajani
Partner
Membership no. 30168

Place : Pune
Date : April 22, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

To the members of Thermax Instrumentation Limited

1. In our opinion and according to the information and explanations given to us, the requirement of paragraph 4(ii) of the Order is not, on facts, applicable and hence no comments have been offered there under.
2. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
3. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act the Company has neither taken from nor granted loans, secured or unsecured, to any such companies, firms or other parties.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and service. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act there are no contracts or arrangements with any such party.
6. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed under Section 209 (1) for any of the products of the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
(b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account

of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited.

10. The Company does not have any accumulated losses as at 31st March 2011. The Company has not incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment of cash surplus in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. The Company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares during the year.
19. No debentures have been issued during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

H. P. Mahajani
Partner
Membership no. 30168

Place : Pune
Date : April 22, 2011

ANNUAL REPORT 2010-2011

Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	900.00	900.00
Reserve & Surplus	2	1309.85	1114.73
		<u>2209.85</u>	<u>2014.73</u>
Loan Funds			
a) Secured Loans		-	-
b) Unsecured Loans	3	-	-
(Repayable on demand)		-	-
		<u>-</u>	<u>-</u>
Total Funds Employed		<u>2209.85</u>	<u>2014.73</u>
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		755.66	555.32
Less: Depreciation		387.38	258.49
Net Block		<u>368.28</u>	<u>296.83</u>
Capital Work-in-Progress		-	-
Investments	5	3683.62	3786.56
Current Assets, Loans & Advances			
Contract in Progress		1615.66	3538.51
Sundry Debtors	6	2904.51	3354.09
Cash and Bank Balances	7	3047.43	2924.95
Other Current Assets	8	237.30	93.32
Loans and Advances	9	3527.36	2547.72
		<u>11332.26</u>	<u>12458.59</u>
Less: Current Liabilities & Provisions:			
Current Liabilities	10	11128.94	13865.18
Contracts in Progress		1868.36	699.17
Provisions	11	223.99	169.69
		<u>13221.29</u>	<u>14734.04</u>
Net Current Assets		(1889.03)	(2275.45)
Profit & Loss Account		-	150.38
Deferred Tax			
(Refer Schedule 16, Note 11)			
Deferred Tax Asset:			
Deferred Tax Asset		46.98	95.27
Deferred Tax Liability		-	38.86
		<u>46.98</u>	<u>56.41</u>
Total Funds Applied		<u>2209.85</u>	<u>2014.73</u>
Notes To Accounts	16		

Profit & Loss Account for the year ended March 31, 2011

	Schedule	Year Ended March 31, 2011 Rs. Lakh	Year Ended March 31, 2010 Rs. Lakh
INCOME			
Income from Operations and Other Income	12	23653.50	12925.98
		<u>23653.50</u>	<u>12925.98</u>
EXPENDITURE			
Project Execution Expenditure	13	21314.71	11338.69
Personnel Cost	14	1358.44	903.43
General & Administrative Expenses	15	317.10	304.87
Depreciation		155.16	30.34
Interest		2.77	3.83
		<u>23148.18</u>	<u>12581.16</u>
Profit/(Loss) Before Tax		505.32	344.82
Provision for Taxation :			
Current Tax -Includes foreign tax			
Rs. 158.48 lakh (Previous year Rs. 56.18 lakh)		158.48	69.57
Wealth Tax		-	0.04
Deferred Tax		9.44	73.18
		<u>337.40</u>	<u>202.03</u>
Profit/(Loss) After Tax		337.40	202.03
Loss brought forward from the previous year		150.38	352.41
		<u>187.02</u>	<u>(150.38)</u>
Balance Carried to Balance Sheet		187.02	(150.38)
Basic/Diluted Earnings Per Share (EPS) Rs. (Per Equity Share of Rs.10/- each) (Refer Schedule 16, Note No. 17)		3.75	2.24
Weighted average number of Equity Shares		90,00,000	90,00,000
Notes To Accounts	16		

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, April 22, 2011

For and on behalf of the Board

R. V. Ramani
Director

M. L. Bindra
Manager

Gopal Mahadevan
Director

Sudhir Lale
Company Secretary

Pune, April 22, 2011

THERMAX INSTRUMENTATION LIMITED

Schedules attached to and forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh		As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh
Schedule 1			Schedule 2		
Share Capital			Reserves & Surplus		
Authorised			Capital Reserve		
2,00,00,000 Equity shares of Rs. 10/- each	2000.00	2000.00	Per Last Balance Sheet	1118.84	1118.84
Issued, Subscribed & Paid Up			Forex Currency Translation reserve	3.99	(4.11)
90,00,000 Equity shares of Rs. 10/- each fully paid up (Entire 90,00,000 Equity shares of Rs. 10/ each held by the holding company, Thermax Limited)	900.00	900.00	Balance in Profit and Loss A/c	187.02	-
	<u>900.00</u>	<u>900.00</u>		<u>1309.85</u>	<u>1114.73</u>
			Schedule 3		
			Unsecured Loans		
			Thermax Limited	-	-
			(Repayable on Demand)	-	-
				<u>-</u>	<u>-</u>
Schedule 4					
Fixed Assets					Rs. Lakh

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions during the year	Deduction during the year	As on 31.03.2011	Upto 31.03.2010	Deduction during the year	Provisions during the year	Total as on 31.03.2011	As at 31.03.2011	As at 31.03.2010
Lease Hold Land	12.22	-	-	12.22	2.19	-	0.18	2.37	9.85	10.03
Building	304.19	-	-	304.19	97.05	-	10.16	107.21	196.98	207.14
Plant & Machinery	79.03	71.12	-	150.15	51.47	-	4.74	56.21	93.94	27.57
Electrical Installation	37.38	-	-	37.38	37.38	-	-	37.38	-	-
Computers	63.86	33.49	23.22	74.13	41.81	22.06	13.78	33.52	40.61	22.06
Motor Vehicles	26.67	-	-	26.67	7.61	-	2.53	10.14	16.52	19.06
Site Infrastructure	19.47	123.17	4.22	138.43	19.47	4.22	123.17	138.43	-	-
Lab Equipments	0.44	-	-	0.44	0.06	-	0.02	0.08	0.36	0.38
Office Equipments	11.29	-	-	11.29	1.35	-	0.54	1.89	9.40	9.93
Air Conditioners	0.77	-	-	0.77	0.11	-	0.04	0.15	0.62	0.66
Total	555.32	227.78	27.44	755.66	258.49	26.28	155.16	387.38	368.28	296.83
Previous Year	536.77	18.55	-	555.32	228.16	-	30.34	258.49	296.83	308.61

	As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh		As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh
Schedule 5			Schedule 7		
Investments			Cash and Bank Balances		
Current Investments			Cash in hand	2.00	0.78
Birla Sunlife Fixed Term Plan Series - CW - Growth, Folio 1014868105	500.00	-	Bank balances with Scheduled Banks :		
Birla Sun Life Ultra Short Term Fund - Inst. Daily Dividend, Folio 1014868105	1177.99	1210.09	In Current accounts	653.45	270.51
Birla Sun Life Ultra Short Term Fund - Inst. Daily Dividend, Folio 1015084020	531.77	910.74	In Deposit accounts	1668.84	2241.32
1542 ICICI Prudential Floating Rate Plan D - Daily Dividend, Folio 1818683/07	1057.68	707.04	[Includes Rs. 0.27 Lakh (Previous year Rs. 0.25 Lakh)		
1542 ICICI Prudential Floating Rate Plan D - Daily Dividend, Folio 4465460/96	416.18	958.69	FDR deposited as security with Statutory Authorities and includes Rs. 1069.94 lakh being fixed deposit under lien (Previous year Rs.1053.48 lakh)]		
	<u>3683.62</u>	<u>3786.56</u>	With Other Banks in Foreign Currency:		
Aggregate value of Quoted Investments	3683.62	3786.56	In Current accounts		
Aggregate Market Value/(Repurchase Price)	3687.63	3786.56	Citi Bank, Philippines (USD)	514.76	370.59
			Maximum balance during the year Rs.719.06 Lakh (Previous year Rs.376.82 Lakh)		
Schedule 6			Citi Bank, Philippines (PHP)	201.82	37.97
Sundry Debtors			Maximum balance during the year Rs. 404.21 Lakh (Previous year Rs. 128.12 Lakh)		
Debts Outstanding for a period exceeding six months			HSBC, Philippines (PHP)	6.56	3.78
Considered good	720.61	237.65	Maximum balance during the year Rs. 23.70 Lakh (Previous year Rs. 4.00 lakh)		
Considered doubtful	67.22	-			
Less : provided for	67.22	-			
Other Debts	2183.90	3116.44			
	<u>2904.51</u>	<u>3354.09</u>		<u>3047.43</u>	<u>2924.95</u>

Schedule attached to and forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 Rs. Lakh	As at March 31, 2010 Rs. Lakh
Schedule 8		
Other Current Assets		
Sundry Deposits	10.84	5.17
Other amounts recoverable	226.46	88.15
	<u>237.30</u>	<u>93.32</u>
Schedule 9		
Loans & Advances		
Advance Income Tax	1673.69	1131.51
Advance Fringe Benefit Tax	40.52	40.52
Balance with Excise, Sales Tax and others	593.02	468.63
Advances to Vendors	1162.36	866.96
Advances to Staff	39.87	39.11
Government Securities - Philippines	17.90	0.99
	<u>3527.36</u>	<u>2547.72</u>
Schedule 10		
Current Liabilities		
Customer Advances	7566.51	10227.83
Sundry Creditors	3135.00	3287.02
Other Liabilities	229.86	252.64
Provision for Employee Benefits	197.57	97.69
	<u>11128.94</u>	<u>13865.18</u>
Schedule 11		
Provisions		
Provision for Current Tax	184.36	131.07
Provision for Wealth Tax	0.25	0.25
Provision for Fringe Benefit Tax	36.07	36.07
Provision for Gratuity	3.31	2.30
	<u>223.99</u>	<u>169.69</u>

Schedules attached to and forming part of the Profit & Loss Account for the year ended March 31, 2011

	Year Ended March 31, 2011 Rs. Lakh	Year Ended March 31, 2010 Rs. Lakh
Schedule 12		
Sales and Other Income		
Income from Operations :		
I. Sales		
(i) Domestic Sales	25571.33	9926.48
Add: Closing Contracts in Progress	(252.70)	2839.34
Less: Opening Contracts in Progress	2839.34	531.87
	<u>22479.29</u>	<u>12233.95</u>
(ii) Export Sales	712.97	399.21
Total Sales (I)	<u>23192.26</u>	<u>12633.16</u>
II. Other Income From Operations		
(i) Claims and Refunds	13.70	21.02
(ii) Sale of Scrap	63.21	70.94
(iii) Miscellaneous Income	43.15	14.10
Total Other Income from Operations (II)	<u>120.06</u>	<u>106.06</u>
III. Income From Investments		
(i) Dividend - others		
Current Investment	237.03	118.93
(ii) Interest	93.01	43.03
[Tax deducted at source Rs. 9.28 Lakh (Previous year Rs. 4.32 Lakh)]		
(iii) Profit/(Loss) on Sale of Investment		
Long-term Investment	-	-
Current Investment	0.03	7.55
(iv) Brokerage Income	11.11	17.25
Total Income from Investments (III)	<u>341.18</u>	<u>186.76</u>
(I+II+III)	<u>23653.50</u>	<u>12925.98</u>

Schedules attached to and forming part of the Profit & Loss Account for the year ended March 31, 2011

	Year Ended March 31, 2011 Rs. Lakh	Year Ended March 31, 2010 Rs. Lakh
Schedule 13		
Project Execution Expenses		
Material Cost, Erection, Fabrication etc.	20574.26	10699.06
Site Administration and Miscellaneous Expenses	444.25	321.35
Repairs and Maintenance	10.79	13.77
Drawing, Design & Technical Service Charges	9.60	6.16
Insurance	208.33	224.85
Professional Fees : Construction	67.48	73.50
	<u>21314.71</u>	<u>11338.69</u>
Schedule 14		
Personnel Cost		
Salary, Wages, Bonus, Incentives & Allowances	1218.76	802.43
Contribution to Provident and other Funds	99.66	78.20
Staff Welfare Expenses	29.46	18.66
Recruitment Expenses	10.56	4.14
	<u>1358.44</u>	<u>903.43</u>
Schedule 15		
General & Administration Expenses		
Travelling & Conveyance	99.78	114.91
Communication Expenses	18.59	21.41
Professional Fees	26.19	33.86
Printing & Stationery	11.64	7.70
Provision for Doubtful Debts	67.22	-
Loss on Assets sold/discarded (net)	1.16	-
Business Meeting & Conference Expenses	3.36	3.37
Bank Charges	50.62	95.67
Exchange Difference - Expenditure (net)	30.92	13.96
Miscellaneous Expenses	7.62	13.99
	<u>317.10</u>	<u>304.87</u>

Schedule forming part of Accounts

Schedule 16 NOTES TO ACCOUNTS

1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets

(i) Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.

(ii) Borrowing costs, if any, attributable to fixed assets, are capitalised.

d) Depreciation

Cost incurred on Leasehold land is amortised over the period of lease.

Depreciation on Buildings, Plant & Machinery, Office Equipments, Electrical Installation, Motor Vehicles is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on computers is provided at accelerated rates (@33.33% SLM). Site Infrastructure (@100%) as compared to the rates prescribed in Schedule XIV to the Companies Act, 1956 in view of higher wear & tear at the site locations.

e) Asset Impairment

Impairment loss if any is recognized to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is

THERMAX INSTRUMENTATION LIMITED

determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

f) Investments

Investments classified as long-term investments are carried at cost. Provision for diminution if any, is made to recognize a decline, other than temporary in nature, in the carrying amount of such long-term investments.

Investments classified as current investments are carried at lower of cost and fair value.

g) Employee Benefits

Short-Term Benefits

Leave Encashment

Liability on account of the company's obligation under the employee's leave policy is provided on actual basis in respect of leave earned but not availed based on the number of days of carry forward entitlement at each balance sheet date.

Medical and Leave Travel Assistance benefits

Liability on account of the company's obligation under the employee's medical reimbursement scheme and leave travel assistance is provided on actual basis.

Bonus & Employee's Short Term Incentive Plan

Liability on account of the company's obligation under the statutory regulations, agreement with trade union and employee short-term incentive plan as applicable is provided on actual basis as per the relevant terms as determined.

Long-Term Benefits

Provident Fund

Liability on account of the company's obligation under the employee's provident fund, a defined contribution plan is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary.

Superannuation Fund

Liability on account of the company's obligation under the employee's superannuation fund, a defined contribution plan is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary.

Gratuity

- Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation.
- Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-cum-life assurance policy is recognised as asset.
- Current service cost, interest cost and actuarial gains and losses are charged to profit and loss statement.
- Past service cost/expense of any curtailment or settlement is charged/credited to the profit and loss statement, as applicable.

h) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognised in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events, if any, are disclosed by way of a note to the Balance Sheet.

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

i) Revenue Recognition

Revenue in respect of contracts of civil work, erection and commissioning of boilers, steam turbines and co-generation plants etc., execution of which is spread over different accounting periods, is recognized on the basis of percentage of completion method.

Stage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contracts costs.

Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

Revenue in respect of services is recognized on 'as billed' basis.

Dividend from investments is recognized when the company's right to receive is established.

Interest income is recognized on time proportion basis.

j) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.

Exchange difference arising on settlement of transactions in foreign currencies is dealt with in the Profit & Loss Account.

Assets (other than fixed assets) and liabilities denominated in foreign currency are translated at the closing exchange rates.

Financial statements of a non-integral foreign operations are incorporated in financial statements of the company using following procedures:

- the assets and liabilities, both monetary and non-monetary are translated at the closing rate;
- income and expense items are translated at average exchange rate for the year; and
- all resulting exchange differences are accumulated in a foreign currency translation reserve.

k) Taxes on Income

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is consider as an asset if there is convincing evidence that the Company will pay normal tax on profits in future years.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2. Defined Benefit Plans for Employees (AS 15) as per Actuarial valuation as on March 31, 2011 and recognized in financial statements in respect of Gratuity schemes :

Rs. Lakh

	Particulars	2010-11	2009-10
i	Components of Employer expense		
	a Current Service Cost	12.70	8.53
	b Interest Cost	1.93	0.77
	c Expected Return on Plan Assets	(2.25)	(0.79)
	d Actuarial (Gain)/Loss	(0.47)	6.20
	e Total expense recognised in the Profit and Loss Account	11.90	14.71
ii	Net Assets/(Liability) recognised in Balance Sheet as at 31 st March		
	a Present Value of Obligation	37.83	24.14
	b Fair Value of Plan Assets	(34.51)	(21.84)
	c (Asset)/Liability recognised in the Balance Sheet	3.31	2.30
iii	Change in Gratuity Obligation during the year		
	a Present Value of Obligation as at 31 st March	24.14	10.35
	b Current Service Cost	12.70	8.53
	c Interest Cost	1.93	0.77
	d Actuarial (Gain)/Loss	(0.95)	5.92
	e Benefit Paid	-	(1.43)
	f Present Value of Obligation as at 31 st March	37.83	24.14
iv	Changes in the Fair Value of Plan Assets		
	a Present Value of Plan Assets as 31 st March	21.84	2.78
	b Expected Return on Plan Assets	2.25	0.79
	c Actual Company Contribution	10.89	18.55
	d Benefits Paid	-	-
	e Actuarial Gain/(Loss)	(0.47)	(0.28)
	f Present Value of Plan Assets as 31 st March	34.51	21.84
v	Actuarial Assumptions		
	a Discount Rate	8% p.a.	8% p.a.
	b Expected Rate of Return	8% p.a.	8% p.a.

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3. Contingent liabilities not provided for

- Corporate Guarantees given to customers Rs.1045.42 Lakh (*Previous Year Rs.343.49 Lakh*)
- Bank Guarantees for advance payments and performance Rs.7523.08 Lakh (*Previous Year Rs.10480.44 Lakh*)
- Corporate undertaking to subcontractors for compensation for possible Cenvat/Service Tax liabilities – amount not determinable.
- Disputed demands in respect of Tamilnadu VAT Rs. 1.25 Lakh (*Previous Year Rs. Nil*)

4. Micro Small & Medium Enterprises

Micro & Small scale enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 have been identified to the extent of information available with the company. This has been relied upon by the auditors. Details about MSMED Vendors:

Rs. Lakh

Sr. No.	Particulars	2010-11		
		Principal	Interest	Total
a	Total outstanding dues to micro small and medium enterprises	44.91	1.15	46.06
b	Principal amount and interest due thereon remaining unpaid as at end of the year	8.80	0.36	9.16
c	Amount of interest paid in terms of section 16 of MSMED Act alongwith the amount of the payment made to supplier beyond appointed day	36.10	0.79	36.90
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	-	-	-
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	-	-	-

5. Miscellaneous Expenses include

Rs. Lakh

Particulars	2010-11	2009-10
i. Audit Fees	1.25	1.00
ii. Tax Audit Fees	0.35	0.35
iii. VAT Audit Fees	0.30	0.25

All figures are exclusive of service tax.

6. Installed capacity, Production, Stocks and Turnover

- Installed capacity : Not Applicable
- Production: The Company is engaged in the civil works and erection & commissioning of co-generation and power plants. This entails no manufacturing and hence no figures for production are applicable.
- Stocks: Since materials lying at Site are the property of the client, having already been invoiced to them, the stock is always treated as NIL.
- Turnover: The amount of invoiced sales, adjusted to the extent of the value of contract in progress, positive or negative, determines the turnover.

7. Consumption of Raw Materials, Components etc.

Rs. Lakh

Particulars	Unit (MT/No,etc)	2010-11		2009-10	
		Qty	Value	Qty	Value
Ferrous Sheets, Plates, Ferrous Tubes and Fabricated Items	Numerous	-	4373.95	-	3467.03
Cement, Hardware and other items	Numerous	-	1258.62	-	538.25
Electrical and Instrumentation Items	Numerous	-	3.26	-	17.84
Total Consumption			5635.83		4023.12

8. Imported and indigenous raw material, components and spare parts consumed

Rs. Lakh

Particulars	%	2010-11	%	2009-10
i) Imported	0%	-	0%	-
ii) Indigenous	100%	5635.83	100%	4023.12
Total Consumption	100%	5635.83	100%	4023.12

9. Expenditure in foreign currency (on accrual basis)

Rs. Lakh

Particulars	2010-11	2009-10
Foreign Travel Expenses	17.84	35.72
Expenses in foreign offices		
Revenue	196.71	229.68
Capital	-	-
Total	214.55	265.40

10. In respect of Contracts in Progress

Rs. Lakh

Particulars	2010-11	2009-10
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	21871.27	12233.95
b) In respect of contracts in progress as on 31 st March :		
1. Aggregate amount of costs incurred and recognised profits (less recognised losses)	63219.94	41348.67
2. Amount of Customer Advances received (Unadjusted as on 31st March)	7434.32	10062.48
3. Amount of Retentions	597.30	206.29
c) Gross amount due from customers for contract work	1615.66	3538.51
d) Gross amount due to customers for contract work	1868.36	699.17

11. Taxes on Income

- Current Tax for the year includes Rs. 158.48 lakh (*last year Rs. 56.18 lakh*) tax paid/payable in the 'Philippines' in accordance with local tax laws, on income from operations of the branch in that country & Rs. Nil (*last year Rs.13.89 lakh*)(net of credit for tax paid in Philippines) tax paid/payable in India under Minimum Alternative Tax (MAT).

- Deferred Tax Asset as on 31st March, 2011 comprises of

Rs. Lakh

Particulars	Liabilities		Assets	
	2010-11	2009-10	2010-11	2009-10
Depreciation	-	38.86	7.33	-
Gratuity	-	-	1.07	0.78
Brought forward losses, Depreciation	-	-	-	87.71
Provision for doubtful debt	-	-	21.81	-
Other	-	-	16.77	6.78
Sub Total	-	38.86	46.98	95.27
Net deferred tax asset			46.98	56.41

- The company has not recognized deferred tax asset for Rs. 146.20 Lakh in respect of MAT credit for FY 2010, FY 2008 and FY 2007 on the basis of prudence.

THERMAX INSTRUMENTATION LIMITED

12. Investments purchase and sold during the year

Rs. Lakh

Sr. No	Name of Investment	No. of units	Face Value	Cost of acquisition
1	Birla Sun Life Ultra Short Term Fund - Inst. Daily Dividend, Folio 1014868105	5,396,147	539.61	539.91
2	Birla Sun Life Ultra Short Term Fund - Inst. Daily Dividend, Folio 1015084020	27,627,434	2762.74	2764.26
3	ICICI Prudential Floating Rate Plan D, Daily Dividend, Folio 1818683/07	842,758	842.76	842.95
4	ICICI Prudential Floating Rate Plan D, Daily Dividend, Folio 4465460/96	2,435,752	2435.75	2436.29

13. In cases where letters of confirmation have been received from parties, book balances have been generally reconciled and adjusted. In other cases, balances in accounts of sundry debtors, sundry creditors and advances or deposits have been taken as per books of account.

14. Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided for Rs. 1.41 Lakh (*last year Rs. Nil*)

15. Segment Reporting

Primary Segment

Based on the guiding principle given in the Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment, viz Energy.

Secondary Segment

Secondary segments have been identified with reference to geographical location of external customers. Composition of secondary segments is as follows:

- India
- Outside India - represents branch office started by the company in Philippines

Rs. Lakh

Particulars	2010-11	2009-10
Revenue:		
India	22557.54	12348.99
Outside India	715.07	399.21
Total Revenue	23272.61	12748.20
Carrying amount of Segment Assets:		
India	9101.97	11165.91
Outside India	884.36	417.48
Addition to Fixed Assets:		
India	227.78	18.55
Outside India	-	-

16. Related Party Disclosures

Related party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below:

a) List of related parties and description of relationships:

Parties where control exists:

RDA Holding & Trading Pvt. Ltd. - Ultimate Holding Company
Thermax Limited - Holding Company

Fellow Subsidiary

Thermax Engineering & Construction Company Limited (India)
Thermax Sustainable Energy Solutions Limited (India) (erstwhile Thermax Surface Coating Limited)
Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K.)
Thermax Inc. (U.S.A.)
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited (China)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax Onsite Energy Solutions Limited (India)

Thermax Netherlands B.V. (Netherlands)
Thermax Denmark ApS (Denmark)
Danstoker A/S (Denmark)
Omnicall Kessel- und Apparatebau GmbH (Germany)
Ejendomsanpartsselskabet Industrivej Nord 13 (Netherlands)
Danstoker (UK) Ltd. (UK)
Fellow Joint Venture Subsidiary
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (India)
Thermax SPX Energy Technologies Limited (India)

b) Key Management Personnel

Mr. M. L. Bindra – Manager

c) Transactions with the Related Parties

Rs. Lakh

Particulars	Holding Company
Sales	
- Thermax Limited	1824.89 (1974.00)
Rendering of services	
- Thermax Limited	94.00 -
Receiving of services	
- Thermax Limited	- (19.12)
Reimbursement of Expenses claimed (Net)	
- Thermax Limited	62.59 (46.52)
Advances received during the year (Net)	
- Thermax Limited	122.47 (161.36)
Advances given during the year	
- Thermax Limited	4.65 (21.04)
Creditors balances outstanding	
- Thermax Limited	20.91 (18.91)
Debtors balances outstanding	
- Thermax Limited	329.71 (393.06)
Guarantees and Collaterals	
- Thermax Limited	6289.59 (10309.46)

Previous year's figures are in brackets.

17. Earnings Per Share (EPS)

Earnings per share calculated in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India

Particulars	2010-11	2009-10
Net profit available for shareholders (Rs. Lakh)	337.40	202.03
Weighted average number of Equity Shares of Rs.10 each	90,00,000	90,00,000
Basic earning per share (Rs.)	3.75	2.24

18. Information pursuant to Part IV, Schedule VI to Companies Act, 1956 of India is given in the Annexure.

19. Previous year's figures have been regrouped / rearranged wherever necessary to conform to this year's classification.

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20. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	:	99050
State Code	:	11
Balance Sheet Date	:	31st March 2011

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

Public issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	1543114
Total Assets	:	1543114
Sources of Funds		
Paid up Capital	:	90000
Reserves & Surplus	:	130985
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	36828
Investments	:	368362
Deferred Tax Asset	:	4698
Miscellaneous Expenditure	:	Nil
Net Current Assets	:	(188903)
Accumulated Losses	:	Nil

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

Turnover	:	2365350
Total Expenditure	:	2314818
Profit / (Loss) before tax	:	50532
Profit / (Loss) after tax	:	33740
Earnings Per Share	:	3.75
Dividend	:	Nil

V. Generic Name of three Principal Products/ Services of the Company:

(As per monetary terms)	:	N.A.
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Cash Flow Statement for the year ended March 31, 2011

Pursuant to the Accounting Standard 3 issued by The Institute of Chartered Accountants of India.

	2010-11	2009-10
A Cash flow from Operating Activities		
Net Profit before tax	505.32	344.82
Add : Adjustments for		
Depreciation	155.16	30.34
Interest/Dividend/Brokerage Income	(248.14)	(136.18)
(Profit)/Loss on sale of investment	(0.03)	(7.55)
(Profit)/Loss on sale of assets	1.16	-
Provision for Doubtful Debts	67.22	-
Operating profit before working capital changes	480.69	231.43
Add : Adjustments for		
Trade & other receivables	382.36	(2,372.11)
Contract in Progress	3092.04	(2,307.47)
Other Current Assets	(143.15)	23.69
Loans & Advances	(437.46)	(875.64)
Current Liabilities	(2836.12)	9,268.65
Provisions for employee benefits	99.89	43.17
Provisions	1.01	(5.27)
Cash generated from operations	639.26	4,006.45
Direct taxes paid	(647.38)	(378.87)
Net cash flow from operating activities (A)	(8.12)	3,627.58
B Cash flow from Investing Activities		
Purchase of Fixed assets	(227.78)	(18.55)
Investment in Mutual Funds	(9767.03)	(12,813.93)
Sale of Investments	9870.00	10,734.90
Exchange rate fluctuation	8.10	(8.23)
Interest/Dividend/Brokerage Income received	247.32	136.18
Net cash flow from Investing activities (B)	130.61	(1,969.63)
C Cash flow from Financing Activities		
Proceeds / (Repayments) borrowings	-	-
Net cash flow from financing activities (C)	-	-
Net change in cash and cash equivalents (A+B+C)	122.49	1,657.95
Opening Cash and Bank balances	2924.95	1,267.00
Closing Cash and Bank balances	3047.43	2,924.95

As per our report of even date

For and on behalf of the Board

For B. K. Khare & Co.
Chartered Accountants

R. V. Ramani
Director

Gopal Mahadevan
Director

H. P. Mahajani
Partner
Membership No. 30168

M. L. Bindra
Manager

Sudhir Lale
Company Secretary

Pune, April 22, 2011

Pune, April 22, 2011

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Board of Directors

Gopal Mahadevan
Ishrat Mirza
Hemant Mohgaonkar
(Appointed on July 7, 2011)
M. S. Unnikrishnan

Registered Office

Thermax House
14, Mumbai-Pune Road,
Wakdevadi,
Pune 411 003

Auditors

B. K. Khare & Co.
Chartered Accountants
11, Venu Madhav Apartments,
S.No. 104/7, Off Lane No.14,
Prabhat Road, Pune 411 004

Bankers

Corporation Bank

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their Second Annual Report and the audited accounts of the company for the year ended March 31, 2011.

FINANCIAL RESULTS

Particulars	(Rupees in lakh)	
	2010-11	2009-10
Total income	614.28	-
Profit before depreciation	112.49	-
Depreciation	22.07	-
Profit before tax	90.42	(8.48)
Provision for taxation (incl. deferred tax)	30.27	-
Profit after tax	60.15	(8.48)

PERFORMANCE

Your company's main objective is to supply utilities i.e. steam and heat to customers on a unit basis while owing the basic equipment.

As this is a new business which involves fuel management, operations and maintenance as well as ownership of equipment the company is expanding its business judiciously.

During the financial year under review, from July 2010 your company has taken over two existing projects of the parent company under its operations. It has produced and supplied 30,128 tons of steam from these two projects.

The company, in January 2011, has successfully commissioned heat generation facility for a leading paint manufacturing company. By using green fuel (instead of fuel oil) to generate steam as well as heat for all three projects, your company has achieved a reduction of 6,803 tons of carbon dioxide.

During the period under review, your company earned a total income of Rs. 614 lakh and profit after tax of Rs. 60 lakh.

The company is focused on setting up more projects for expanding the business.

SHARE CAPITAL

The company was incorporated with an authorised share capital of Rs. 5 lakh. The Company has issued and allotted 36,00,000 equity shares of Rs. 10 each at cash at par to the parent company, Thermax Limited. The present paid-up and issued share capital of the company is Rs. 365 lakh.

DIVIDEND

With a view to conserve resources, the Directors do not recommend any dividend for the year.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees

The company has no employees who are covered under Section 217(2A) of the Companies Act, 1956.

2. Conservation of Energy and Technology Absorption

There is nothing to report relating to Conservation of Energy and Technical Know-how.

3. Foreign Exchange earnings and outgo

There were no foreign exchange earnings and outgo during the period under review.

DIRECTORS

Mr. Hemant Mohgaonkar was appointed as an Additional Director with effect from July 7, 2010. As per the provisions of the Companies Act, 1956, ('the Act'), Mr. Hemant Mohgaonkar, Additional Director holds office up to the ensuing Annual General Meeting and is eligible to be re-appointed. The requisite notice, together with the necessary deposit has been received from a member, pursuant to Section 257 of the Act, proposing Mr. Hemant Mohgaonkar as a director of the company. The necessary resolution appointing Mr. Hemant Mohgaonkar as a director of the company has been set out in the Notice of the ensuing Annual General Meeting for the approval of shareholders.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. Gopal Mahadevan retires by rotation and being eligible offers, himself for re-appointment as director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care 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;
- the directors had prepared the annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE

Compliance Certificate, issued by Mr. Sridhar G. Mudaliar, Company Secretary in Practice, pursuant to The Companies (Compliance Certificate) Rules, 2001, is annexed hereto.

AUDITORS

M/s B. K. Khare & Co, Chartered Accountants, will retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your directors wish to place on record their appreciation for the support extended by the company's clients, vendors and bankers during the year. Your directors look forward for their continued support in the future as well.

For and on behalf of the Board of Directors

Pune, April 25, 2011

Gopal Mahadevan Hemant Mohgaonkar
Director Director

Compliance Certificate

CCIN - U40109PN2009PLC134659

Nominal Capital: Rs. 10,00,00,000/-

Paid Up Capital: Rs. 1,55,00,000/-

To,
The Members,
Thermax Onsite Energy Solutions Limited
Pune.

I have examined the registers, records, books and papers of **Thermax Onsite Energy Solutions Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company no comments are required.
4. The Board of Directors duly met four times 26.04.2010, 07.07.2010, 16.10.2010 and 24.01.2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 5th July, 2010 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company
 - i) has delivered all certificates on allotment of securities, there was no transfer / transmission of any securities during the financial year.
 - ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) has not posted warrants to any member of the Company as no dividend declared during the financial year.
 - iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as no amount has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund and there is no amount lying with the Company.
 - v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Alternate Directors and Directors to fill casual vacancies during the financial year. However, Additional Director was appointed on dated 07.07.2010, after complying with the provisions of the Act.
15. The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has issued 15,00,000 equity shares during the financial year. However the company has not issued any debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31.03.2011.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As informed to me there was no prosecution initiated against the Company, or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any provident fund for its employees and therefore was not required to deposit any money as required in Section 418 of the Act.

Place : Pune
Date : 18th April, 2011

Sridhar G. Mudaliar
C.P. No. 2664

Annexure A

Registers as maintained by the Company

1. Register of Members under Section 150.
2. Register of Transfers.
3. Books of Accounts under Section 209.
4. Register of Contracts in which Director's are interested under Section 301.
5. Register of Directors, Managing Director, Manager and Secretary under Section 303.
6. Register of Directors Shareholdings under Section 307.
7. Register of Directors attendance.

Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

Sr. No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 20B	Section 159	05.07.2010	18.08.2010	Yes	NA
2.	Form 23AC & 23ACA	Section 220	31.03.2010	04.08.2010	Yes	NA
3.	Form 32	Section 303(2)	07.07.2010	26.07.2010	Yes	NA
4.	Form 2	Section 75	16.10.2010	11.11.2010	Yes	NA
5.	Form 32	Section 303(2)	05.07.2010	04.08.2010	Yes	NA

Place : Pune
Date : 18th April, 2011

Sridhar G. Mudaliar
C.P. No. 2664

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Auditors' Report

To the members of Thermax Onsite Energy Solutions Limited

1. We have audited the attached Balance Sheet of Thermax Onsite Energy Solutions Limited as at 31st March 2011, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
 - (e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
(Membership no. 30168)

Place : Pune
Date : 25th April, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

To the members of Thermax Onsite Energy Solutions Limited

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets including fixed assets installed at customers' sites.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of fuel has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
3. The Company has neither taken nor granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. On the basis of our examination of the books of account, we are of the opinion that there are no contracts or arrangements with parties referred to in section 301 of the Act. Therefore the register required to be maintained under that section contain 'Nil' entries.
6. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. Based on the examination of books of accounts and information and explanations provided to us, the maintenance of cost records has not been prescribed under Section 209 (1) (d) of the Companies Act, 1956 in respect of products manufactured by the company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
- (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and Cess matters that have not been deposited.
10. The Company has no accumulated losses as at 31st March 2011. It has incurred cash loss during immediately preceding financial year.
11. Based on the information and explanations given to us, the Company had no dues to a financial institution or bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. Based on the information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. No debentures have been issued during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
(Membership no. 30168)

Place : Pune
Date : 25th April, 2011

ANNUAL REPORT 2010-2011

Balance Sheet as at 31st March, 2011

	Schedule	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
Sources of Funds			
Shareholders' Funds :			
Share Capital	1	3 65 00 000	5 00 000
Reserves & Surplus	2	51 66 535	–
Deferred Tax Liability (Net)		27 22 044	–
Total Funds Employed		4 43 88 579	5 00 000
Application of Funds			
Fixed Assets			
Gross Block	3	3 22 11 205	–
Less : Accumulated Depreciation		22 06 534	–
Net Block		3 00 04 671	–
Capital - Work in Progress		49 57 550	–
Investments		–	–
Current Assets, Loans & Advances :			
Inventories	4	8 47 519	–
Sundry Debtors	5	53 11 746	–
Cash & Bank Balances	6	1 59 97 229	16 84 968
Loans & Advances	7	47 82 676	–
Total Current Assets		2 69 39 171	16 84 968
Less: Current Liabilities & Provisions			
Current Liabilities	8	1 48 72 813	20 33 340
Provisions	9	26 40 000	–
Total Current Liabilities		1 75 12 813	20 33 340
Net Current Assets		94 26 358	(3 48 372)
Profit & Loss Account	10		8 48 372
Total Funds Applied		4 43 88 579	5 00 000
Notes to Accounts	16		

Profit & Loss Account for the year ended 31st March, 2011

	Schedule	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
Income			
Sales and Other Income	11	6 14 27 774	–
		6 14 27 774	–
Expenditure			
Fuel Consumed	12	3 34 22 993	–
Personnel	13	67 50 657	–
Other Expenses	14	1 00 06 014	5 295
Preliminary Expenses	15	–	8 43 077
Depreciation		22 06 534	–
		5 23 86 198	8 48 372
Profit/(Loss) before Tax		90 41 576	(8 48 372)
Less : Current Tax (MAT)	26 40 000		–
Net of MAT Credit Entitlement	23 35 375	3 04 625	–
Add / Less : Deferred Tax		27 22 044	–
Profit/(Loss) after Tax		60 14 907	(8 48 372)
Add/Less : Balance brought forward from last year		(8 48 372)	–
Balance available for appropriation		51 66 535	(8 48 372)
Appropriations			
Carried to Balance Sheet		51 66 535	(8 48 372)
		51 66 535	(8 48 372)
Basic / Diluted Earning Per Share (Per Equity Share of Rs.10/- each)		5.34	(16.97)
Notes to Accounts	16		

As per our Report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
(Membership No. 30168)

Pune, April 25, 2011

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

For and on behalf of the Board

Gopal Mahadevan
Director

I. H. Mirza
Director

Pune, April 25, 2011

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Schedule attached to and forming part of the Balance Sheet as at 31st March, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees		As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 1 SHARE CAPITAL			SCHEDULE 4 INVENTORIES		
Authorised			Fuel Stock at Site		
1 00 00 000 Equity Shares of Rs.10/- each	<u>10 00 00 000</u>	<u>10 00 00 000</u>		<u>8 47 519</u>	<u>—</u>
	<u>10 00 00 000</u>	<u>10 00 00 000</u>		<u>8 47 519</u>	<u>—</u>
Issued, Subscribed & Paid up			SCHEDULE 5 SUNDRY DEBTORS		
15 50 000 Equity Shares of Rs.10/- each fully paid up (Previous year 50,000 shares) (Entirely held by Thermax Limited holding Company including Six Shares held jointly with nominees)	<u>1 55 00 000</u>	<u>5 00 000</u>	Unsecured		
Share Application Money	<u>2 10 00 000</u>	<u>—</u>	Debts Outstanding for a period exceeding six months		
	<u>3 65 00 000</u>	<u>5 00 000</u>	Considered good		
			Considered doubtful		
			Less : provided for		
			Other Debts		
			<u>39 32 728</u>	<u>—</u>	<u>—</u>
			<u>39 32 728</u>	<u>—</u>	<u>—</u>
			<u>53 11 746</u>	<u>—</u>	<u>—</u>
			<u>53 11 746</u>	<u>—</u>	<u>—</u>
			SCHEDULE 6 CASH & BANK BALANCES		
			Cash in hand :-		
			Balances with Scheduled banks :-		
			In Current Accounts		
			In Deposit Accounts		
			Margin Money with Bank for Guarantee		
			<u>Nil</u>	<u>Nil</u>	<u>—</u>
			<u>89 43 889</u>	<u>16 34 968</u>	<u>—</u>
			<u>70 00 000</u>	<u>—</u>	<u>—</u>
			<u>53 340</u>	<u>50 000</u>	<u>—</u>
			<u>1 59 97 229</u>	<u>16 84 968</u>	<u>—</u>
SCHEDULE 2 RESERVES & SURPLUS					
Balance in Profit and Loss A/c	<u>51 66 535</u>	<u>—</u>			
	<u>51 66 535</u>	<u>—</u>			

SCHEDULE 3 : FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost as on 1st April, 2010	Additions during the year	Deductions during the year	Total Cost as on 31st Mar 2011	As on 1st April 2010	Deductions during the year	Provision for the year	As on 31st Mar 2011	As at 31st Mar 2011	As at 31st Mar 2010
PLANT & MACHINERY *		3 15 74 037		3 15 74 037			20 65 632	20 65 632	2 95 08 405	
COMPUTERS		6 28 368		6 28 368			1 40 571	1 40 571	4 87 797	
OFFICE EQUIPMENTS		8 800		8 800			331	331	8 469	
TOTAL	-	3 22 11 205	-	3 22 11 205	-	-	22 06 534	22 06 534	3 00 04 671	-
PREVIOUS YEAR - MAR2010	-	-	-	-	-	-	-	-	-	-
CAPITAL - WIP									49 57 550	

* Note - Machinery installed at customer's site.

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees		As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 7 LOANS & ADVANCES			SCHEDULE 9 PROVISIONS		
Unsecured, considered good			Provision for Tax (MAT)		
Advances recoverable in cash or in kind or for value to be received	<u>1 31 405</u>	<u>—</u>		<u>26 40 000</u>	<u>—</u>
Excise/ Service Tax Recoverable	<u>7 92 036</u>	<u>—</u>		<u>26 40 000</u>	<u>—</u>
Prepaid Expenses	<u>96 278</u>	<u>—</u>	SCHEDULE 10 PROFIT & LOSS ACCOUNT		
Advance Payment of Income Tax	<u>14 25 995</u>	<u>—</u>	Deficit in Profit & Loss Account		
MAT Credit Entitlement	<u>23 35 375</u>	<u>—</u>		<u>—</u>	<u>8 48 372</u>
Advances to Staff	<u>1 588</u>	<u>—</u>		<u>—</u>	<u>8 48 372</u>
	<u>47 82 676</u>	<u>—</u>		<u>—</u>	<u>8 48 372</u>
SCHEDULE 8 CURRENT LIABILITIES					
Sundry Creditors - Micro, Small & Medium	<u>Nil</u>	<u>Nil</u>			
Sundry Creditors - Others	<u>49 99 739</u>	<u>8 15 840</u>			
Customer Advances	<u>71 77 623</u>	<u>12 00 000</u>			
Other Liabilities	<u>26 95 451</u>	<u>17 500</u>			
	<u>1 48 72 813</u>	<u>20 33 340</u>			

Schedule attached to and forming part of the Profit and Loss Account for the period ending 31st March, 2011

Notes forming part of the Accounts

	For the period ended 31.03.2011 Rupees	For the period ended 31.03.2010 Rupees
SCHEDULE 11		
SALES AND OTHER INCOME		
I Sales		
Sales - Goods	6 11 09 343	-
Sales - Services	1 50 000	-
II Other Income		
Interest Received :		
Banks [Tax deducted at source Rs.33686/- (Previous year Rs. Nil)]	1 68 431	-
	<u>6 14 27 774</u>	<u>-</u>
SCHEDULE 12		
FUEL CONSUMED		
Opening Stocks	-	-
Add: Purchases	3 42 70 512	-
	<u>3 42 70 512</u>	<u>-</u>
Less: Closing Stocks	8 47 519	-
	<u>3 34 22 993</u>	<u>-</u>
SCHEDULE 13		
PERSONNEL COST		
Deputation Charges	67 50 657	-
	<u>67 50 657</u>	<u>-</u>
SCHEDULE 14		
OTHER EXPENSES		
Site Expenses	42 98 134	-
Provision for Doubtful Debts	39 32 728	-
Insurance	79 329	-
Repairs and Maintenance	43 147	-
Communication	1 11 576	-
Travelling and Conveyance	9 10 012	-
Legal & Professional Fees	2 09 796	-
Printing & Stationery	35 481	-
Exchange Fluctuation (Net)	3 08 386	-
Other Miscellaneous Expenses	77 425	5 295
	<u>1 00 06 014</u>	<u>5 295</u>
SCHEDULE 15		
PRELIMINARY EXPENSES		
Legal & Professional Fees	-	8 38 000
Printing & Stationery	-	5 077
	<u>-</u>	<u>8 43 077</u>

SCHEDULE: 16

NOTES TO ACCOUNTS

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with the Accounting Standards referred to in section 211 (3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets & Depreciation

- i. Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- ii. Depreciation on all fixed assets has been provided by the straight line method at rates and in the manner prescribed by Schedule XIV to the Companies Act 1956. In case of computers, which are depreciated at a higher rate of 33.33% as compared to 16.21% provided in Schedule XIV.

d) Asset Impairment

Provision for impairment loss, if any, is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

e) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognized in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events are disclosed by way of a note to the Balance Sheet.

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

f) Revenue recognition

All income and expenses are accounted on the accrual basis and provision is made for all known losses and liabilities.

Revenue from sale of goods (steam / heat) is recognised on delivery of thereof to customer.

Interest is accounted on time proportion basis.

g) Cost of Fuel

Cost of fuel material is arrived at on the basis of weighted average cost.

h) Foreign Currency Transactions

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- ii. Exchange difference on settlement of transactions in foreign currencies is recognised in the profit & loss account.
- iii. Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognised in the profit & loss account.

i) Taxes on Income

Current tax is provided on the basis of estimated tax liability (including MAT, where applicable), computed as per applicable provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, in respect of deferred tax assets, on timing differences, being the differences

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) Preliminary Expenses

Expenses relating to formation of the company are charged to Profit and Loss account as and when incurred.

2. Share Capital

During the financial year, the company has issued 15,00,000 Equity shares of Rs. 10/- each on Right basis.

3. Contingent liabilities not provided for Counter Guarantee given to the bank for Guarantee issued by them on company's behalf Rs. 50000/-

4. Micro & Small Enterprises

The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

5. Legal and Professional Fees include:

	Year ended 31 st March 2011 Rs.	Year ended 31 st March 2010 Rs.
i) Audit Fees	27,575	15,000
ii) Tax Audit Fees	11,030	-

6. Additional Information under Part II of Schedule VI to the Companies Act, 1956

a) Production and Stock

Particulars	Units	Installed Capacity as on 31.03.2011	Production Quantity
a) Steam	MT	113880	30128
b) Heat	Mn.Kg Cal	13140	1489

b) Consumption of Raw materials, components etc.

Water being the only raw material, supply of which is in the scope of customer, quantitative details of consumption of raw material are not applicable.

c) Earnings in Foreign Currency (on accrual basis)

Particulars	Value (Rs.)
Sale to SEZ unit	4 28 80 080

7. Deferred Tax

The break up of deferred tax assets and liabilities are as below.

Particulars	Liabilities		Assets	
	2010-11	2009-10	2010-11	2009-10
Depreciation	(4,239,754)	-	-	-
Provision for Doubtful Debts	-	-	1,306,354	-
Preliminary Expenses	-	-	211,356	-
Subtotal	(4,239,754)	-	1,517,710	-
Net deferred tax Liability	(2,722,044)	-	-	-

8. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 10,96,170/-

9. Segment Reporting:

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company is operating in a single business segment viz. Energy.

Secondary Segment

The Company caters mainly to the needs of Indian markets, hence there are no reportable geographical segments.

10. Related party Disclosures

Related party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below :

a) Name of related parties & description of relationship

Sr. No.	Relationship	Name of Related Parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holding & Trading Pvt. Ltd.
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Sustainable Energy Solutions Ltd., Thermax Engineering & Construction Company Ltd., Thermax Instrumentation Ltd., Thermax Europe Ltd., Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Ltd. Thermax Babcock & Wilcox Energy Solutions Pvt Ltd. Thermax Denmark ApS Thermax Netherlands B.V. Danstoker A/S Omnical Kessel- und Apparatebau GmbH Ejendomsanpartsselskabet Industrivej Nord 13 Danstoker (UK) Ltd.

b) Transactions with the Related parties

Sr No	b) Transaction with related parties	2010-11 Rupees	2009-10 Rupees
1	Reimbursement of expenses incurred by Holding Company Fellow Subsidiary Company	4973675 770767	815840
2	Purchases from Holding Company Spares and consumables Capital Equipments	513437 35080176	0.00 -
3	Outstanding Balances as at 31 st March 2011 Holding Company Payable Fellow Subsidiary Company	367410 770767	815840 -
4.	Equity infusion by Holding Company Share Application money from Holding Company	15000000 21000000	500000 -

11. Earnings per Share (EPS)

The earning per share for the period computed as per the requirement under Accounting standard - 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India, as under:

Particulars	As at 31 st March 2011	As at 31 st March 2010
Net profit as per Profit & Loss Account (in Rupees)	6,014,907	(848,372)
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	1,126,712	50,000
Basic and Diluted EPS (in Rupees)	5.34	(16.97)

12. This is the first year of commercial operations of the company and hence previous year's figures are not comparable with those of the Current year.

ANNUAL REPORT 2010-2011

13. Balance Sheet Abstract and Company's General Business Profile

I) Registration Details :

Registration No	:	134659
State Code	:	11
Balance Sheet Date	:	31/03/2011

II) Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	:	Nil
Rights Issue	:	36000
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	61901
Total Assets	:	61901
Sources of Funds		
Paid-up Capital	:	36500
Reserve & Surplus	:	5167
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	34962
Investments	:	Nil
Net Current Assets	:	9426
Misc. Expenditure	:	Nil
Accumulated Losses	:	Nil

IV) Performance of Company (Amount in Rs. Thousand)

Turnover	:	61428
Total Expenditure	:	52386
Profit before Tax	:	9042
Profit after Tax	:	6015
Earning per share in Rs	:	5.34
Dividend Rate %	:	NIL

V) Generic Names of Three

Principal Products / Services of Company	:	
(As per Monetary Terms)		
Item Code No. (ITC Code)	:	285300.99
Product Description	:	Steam

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11 Rupees	2009-10 Rupees
A Cash flow from Operating Activities		
Profit / (Loss) before Tax	90 41 576	(8 48 372)
<i>Add Adjustments for</i>		
Depreciation	22 06 534	–
Operating profit before working capital changes	1 12 48 110	(8 48 372)
<i>Adjustments for</i>		
Trade and other receivables	(77 59 048)	–
Inventories	(8 47 519)	–
Margin Money with Bank for Bank Guarantee issued	(3 340)	(50 000)
Trade payables	1 28 39 473	20 33 340
Cash generated from operations (Before Extra Ordinary Items)	1 54 77 676	11 34 968
Cash generated from operations (After Extra Ordinary Items)	1 54 77 676	11 34 968
Direct taxes paid	–	–
Net cash from operating activities (After Extra Ordinary items)	1 54 77 676	11 34 968
B Cash flow from Investing activities		
Purchase of Fixed Assets	(3 71 68 755)	–
Net cash from Investing activities	(3 71 68 755)	–
C Cash flow from Financing Activities		
Proceeds from issue of Share Capital	3 60 00 000	5 00 000
Net cash from Financing activities	3 60 00 000	5 00 000
Net (decrease)/increase in cash & cash equivalents	1 43 08 921	16 34 968
Opening cash & bank balances	16 34 968	–
Closing cash & bank balances	1 59 43 889	16 34 968

As per our Report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
(Membership No. 30168)

Pune, April 25, 2011

For and on behalf of the Board

M. S. Unnikrishnan
Director

Hemant Mohgaonkar
Director

Gopal Mahadevan
Director

I. H. Mirza
Director

Pune, April 25, 2011

THERMAX INTERNATIONAL LIMITED

Directors

Pheroze Pudemjee
Meher Pudemjee
Yuvraj Thacoore
A. Sattar Hajee Abdoula
Farhana Alimohamed
(Alternate to Yuvraj Thacoore)

Date Appointed

21 February 2000
21 February 2000
15 May 2003
04 January 2008
05 May 2009

Registered Office

9th Floor,
Ebene Tower
52 Cybercity, Ebene
Republic of Mauritius

Auditors

Yousouf Peerbaye, F.C.A
Chartered Accountant
6th Floor, Richard House
Remy Ollier Street
Port-Louis
Mauritius

Administrator & Secretary

Anex Management Services Limited
9th Floor,
Ebene Tower
52 Cybercity, Ebene
Republic of Mauritius

Bankers

HSBC Bank (Mauritius) Ltd.
HSBC centre
18 Cyber City
Ebene
Mauritius

Directors' Report

RESULTS

The results for the year are as shown in the income statement and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

None of the directors have any beneficial interest in the shares of the Company.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company and

- would enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditor, Yousouf Peerbaye, F.C.A, has indicated his willingness to continue in office.

By order of the board

Farhana Alimohamed
Director
Date : April 21, 2011

A. Sattar Hajee Abdoula
Director
Date : April 21, 2011

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Thermax International Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2011.

For Anex Management Services Limited
Company Secretary

Registered Office:
9th Floor,
Ebene Tower,
52 Cybercity, Ebene
Republic of Mauritius

Date: April 21, 2011

Independent Auditor's Report

TO THE MEMBER OF THERMAX INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the financial statements of Thermax International Limited, the "Company", which comprise the balance sheet at 31 March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 7 to 18 give a true and fair view of the financial position of the Company at 31 March 2011, and of its financial performance and its cash flows for the year ended in accordance with International Financing Reporting Standards and comply with the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matters

This report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date: April 21, 2011

Y PEERBAYE, FCA
Chartered Accountant
Port-Louis-Mauritius

THERMAX INTERNATIONAL LIMITED

Income Statement for the Year Ended 31 March 2011

	Notes	2011		2010	
		USD	Rs	USD	Rs
INCOME					
Payables written off		-	-	-	-
EXPENSES					
Management fees		2,200	98,098	2,175	97,636
Licence fees		1,740	77,587	1,740	78,109
Bank charges		10	446	95	4,265
Audit fees		805	35,895	805	36,136
Accountancy Fees		1,500	66,885	1,500	67,335
Taxation Fees		1,000	44,590	1,000	44,890
Disbursements Fees		130	5,797	25	1,122
		<u>7,385</u>	<u>329,297</u>	<u>7,340</u>	<u>329,493</u>
Loss For The Year Before Taxation		(7,385)	(329,297)	(7,340)	(329,493)
Taxation	4	-	-	-	-
Loss For The Year		<u>(7,385)</u>	<u>(329,297)</u>	<u>(7,340)</u>	<u>(329,493)</u>

Balance Sheet As at 31 March 2011

	Notes	2011		2010	
		USD	Rs	USD	Rs
ASSETS					
Non-current assets					
Investments	5	500,001	22,295,045	500,001	22,445,045
		<u>500,001</u>	<u>22,295,045</u>	<u>500,001</u>	<u>22,445,045</u>
Current assets					
Prepayments		1,105	49,272	1,105	49,603
Cash at bank and in hand		13,311	593,537	21,501	965,180
		<u>14,416</u>	<u>642,809</u>	<u>22,606</u>	<u>1,014,783</u>
Total assets		<u>514,417</u>	<u>22,937,854</u>	<u>522,607</u>	<u>23,459,828</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	6	3,227,300	143,905,307	3,227,300	144,873,497
Revenue deficit		(2,716,188)	(121,114,823)	(2,708,803)	(121,598,167)
		<u>511,112</u>	<u>22,790,484</u>	<u>518,497</u>	<u>23,275,330</u>
Current liabilities					
Accruals		3,305	147,370	4,110	184,498
Total equity and liabilities		<u>514,417</u>	<u>22,937,854</u>	<u>522,607</u>	<u>23,459,828</u>
Approved by the Board of Directors on 21 April, 2011 and signed on its behalf by:					
Farhana Alimohamed Director			A. Sattar Hajee Abdoula Director		

The notes on pages 11 to 18 form an integral part of these financial statements.

Exchange Rate : as at 31 March 2011 is 1 US \$ = Rs 44.59

Exchange Rate : as at 31 March 2010 is 1 US \$ = Rs 44.89

Statement of Changes in Equity for the Year Ended 31 March 2011

	Share Capital		Revenue Deficit		Total	
	USD	Rs	USD	Rs	USD	Rs
Balances at 1st April 2009	3,202,300	143,751,247	(2,701,463)	(121,268,674)	500,837	22,482,573
Issue of shares	25,000	1,122,250	-	-	25,000	1,122,250
Loss for the year	-	-	(7,340)	(329,493)	(7,340)	(329,493)
Balances as at 31st March 2010	<u>3,227,300</u>	<u>144,873,497</u>	<u>(2,708,803)</u>	<u>(121,598,167)</u>	<u>518,497</u>	<u>23,275,330</u>
Balances at 1st April 2010	3,227,300	143,905,307	(2,708,803)	(120,785,526)	518,497	23,119,781
Loss for the year	-	-	(7,385)	(329,297)	(7,385)	(329,297)
Balances as at 31st March 2011	<u>3,227,300</u>	<u>143,905,307</u>	<u>(2,716,188)</u>	<u>(121,114,823)</u>	<u>511,112</u>	<u>22,790,484</u>

Cash Flow Statement for the Year Ended 31 March 2011

	2011		2010	
	USD	Rs	USD	Rs
Cash flows from operating activities				
Loss for the year	(7,385)	(329,297)	(7,340)	(329,493)
<i>Adjustment for:</i>				
(Increase)/ Decrease in prepayments	-	-	(25)	(1,122)
(Increase)/ Decrease in accruals	(805)	(35,895)	1,305	58,581
Net cash used in operating activities	<u>(8,190)</u>	<u>(365,192)</u>	<u>(6,060)</u>	<u>(272,033)</u>
Cash flow from financing activities				
Issue of shares	-	-	25,000	1,122,250
Net cash inflow from financing activities	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>1,122,250</u>
Net Increase/(Decrease) in cash and cash equivalents	(8,190)	(365,192)	18,940	850,217
Cash and cash equivalents at start of year	21,501	958,730	2,561	114,963
Cash and cash equivalents at end of year	<u>13,311</u>	<u>593,537</u>	<u>21,501</u>	<u>965,180</u>
Cash and cash equivalents made up of:				
Bank balance	13,311	593,537	21,501	965,180

The notes on page 11 to 18 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 March, 2011

1. COMPANY PROFILE

TThermax International Limited, the "Company", is a private company with limited and was incorporated on 24 January 2000. The Company was granted a Category 1 Global Business Licence under the Financial Services Act 2007. (The surviving Act of the former Financial Services Development Act 2001)

The principal activity of the company is to hold investments and its registered office is at 2nd Floor, Fairfax, 21 Mgr Gonin Street, Port Louis, and Republic of Mauritius.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting years beginning on or after 1 July 2007.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

IAS 1	<i>Amendment to IAS 1: Presentation of financial statements - Capital Disclosures and a revised presentation</i>
IAS 23	<i>Amendment to IAS 23: Capitalisation of Borrowings Costs</i>
IFRS 7	<i>Financial Instruments: Disclosure</i>
IFRS 8	<i>Operating Segments</i>
IFRIC 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IFRIC 8	<i>Scope of IFRS 2</i>
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>
IFRIC 11	<i>Group and Share Treasury Transactions</i>
IFRIC 12	<i>Service Concession Arrangements</i>
IFRIC 13	<i>Customer Loyalty Programmes</i>
IFRIC 14	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

3. ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations of the Standing Interpretations Committee (SIC) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

(b) Basis of preparation

The financial statements are prepared under the historical cost convention.

(c) Investments in subsidiary

Investment in subsidiary is stated in the Company's balance sheet at cost less impairment losses since the fair value cannot be reliably measured.

(d) Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

No consolidated financial statements are presented since the company itself is wholly-owned by a company incorporated in India which prepares consolidated financial statements under Indian Gap.

Subsidiaries are consolidated from the date on which control is transferred to the Company to the date on which control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

(e) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalent are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Revenue recognition

Revenues are recognised as follows: -

Dividend income – when the right to receive payment is established.

Interest income – as it accrues unless collectibility is in doubt.

(g) Expense recognition

All expenses are accounted for in the income statement on the accrual basis.

(h) Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year-end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

(i) Impairment of assets

At each balance sheet date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment losses exists, the carrying amount of the assets is assessed and is written down to its recoverable amount.

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. All known risks at balance sheet date are reviewed in detail and provision is made where necessary.

(k) Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Company has become a party to the contractual provisions of the instrument.

The Company's policies in respect of the main financial instruments are as follows:

- **Other receivables**
Other receivables are stated at their nominal values.
- **Other payables**
Other payables are stated at their nominal values.
- **Cash resources**
Cash resources are measured at fair values.

(l) Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

(m) Set up costs

Set up costs are expensed in the period in which they are incurred.

(n) Comparatives

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

4. TAXATION

Under the applicable laws, the Company is liable to income tax in Mauritius on its chargeable income at the rate of 15%. However, the Company is entitled to a tax credit equivalent to the higher of any foreign tax suffered and 80% of the Mauritian tax on its foreign source income, such that its effective tax rate becomes 3%. Capital gains of the Company are exempt from tax in Mauritius.

The Company has no income tax liability due to tax losses of USD 7,385 (2010: USD 7,340) carried forward.

Deferred tax

A deferred tax asset has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

THERMAX INTERNATIONAL LIMITED

5. INVESTMENTS

(i) Value of investments

	<u>2011</u>	<u>2010</u>
	USD	USD
Value at beginning of year	500,001	500,001
Impairment loss	-	-
Value at close of year	<u>500,001</u>	<u>500,001</u>

(ii) Details of the investments are as follows:

Investee Company	% Holding	Country of incorporation	Fair			
			Cost USD	Value USD	Cost USD	Total USD
ME Engineering Ltd.	100%	UK	2,338,635	1	-	1
Thermax Inc.	100%	U.S.A.	500,000	-	500,000	500,000
			<u>2,838,635</u>	<u>1</u>	<u>500,000</u>	<u>500,001</u>

The directors are of the opinion that the investment is stated at cost since the fair value cannot be reliably measured. The directors are of the opinion that the cost is a reflective of the fair value at 31 March 2011.

6. STATED CAPITAL

	<u>2011</u>	<u>2010</u>
	USD	USD
Authorised		
5,000,000 ordinary shares of USD 1 each	<u>5,000,000</u>	<u>5,000,000</u>
Issued and Fully Paid		
1,480,000 ordinary shares of USD 1 each	<u>1,480,000</u>	<u>1,480,000</u>
1,747,300 cumulative redeemable preference shares	<u>1,747,300</u>	<u>1,747,300</u>
	<u>3,227,300</u>	<u>3,227,300</u>

7. FINANCIAL INSTRUMENTS

(a) Values of financial instruments

The Company's investments are valued as described in Note 3.

The Company's other financial assets and liabilities include cash and cash equivalents, other receivables and accruals which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

(b) Financial Risks

The Company's investment activities expose it to the various types of risks which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks:

(i) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(ii) Currency risk

The Company invests in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to

the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the Company's assets which are denominated in those currencies.

(iii) Concentration risk

The directors consider that the Company is not exposed to any concentration risk.

(iv) Liquidity risk

The Company is not exposed to any liquidity risk.

(v) Interest rate risk

The Company's exposure to interest rate risk is limited to its bank balance and the rates thereon are based on market interest rates.

(c) Currency profile

The currency profile of the Company's financial assets and liabilities is as follows:

	Financial assets <u>2011</u> USD	Financial liabilities <u>2011</u> USD	Financial assets <u>2010</u> USD	Financial liabilities <u>2010</u> USD
GBP	1	-	1	-
United States Dollars	<u>513,311</u>	<u>3,305</u>	521,501	4,110
	<u>513,312</u>	<u>3,305</u>	<u>521,502</u>	<u>4,110</u>

8. RELATED PARTY TRANSACTIONS

During the year, the Company has not entered into any transactions with a related party.

9. HOLDING COMPANY

RDA Holding & Trading Private Ltd. is now considered as the company's ultimate holding company.

10. POST-BALANCE SHEET EVENT

There are no material post-balance sheet events which would require disclosure or adjustments to the 31 March 2011 financial statements.

11. CONTINGENT LIABILITIES

At 31 March 2011, the Company has no material litigation claims outstanding, pending or threatened against it, which would have a material adverse effect on the Company's financial position or results of operations.

12. CAPITAL COMMITMENTS

The Company has no material capital commitments at 31 March 2011.

13. REPORTING CURRENCY

The financial statements are presented in the United States Dollars (USD).

THERMAX EUROPE LIMITED

Directors

G. Mahadevan
H P Mohgaonkar (appointed 13.07.2010)

Registered Office

1 Lumley Street
Mayfair
London
W1K 6TT

Auditors

Fisher Kau
54 High Street
Stony Stratford
Milton Keynes
Buckinghamshire
MK11 1AQ

Secretary

J D Secretariat Limited

Business Address

2, Studio Court
Queensway
Bletchley
Milton Keynes Bucks
MK 22 DG

Bankers

Barclays
22-24 Upper Marlborough Road,
St Albans,
Hertfordshire
AL1 3AL

Directors' Report for the year ended 31 March 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and service of absorption chillers and boilers.

REVIEW OF BUSINESS

In comparison to last year the year closed with a turnover of £ 4.305 Million (previous year £3.783 Million) The pretax profit stands at £ 571,413 (previous year £603,753). Although the market has remained flat in comparison to last year, the company's focus on niche market segments and new applications helped in not only retaining its market share but improve it. The year also saw one of the best order booking figures of £ 4.9 Million.

Some of the prestigious orders/installations made during the year are Guinness Breweries, Michelin France, Solar cooling at Qatar stadium, Ferrero Chocolate, TESCO Eco store, TISSAT Data centre -Spain, and US Army in Italy.

The service revenue has kept pace with last year's figures. This year has shown the turnover is sustainable and can be further improved with new franchisees in place.

Although the market is expected to remain flat, the company will continue to focus on niche segments for the coming year. The expected launch of the standard hot water chiller range in the first half of the year and the introduction of the dealer network in Germany should put us in a better position to further improve our market share.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2011.

DIRECTORS

G Mahadevan has held office during the period from 1 April 2010 to the date of this report.

Other changes in directors holding office are as follows:

H P Mohgaonkar - appointed with effect from 13th July, 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a

true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

28 April 2011

H P Mohgaonkar
Director

THERMAX EUROPE LIMITED

Independent Auditors' Report

TO THE SHAREHOLDERS OF THERMAX EUROPE LIMITED

We have audited the financial statements of Thermax Europe Limited for the year ended 31 March 2011 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Fisher Kau
Chartered Accountants

28 April 2011
54 High Street
Stony Stratford
Milton Keynes
Buckinghamshire
MK11 1AQ

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Profit and Loss Account for the year ended 31 March 2011

	NOTE	2011		2010	
		£	Rs	£	Rs
Turnover	2	4,305,433	307,761,948	3,783,322	257,840,953
Cost of sales		3,162,586	226,068,697	2,706,728	184,468,921
Gross profit		1,142,847	81,693,251	1,076,594	73,372,032
Administrative expenses		690,214	49,338,035	477,529	32,544,555
Other operating income		94,070	6,724,333	350	23,853
Operating profit	4	546,703	39,079,549	599,415	40,851,330
Interest receivable and similar income		24,710	1,766,326	4,338	295,643
Profit on ordinary activities before taxation		571,413	40,845,875	603,753	41,146,973
Tax on profit on ordinary activities	5	160,462	11,470,181	170,109	11,593,268
Profit for the financial year after taxation		410,951	29,375,693	433,644	29,553,705

Continuous operations

None of the company's activities were acquired or discontinued during the current year or previous year.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the current year or previous year.

The notes form part of these financial statements.

Exchange rate : as at 31 March 2011 is £= Rs 71.48

Exchange rate : as at 31 March 2010 is £= Rs 68.15

Balance Sheet as at ended 31 March 2011

	NOTE	2011		2010	
		£	Rs	£	Rs
Fixed assets					
Tangible fixed assets	6	6,569	469,567	5,842	398,144
Current assets					
Stocks	7	612,635	43,792,515	184,400	12,567,228
Debtors	8	1,492,984	106,721,824	638,388	43,507,418
Investments	9	9,399	671,861	-	-
Cash at bank and in hand		905,869	64,753,535	1,511,176	102,989,664
		3,020,887	215,939,736	2,333,964	159,064,310
Creditors: Amounts falling due within one year	10	(902,230)	(64,493,411)	(625,531)	(42,631,187)
Net current assets		2,118,657	151,446,325	1,708,433	116,433,122
Total assets less current liabilities		2,125,226	151,915,892	1,714,275	116,831,266
Capital and reserves					
Called up share capital	12	200,000	14,296,446	200,000	13,630,400
Profit and loss account	13	1,925,226	137,619,446	1,514,275	103,200,867
Shareholders' funds	16	2,125,226	151,915,892	1,714,275	116,831,266

The financial statements were approved by the director on 28 April 2011 and were signed by:

H.P.Mohgaonkar
Director

Cash Flow Statement for the year ended 31 March 2011

	NOTE	2011		2010	
		£	Rs	£	Rs
Net cash (outflow) / inflow from operating activities	1	(447,112)	(31,960,562)	559,705	38,145,014
Returns on investments and servicing of finance	2	24,710	1,766,326	4,613	314,385
Taxation		(170,109)	(12,159,770)	(217,852)	(14,847,049)
Capital expenditure	2	(3,397)	(242,825)	(2,746)	(187,145)
Acquisitions and disposals	2	(9,399)	(671,861)	-	-
(DECREASE) / INCREASE IN CASH IN THE PERIOD		(605,307)	(43,268,694)	343,720	23,425,205

Reconciliation of net Cash Flow to movement in net funds

	NOTE	2011		2010	
		£	Rs	£	Rs
(Decrease)/Increase in cash in the period		(605,307)	(43,268,694)	343,720	23,425,205
Cash outflow from increase in liquid resources		9,399	671,861	-	-
Change in net funds resulting from cash flows		(595,908)	(42,596,832)	343,720	23,425,205
Net Funds at 1 April 2010	3	1,511,176	108,022,229	1,167,456	79,564,459
Net Funds at 31 March 2011		915,268	65,425,397	1,511,176	102,989,664

The notes form part of these financial statements.

Notes to the Cash Flow Statement for the year ended 31 March 2011

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	546,703	599,415
Depreciation charges	2,670	2,170
Loss on disposal of fixed assets	-	883
(Increase)/Decrease in stocks	(428,235)	136,927
(Increase)/Decrease in debtors	(854,596)	688,408
Increase/ (Decrease) in creditors	286,346	(867,823)
Net cash (outflow)/inflow from operating activities	(447,112)	559,980

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	24,710	4,338
Net cash inflow for returns on investments and servicing of finance	24,710	4,338

	2011	2010
	£	£
Capital expenditure		
Purchase of tangible fixed assets	(3,397)	(2,746)
Net cash outflow for capital expenditure	(3,397)	(2,746)

	2011	2010
	£	£
Acquisitions and disposals		
Purchase of Shares	(9,399)	-
Net cash outflow for acquisitions and disposals	(9,399)	-

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.10	Cash flow	At 31.3.11
	£	£	£
Net cash:			
Cash at bank and in hand	1,511,176	(605,307)	905,869
	1,511,176	(605,307)	905,869
Liquid resources:			
Current asset investments	-	9,399	9,399
	-	9,399	9,399
Total	1,511,176	(595,908)	915,268

THERMAX EUROPE LIMITED

Notes to the Financial Statements for the year ended 31 March 2011

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

1.2 TURNOVER

Turnover represents net invoiced sales of goods, excluding value added tax.

1.3 TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	20% on reducing balance
Fixtures and fittings	20% on reducing balance
Computer equipment	33% on reducing balance

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.5 DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

1.6 HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.7 PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 31 March 2010 is given below:

	£
United Kingdom	1,151,472
Rest of World	2,631,850
	<u>3,783,322</u>

This analysis is not considered to be applicable to the year ended 31 March 2011.

3. STAFF COSTS

	2011 £	2010 £
Wages and salaries	312,872	221,039
Social security costs	32,066	31,402
Other pension costs	1,720	1,776
	<u>346,658</u>	<u>254,217</u>

The average monthly number of employees during the year was as follows:

	2011	2010
Director	2	1
Administration	7	6
	<u>9</u>	<u>7</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2011 £	2010 £
Other operating leases	6,830	7,800
Depreciation - owned assets	2,670	2,170
Loss on disposal of fixed assets	-	883
Auditors' remuneration	2,000	2,000
Foreign exchange differences	106,372	(275)
Director's emoluments	-	-

5. TAXATION

ANALYSIS OF THE TAX CHARGE

The tax charge on the profit on ordinary activities for the year was as follows:

	2011 £	2010 £
Current tax:		
UK corporation tax	160,462	170,109
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>160,462</u>	<u>170,109</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	571,413	603,753
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	159,996	169,051
EFFECTS OF:		
Expenses not deductible for tax purposes	1,004	1,138
Capital allowances for the year in excess of depreciation respect of prior periods	(537)	(307)
Loss on disposal assets	-	248
Online Incentive	-	(21)
Other	(1)	-
CURRENT TAX CHARGE	<u>160,462</u>	<u>170,109</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2010	2,861	3,160	7,922	13,943
Additions	-	-	3,397	3,397
At 31 March 2011	<u>2,861</u>	<u>3,160</u>	<u>11,319</u>	<u>17,340</u>
DEPRECIATION				
At 1 April 2010	1,262	1,841	4,998	8,101
Charge for year	320	264	2,086	2,670
At 31 March 2011	<u>1,582</u>	<u>2,105</u>	<u>7,084</u>	<u>10,771</u>
NET BOOK VALUE				
At 31 March 2011	<u>1,279</u>	<u>1,055</u>	<u>4,235</u>	<u>6,569</u>
At 31 March 2010	<u>1,599</u>	<u>1,319</u>	<u>2,924</u>	<u>5,842</u>

7. STOCKS

	2011 £	2010 £
Stocks	612,635	184,400

8. DEBTORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	1,318,217	609,803
Amounts owed by group undertakings	98,549	19,730
Interest Accrued	18,326	4,105
VAT	52,255	-
Prepayments	5,637	4,750
	<u>1,492,984</u>	<u>638,388</u>

9. CURRENT ASSET INVESTMENTS

	2011 £	2010 £
Shares in group undertakings	9,399	-

10. CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	19,092	34,793
Amounts owed to group undertakings	556,415	215,826
Tax	73,662	83,309
Social security and other taxes	7,748	7,878
VAT	-	18,688
Customer Advance Payments	30,944	28,649
Accrued expenses	214,369	236,388
	<u>902,230</u>	<u>625,531</u>

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11. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2011	2010
	£	£
Expiring:		
Within one year	–	7,800
Between one and five years	<u>18,281</u>	–
	<u>18,281</u>	<u>7,800</u>

12. CALLED UP SHARE CAPITAL

ALLOTTED, ISSUED AND FULLY PAID:

Number:	Class:	Nominal Value	2011	2010
			£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>

13. RESERVES

	Profit and loss account
	£
At 1 April 2010	<u>1,514,275</u>
Profit for the year	<u>410,951</u>
At 31 March 2011	<u>1,925,226</u>

14. RELATED PARTY DISCLOSURES

During the year under review the company made sales amounting to £112,918 (2010: £236,758), purchases amounting to £3,094,662 (2010: £2,068,355) from Thermax Limited. At the balance sheet date, Thermax Limited owed the company £98,549 (2010: £19,730) and the company owed Thermax Limited £556,415 (2009: £215,826).

15. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holding & Trading Private Limited, a company incorporated in India.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	<u>410,951</u>	<u>433,644</u>
Net addition to shareholders' funds	<u>410,951</u>	<u>433,644</u>
Opening shareholders' funds	<u>1,714,275</u>	<u>1,280,631</u>
Closing shareholders' funds	<u>2,125,226</u>	<u>1,714,275</u>

17. CHARGE

A charge was created on 17 September 2010 in respect of a rent deposit deed for £2,956.

A charge on a cash deposit dated 23 February 2010 and created by Thermax Europe Limited for securing all monies due or to become due from the company to the Bank of Baroda was registered on 9 March 2010.

18. WARRANTY GUARANTEE

A cash deposit has been placed with the Bank of Baroda to cover warranties obligations on an overseas contract.

THERMAX INC.

Directors

S. Ramachandran
G. Mahadevan
H. Mohgaonkar (appointed 12.07.10)

Registered Office

21800, Haggerty Road
Suite 112
Northville MI 48167
U.S.A.

Auditors

Fenner, Melstrom & Dooling, PLC
Certified Public Accountants
355 S Old Woodward, Suite 200,
Birmingham, MI-48009

Independent Auditor's Report

The Board of Directors and Stockholders of THERMAX, INC.

We have audited the accompanying balance sheets of Thermax, Inc. (the "Company") as of March 31, 2011 and 2010, and the related statements of income and retained earnings, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

FENNER, MELSTROM & DOOLING, PLC

April 20, 2011

Balance Sheets March 31, 2011 and 2010

ASSETS	2011		2010	
	USD	Rs	USD	Rs
CURRENT ASSETS				
Cash And Cash Equivalents	856,022	38,170,021	1,185,337	53,209,778
Accounts Receivable, Net	1,522,748	67,899,333	4,735,880	212,593,653
Inventory, Net	2,522,060	112,458,655	1,386,862	62,256,235
Advances to Vendor	1,453	64,789	3,896	174,891
Deferred Tax Assets	262,000	11,682,580	224,200	10,064,338
Other Current Assets	523,166	23,327,972	47,248	2,120,963
Total Current Assets	5,687,449	253,603,351	7,583,423	340,419,858
Property And Equipment, Net	72,848	3,248,292	69,569	3,122,952
Total Assets	5,760,297	256,851,643	7,652,992	343,542,811
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts Payable	3,071,181	136,943,961	3,886,083	174,446,266
Advances and accrued liabilities	289,246	12,897,479	864,825	38,821,994
Provision for warranty and start-up costs	434,213	19,361,558	520,707	23,374,537
Other Current Liabilities	39,016	1,739,723	493,534	22,154,741
Total Current Liabilities	3,833,656	170,942,721	5,765,149	258,797,539
Stockholder's Equity				
Common Stock, \$10 Par Value				
50,000 Authorized and Outstanding	500,000	22,295,000	500,000	22,445,000
Retained Earnings	1,426,641	63,613,922	1,387,843	62,300,272
Total Stockholder's Equity	1,926,641	85,908,922	1,887,843	84,745,272
Total Liabilities And Stockholder's Equity	5,760,297	256,851,643	7,652,992	343,542,811

Statement of Income and retained earnings for the years ended March 31, 2011 and 2010

	2011		2010	
	USD	Rs	USD	Rs
Operating Revenues	11,605,773	517,501,418	14,586,380	654,782,598
Non-Operating Revenues	602,020	26,844,072	355,047	15,938,060
Total Revenues	12,207,793	544,345,490	14,941,427	670,720,658
Costs of revenues	9,425,190	420,269,222	11,030,186	495,145,050
Gross Margin	2,782,603	124,076,268	3,911,241	175,575,608
Selling general and administrative expenses	2,581,756	115,120,500	2,656,601	119,254,819
Income from operations	200,847	8,955,768	1,254,640	56,320,790
Depreciation expense	32,049	1,429,065	35,039	1,572,901
Income before Income tax	168,798	7,526,703	1,219,601	54,747,889
Income tax	130,000	5,796,700	260,083	11,675,126
Net Income	38,798	1,730,003	959,518	43,072,763
Retained Earnings, Beginning of Year	1,387,843	61,883,919	428,325	19,227,509
Retained Earnings, End of Year	1,426,641	63,613,922	1,387,843	62,300,272

Exchange Rate : as at 31 March 2011 is 1 US \$ = Rs 44.59

Exchange Rate : as at 31 March 2010 is 1 US \$ = Rs 44.89

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Statement of Cash flows for the years ended March 31, 2011 and 2010

Particulars	2011		2010	
	USD	Rs	USD	Rs
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	38,798	1,730,003	959,518	43,072,763
Adjustment to reconcile net income to net cash flows from operating activities				
Depreciation	32,049	1,429,065	35,039	1,572,901
Gain on disposal of assets	(9,803)	(437,116)	-	-
Deferred Tax Assets	(37,800)	(1,685,502)	(184,917)	(8,300,924)
(INCREASE) DECREASE IN:				
Accounts receivable	3,213,132	143,273,556	(543,127)	(24,380,971)
Inventory	(1,135,198)	(50,618,479)	515,051	23,120,639
Advances to Vendor	2,443	108,933	368,121	16,524,952
Other Assets	(475,918)	(21,221,184)	18,764	842,316
INCREASE (DECREASE) IN:				
Accounts payable	(814,902)	(36,336,480)	(903,833)	(40,573,063)
Advances and accrued liabilities	(575,579)	(25,665,068)	602,956	27,066,695
Provision for warranty and start-up costs	(86,494)	(3,856,767)	122,512	5,499,564
Other liabilities	(454,518)	(20,266,958)	70,523	3,165,777
NET CASH FLOWS FROM OPERATING ACTIVITIES	(303,790)	(13,545,996)	1,060,607	47,610,648
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(25,525)	(1,138,160)	(58,311)	(2,617,581)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(25,525)	(1,138,160)	(58,311)	(2,617,581)
NET CHANGE IN CASH DURING THE YEAR				
	(329,315)	(14,684,156)	1,002,296	44,993,067
Cash, Beginning of year	1,185,337	52,854,177	183,041	8,216,710
Cash, End of year	856,022	38,170,021	1,185,337	53,209,778

The Accompanying Notes Are An Integral Part of These Financial Statements

Exchange Rate : as at 31 March 2011 is 1 US \$ = Rs 44.59

Exchange Rate : as at 31 March 2010 is 1 US \$ = Rs 44.89

Notes to Financial Statements March 31, 2011 and 2010

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

Thermax, Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments. The Environment segment consists of the sale of ion exchange resins with sales primarily in North America. The Energy segment consists of the sale of absorption chillers, boilers, and heaters with operations conducted primarily in North America and South America. The boilers and heaters business under the Energy segment was initiated in the year ended March 31, 2010.

The Company is a wholly-owned subsidiary of Thermax International Ltd. (Mauritius) which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holding & Trading Pvt. Ltd., a company incorporated in India.

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

CONCENTRATIONS OF CREDIT RISK

Credit receivables have significant concentrations of credit risk in the Environment and Energy business segments. At March 31, 2011, the portions of these receivables related to the Environment and Energy business segments were approximately 63% and 37% of the total credit receivables and at March 31, 2010 were 56% and 44% respectively.

ADVERTISING COSTS

The Company expenses advertising costs as incurred. Advertising and promotion expense for the years ended March 31, 2011 and 2010 were \$46,513 and \$47,532, respectively.

REVENUE RECOGNITION

The Company recognizes revenue when products are shipped to customers and there are either no unfulfilled company obligations or any obligations are inconsequential and will not affect the customer's final acceptance of the arrangement. Any cost of these obligations is accrued when the corresponding revenue is recognized. In the Energy segment, the Company records a provision for warranty and start-up expenses at the time of shipment of the products.

The Company occasionally receives down payments from its customers. These are recorded as customer advances in the advances and accrued liabilities section of the balance sheet. Customer advances totaled \$28,320 and \$179,583 as of March 31, 2011 and 2010, respectively.

DEPRECIATION

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is placed in service. The estimated useful lives used to determine depreciation are:

Furniture and Fixtures	5 - 7 years
Office Equipment	1 - 5 years
Machinery and Equipment	1 - 7 years

INCOME TAXES

The Company accounts for income taxes in accordance with Accounting Standards Codification (ASC) 740, "Income Taxes", which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized.

THERMAX INC.

Notes to Financial Statements March 31, 2011 and 2010

INVENTORIES

Inventories consist of product purchases primarily from Thermax, Ltd. and are stated at the lower of cost or market. The cost of inventory includes the purchase price of the products, expenses incurred on freight, and other incidental expenses. The cost of the products is determined using the average cost method.

SUBSEQUENT EVENTS

Subsequent events have been evaluated for disclosure through April 18, 2011. The financial statements were ready to be issued and were issued on April 21, 2011. There were no subsequent events to disclose.

NOTE 2 : USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 : CASH

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

The company paid cash for the following years ending March 31st:

	2011 USD	2010 USD
Federal Income Tax	1,037,864	45,707

NOTE 4 : ACCOUNTS RECEIVABLE

The Company's accounts receivable are primarily related to sales of ion exchange resins and absorption cooling equipment. Credit is extended based on prior experience with the customer and evaluation of the customer's financial condition. Accounts receivable are generally due within 30 days. Accounts receivable as of March 31st consist of the following:

	2011 USD	2010 USD
Trade Accounts Receivable	1,690,134	4,825,898
Less: Allowance for Doubtful Accounts	167,386	90,018
	<u>1,522,748</u>	<u>4,735,880</u>

It is the Company's policy to include in the allowance amount 50% of any receivable over one year, but less than two years past due, and 95% of any receivable over two years past due.

NOTE 5 : INVENTORIES

Inventory as of March 31st consists of the following:

	2011 USD	2010 USD
Traded goods - chiller and spare parts	44,783	55,881
Traded goods - ion exchange resins	1,568,959	686,945
Goods in transit - ion exchange resins	373,761	623,479
Chillers	730,000	242,500
	<u>2,717,503</u>	<u>1,608,805</u>
Less: inventory obsolescence	195,443	221,943
	<u>2,522,060</u>	<u>1,386,862</u>

The Company maintains inventory of ion exchange resins at its warehouse in Farmington Hills, Michigan and also at outside warehouses. At March 31, 2011 and 2010, inventory valued at \$1,040,726 and \$556,480, respectively, was located at the Farmington Hills, Michigan warehouse, and inventory valued at \$528,233 and \$130,465, respectively, was located at outside warehouses.

At March 31, 2011 and 2010, the Company maintained an allowance for inventory obsolescence. The allowance follows the Company's policy of writing down any inventory over 1 year old, but less than 2 years, by 50%, while writing down anything over 2 years by 95%.

NOTE 6 : PROPERTY AND EQUIPMENT

Property and equipment is summarized by major classifications at March 31st:

	2011 USD	2010 USD
Leasehold Improvement	7,875	-
Office Equipment	36,304	30,590
Furniture and Fixtures	12,040	12,040
Machinery and Equipment	77,656	77,656
	<u>133,875</u>	<u>120,286</u>
Less: accumulated depreciation	61,027	50,717
	<u>72,848</u>	<u>69,569</u>

NOTE 7 : COMMITMENTS AND CONTINGENCIES

The Company conducts its operations in leased facilities in Michigan. The Company leases the office under a non-cancelable operating lease expiring in December 2015. The Company maintains a warehouse under a non-cancelable operating lease expiring June 2014. The Company has a one time option to terminate the warehouse lease before the end of the third lease year, with certain terms and conditions. The rent expense for the years ended March 31, 2011 and 2010 was \$101,640 and \$83,708, respectively. The Company has leased office equipment and automobiles under non-cancelable operating leases. The minimum rental commitments at March 31st under all of the operating leases (not including amounts for building common area maintenance and taxes) are as follows -

2012	\$ 133,991
2013	\$ 127,110
2014	\$ 76,743
2015	\$ 62,282
2016	\$ 47,652

NOTE 8 : TRANSACTIONS WITH AFFILIATES

During the years ended March 31, 2011 and 2010, the Company purchased ion exchange resins, absorption chillers, boilers, and spare parts from Thermax Ltd. amounting to \$7,075,167 and \$8,529,992, respectively. During the years ended March 31, 2011 and 2010, the Company purchased absorption chillers amounting to \$466,700 and \$223,500, respectively, from Thermax (Zhejiang) Cooling & Heating Engg. Co. Ltd., China. The Company did not have any related party transactions with Thermax International Ltd. (Mauritius) and RDA Holding & Trading Pvt. Ltd. during the years ended March 31, 2011 and 2010.

Due to affiliates consists primarily of amounts payable for purchases and goods in transit amounting to \$2,927,388 at March 31, 2011 and \$3,717,686 at March 31, 2010. Due from affiliates amounted to \$95,520 at March 31, 2011 and \$201,882 at March 31, 2010.

NOTE 9 : LINE OF CREDIT

The Company has a line of credit with a bank with a balance of \$0 at March 31, 2011 and 2010. Credit is available up to \$250,000 with interest at 3.153% over LIBOR, and is secured by all assets of the Company.

NOTE 10 : INCOME TAXES

At March 31, the provision for federal income tax expense for the years ended March 31st are as follows:

	2011 USD	2010 USD
Current (benefit)	(71,000)	445,000
Deferred	201,000	(184,917)
	<u>130,000</u>	<u>260,083</u>

Federal income tax expense differs from that computed by applying the federal statutory rates primarily due to the increase in effective tax rate used during 2011 to value the deferred tax assets. The valuation and realization of the deferred tax assets is dependent upon future tax rates and related benefits of timing differences.

Notes to Financial Statements March 31, 2011 and 2010

The following is a summary of items giving rise to deferred tax assets (liabilities) at March 31st:

	2011 USD	2010 USD
Deferred tax assets		
Provision for warranty reserve and start up costs and other	191,100	199,500
Provision for inventory obsolescence	34,000	17,800
Allowance for doubtful accounts	66,000	30,600
Deferred tax liability Depreciation	(29,100)	(23,700)
	<u>262,000</u>	<u>224,200</u>

NOTE 11 : SEGMENT INFORMATION

The Company has two reportable segments: the Environment segment, which is engaged in the distribution of ion exchange resins, and the Energy segment, which is engaged in the distribution of absorption chillers, boilers and heaters, and after sales service. The boilers and heaters business under the Energy segment was initiated in the year ended March 31, 2010. The two segments consist of distinct product lines that are managed separately, because each has different marketing and distribution requirements.

The accounting policies used to develop reportable segment information are the same as those described in the summary of accounting policies. All corporate expenses have been allocated to reportable segments based on revenues generated. For the years ended March 31, 2011 and 2010 the allocation was 68% and 63% to the Environment segment and 32% and 37% to the Energy segment, respectively. Segment profit is based on operating profit before income taxes.

Intersegment charges for administrative services are accounted for at transfer prices determined by management. These charges do not materially affect the total corporate operations.

Reportable Segment Information for Environment Segment for the year ended March 31st:

	2011 USD	2010 USD
Revenues from external customers	7,841,964	9,250,964
Non-operating revenues from external customers	252,793	224,959
Depreciation expense	14,495	22,222
Segment profit	114,783	768,349
Segment assets	3,037,504	3,979,804
Segment liabilities	1,799,462	2,397,663

Reportable Segment Information for Energy Segment for the year ended March 31st:

	2011 USD	2010 USD
Revenues from external customers	3,763,809	5,335,416
Non-operating revenues from external customers	339,692	121,546
Depreciation expense	6,821	12,817
Segment profit	54,015	451,252
Segment assets	1,398,279	2,476,236
Segment liabilities	2,285,563	3,098,765

Reconciliation to Income Statements for the year ended March 31st:

	2011 USD	2010 USD
Revenues		
Total revenues for reportable segments	11,605,773	14,586,380
Non-operating revenues for reportable segments	592,485	346,505
Non-reportable segment income	9,534	8,542
Total revenues	<u>12,207,792</u>	<u>14,941,427</u>
Income before income tax	168,799	1,219,601
Unallocated corporate income and expenses	-	-
Total net income before income tax	<u>168,799</u>	<u>1,219,601</u>
Revenues		
United States	9,538,462	12,850,504
South America	714,231	345,574
Canada	474,750	113,516
Mexico	311,381	-
Other	1,168,968	1,631,833
	<u>12,207,792</u>	<u>14,941,427</u>

Revenues are allocated based on the geographic location of the customers.

Major Customers

Revenue from one customer of the Environment segment represents approximately \$1,285,575 (10.5%) and \$1,199,400 (8.2%) of the Company's total revenues at March 31, 2011 and 2010, respectively. Revenue from one customer of the Energy segment represents approximately \$1,734,245 (14.2%) and \$3,793,510 (25.3%) of the Company's total revenues at March 31, 2011 and 2010, respectively.

NOTE 12 : RETIREMENT PLAN

The Company has a defined contribution profit sharing 401(k) plan covering substantially all employees. Company contributions are discretionary. The Company has the option to match up to 50% of an employee's deferral amount, not to exceed 4% of the employee's compensation. For the years ending March 31, 2011 and 2010, the Company paid \$16,238 and \$22,042 in matching employer contributions.

Thermax do Brasil-Energia e Equipamentos Ltda

Supervisory Board

Gopal Mahadevan
Shashidhar S Shastri - *President (resigned w.e.f. 1.10.10)*

Registered Office

Av. Paulista, 37-04
andar-Edifício Pq
cultural Paulista
Sao Paulo, SP, Brazil

Auditors

Novamir Auditoria E Servicos Contabeis
CRC- SP 2SP 024.744
São Paulo, Brazil

Bankers

Banco Citibank S. A.
Banco Real S. A.

AUDITORS' REPORT

To Quotaholders

Thermax do Brasil – Energia e Equipamentos Ltda.
São Paulo - SP

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.**, as of March 31, 2011 and the related statements of income, changes in quotaholders' equity and changes in financial position for the period then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audit in accordance with auditing standards generally accepted in Brazil and, accordingly, included: a) the planning of the audit work, considering the materiality of the balances, volume of transactions, and the system of internal controls of the Company; b) the verification on a test basis, of the evidence and records which support the values and information in the published financial statements; and c) evaluation of the accounting practices and the more material

accounting estimates adopted by Company management as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred in the paragraph 1 present fairly, in all material respects, the financial position of **Thermax do Brasil – Energia e Equipamentos Ltda.** as of March 31, 2011, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

NOVAMIR AUDITORIA E SERVIÇOS CONTÁBEIS

CNPJ no. 04.933.947/0001-06

CRC- SP 2SP 024.744

São Paulo, Brazil

April 20, 2011

ANNUAL REPORT 2010-2011

Statement of Income for the Period ended March 31, 2011

PARTICULARS	2011		2010	
	BRL	Rs.	BRL	Rs.
GROSS INCOMES				
Sale of services	136,038	3,718,007	140,526	3,536,778
	<u>136,038</u>	<u>3,718,007</u>	<u>140,526</u>	<u>3,536,778</u>
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	(22,907)	(626,070)	(24,126)	(607,200)
Gross profit	<u>113,131</u>	<u>3,091,937</u>	<u>116,400</u>	<u>2,929,578</u>
OPERATING EXPENSES				
General and administrative expenses	(58,579)	(1,601,000)	(38,464)	(968,072)
Financial (expenses) income	(4)	(96)	(1,659)	(41,742)
Interest - Past years	-	-	(25,468)	(640,993)
	<u>(58,582)</u>	<u>(1,601,096)</u>	<u>(65,591)</u>	<u>(1,650,806)</u>
Net Profit	<u>54,548</u>	<u>1,490,841</u>	<u>50,809</u>	<u>1,278,772</u>
Revenues/expenses not operational	<u>(35,319)</u>	<u>(965,299)</u>	<u>(12,175)</u>	<u>(306,415)</u>
Net profit for the period	<u>19,229</u>	<u>525,542</u>	<u>38,634</u>	<u>972,357</u>
Taxes on income	<u>(9,067)</u>	<u>(247,806)</u>	<u>-</u>	<u>-</u>
Profit after tax	<u>10,162</u>	<u>277,736</u>	<u>38,634</u>	<u>972,357</u>

See the accompanying notes to the financial statements

Exchange Rate : As at 31 Mar 11 is 1 Brazilian Real (BRL) = Rs 27.33

Exchange Rate : As at 31 Mar 10 is 1 Brazilian Real (BRL) = Rs 25.17

Balance Sheet as at March 31, 2011

PARTICULARS	2011		2010	
	BRL	Rs.	BRL	Rs.
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1,087,130	29,711,999	1,087,130	27,361,104
Accumulated losses	(980,100)	(26,786,792)	(990,262)	(24,923,108)
Total Funds Employed	<u>107,030</u>	<u>2,925,207</u>	<u>96,868</u>	<u>2,437,996</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
Current Assets, Loans & Advances :				
Trade receivables	45,102	1,232,679	96,672	2,433,069
(-) Provision for doubtful accounts	-	-	(85,646)	(2,155,554)
Recoverable taxes	44,623	1,219,576	93,012	2,340,943
(-) Provision for losses	(10,941)	(299,015)	(59,330)	(1,493,220)
Other receivables	-	-	-	-
Cash & Bank Balances	45,798	1,251,701	65,886	1,658,229
	<u>124,583</u>	<u>3,404,941</u>	<u>110,595</u>	<u>2,783,467</u>
Less : Current Liabilities & Provisions :				
Accounts payable	-	-	-	-
Taxes payable	13,803	377,244	6,535	164,476
Other accounts payable	3,750	102,490	7,191	180,995
	<u>17,553</u>	<u>479,734</u>	<u>13,726</u>	<u>345,471</u>
Net Current Assets	<u>107,030</u>	<u>2,925,207</u>	<u>96,868</u>	<u>2,437,996</u>
Total Funds Applied	<u>107,030</u>	<u>2,925,207</u>	<u>96,868</u>	<u>2,437,996</u>

Statement of Changes in Quotaholders' Equity

	Capital		Accumulated losses		Total	
	BRL	Rs.	BRL	Rs.	BRL	Rs.
Balances at April 1, 2010	1,087,130	29,711,999	(990,262)	(27,064,528)	96,868	2,647,471
Net Profit for the period	-	-	10,162	277,736	10,162	277,736
Balances at March 31, 2011	<u>1,087,130</u>	<u>29,711,999</u>	<u>(980,100)</u>	<u>(26,786,792)</u>	<u>107,030</u>	<u>2,925,207</u>

Statement of Changes in Financial Position Period ended March 31, 2011

Sources	2011		2010	
	BRL	Rs.	BRL	Rs.
From Operations				
Net Profit for the period	10,162	277,736	38,634	972,357
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	-	-
Advance to Capital	-	-	70,570	1,776,120
Total sources	<u>10,162</u>	<u>277,736</u>	<u>109,204</u>	<u>2,748,477</u>
Applications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reduction in net working capital	<u>10,162</u>	<u>277,736</u>	<u>109,204</u>	<u>2,748,477</u>

Statement of variation in net working capital

	March 31		March 31		Variation	
	2011 BRL	2011 Rs.	2010 BRL	2010 Rs.	2011 BRL	2011 Rs.
Current Assets	124,583	3,404,941	110,595	2,783,467	13,989	382,315
Current Liabilities	17,553	479,734	13,726	345,471	(3,826)	(104,579)
Net working capital	<u>107,030</u>	<u>2,925,207</u>	<u>96,868</u>	<u>2,437,996</u>	<u>10,162</u>	<u>277,736</u>

See the accompanying notes to the financial statements

Thermax do Brasil-Energia e Equipamentos Ltda

Notes to the Financial Statements March 31, 2011

1. Operational Context

The Company is a subsidiary of Thermax Ltd. and Thermax Inc. Thermax Ltd. and Thermax Inc. in turn are subsidiaries of RDA Holding and Trading Pvt. Ltd., a Company incorporated in India. The Company's business activities mainly consist of rendering services, including technical assistance, which may be provided through hiring outsourced companies.

2. Presentation of the Financial Statements

The financial statements were prepared in accordance with accounting practices emanated from the Brazilian Corporation Law.

3. Summary of the Significant Accounting Policies

a. Revenue and expenses recognition

Income and expenses are recorded on monthly accrual basis.

b. Current and long-term assets

Current and long-term assets are recorded at lower of cost or market value plus accrued income until the end of the period. An allowance is recorded in case the market value is lower than cost.

c. Current and long-term liabilities

Liabilities are recorded at known or estimated amounts.

4. Trade Receivables

	2011 BRL
Accounts receivable	45,102.40
Net accounts receivable	<u>45,102.40</u>

5. Recoverable Taxes

	2011 BRL
IRPJ - 2005	89.28
CSLL - 2005	10,851.37
IR - Financial Income	13,890.81
PIS	1.35
Cofins	6.21
CSLL - Sales	186.43
IR - Sales	5,002.10
IR - Others	14,595.43
	<u>44,622.98</u>
Provision for losses	(10,940.65)
	<u>33,682.33</u>

The value of the recoverable taxes basically represents withholding taxes by the Customers. The possibility of setting off the recoverable taxes against the tax liabilities is being analysed.

In September 2010, the company reversed the values related to INSS amounting to R \$ 48,388.97 to provision for losses, due to the impossibility of compensating them.

6. Taxes and Contributions payable

	2011 BRL
PIS	548.38
COFINS	2,525.85
ISS - SALES	1,661.75
TAXES ON INCOME - IRPJ E CSLL	9,066.96
TOTAL	<u>13,802.94</u>

The above balances were compared with the tax books of the Company and subsequent events and do not present differences.

The company paid off all the taxes related to the prior years during 2010/2011 and the taxes that have not been paid yet refer only to March 2011.

7. Other liabilities

	2011 BRL
Rent	250.00
Provision – INSS-Insepection	500.00
Nova Mir - Auditoria	3,000.00
	<u>7,191.40</u>

8. Capital Social

The paid-in Capital is represented by R\$1,087,130.00 with nominal value of R\$1.00 (one real) each.

9. Services

The company's total sales, net of sales returns for the period, amounted to R\$136,037.86 as presented below:

	2011 BRL
Services Sales	136,037.86
	<u>136,037.86</u>

The services sales amounts were checked against the company's tax books and do not present differences.

10. Taxes incident on Services

The company's total taxes related to sales amounted to R\$ 22,907.22, as presented below:

	2011 BRL
ISS - Sales	10,388.87
COFINS - Sales	2,244.63
PIS - Sales	10,338.87
	<u>22,907.22</u>

11. Operating Expenses

The composition of the "Operating Expenses" account is presented below:

	2011 BRL
Bus/Taxi	240.00
Rents	3,250.00
Accounting Outsourcing	51,258.60
Internet	393.10
Auditory	3,000.00
Others	437.16
	<u>58,578.86</u>

12. Financial (expenses) income

The balance of the Financial (expenses) income and exchange variation income account is presented below:

	2011 BRL
Interest Income	-
Finance Income	887.24
Other income	-
(-) Bank Expenses	890.70
(-) Interest - expenses	-
	<u>(3.51)</u>

13. Revenues/Expenses Not Operational

The balance of "Revenues/ Expenses Not Operational" as of March 31, 2011, is R\$ 35,319.25 is presented below:

	2011 BRL
Judicial Agreement	35,319.25
	<u>35,319.25</u>

14. Identified Contingencies

In the month of March 2009, the Company received a notice from the Federal Authorities (National Institute of Social Security) for submission of certain documents and information related to the year 2005. In response to this notice various documents were submitted to the Federal Authorities.

The inspection of documents by Federal Authorities is now over and a total amount of payment as levied by the Federal Authority of R\$ 500.00 was to be paid in April 2010. The payment is not made due as the Federal Tax Authority may waive 50% amount of this payment. The notification for this waiver was not received until March, 2011.

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

Supervisor

M. S. Unnikrishnan

Executive Director

H. P. Mohgaonkar

General Manager

Ashish Vaishnav

Registered Office

No. 645,
Chayuan Road,
Jiaxing Economic Development Zone,
Jiaxing, Zhejiang, PRC.
Post 314003

Auditors

Zhejiang Zhong Ming Certified Public
Accountants Co. Ltd.
Jiaxing, China

Bankers

Industrial and Commercial Bank of China

The report in English is only for reference, the report in Chinese is formal

Audit Report

ZZKS [2011] No. 1108

BOD of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd., China:

We have audited the accompanying financial statements of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (herein after referred as "the Company"), which comprise the balance sheet as of 31 December 2010, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

I. Responsibility of management

Management is responsible for the preparation of these financial statements in accordance with the requirements of both the accounting standards and Accounting System for Business Enterprises. This responsibility includes :i) designing, implementing and maintaining internal misstatement, whether due to fraud or error; ii) selecting and applying appropriate accounting policies; iii) making accounting estimates that are reasonable in the circumstances.

II. Responsibility of auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Independent Auditing Standards for Certified Public Accountants. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In marking those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

III. Audit opinion

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position of the Company as of 31 December 2010 and the results of its operations and its cash flows for the year then ended.

Zhejiang Zhong Ming Certified Public Accountants Co., Ltd.

Jiaxing, China

Certified Public Accountant: Li Aizhong

Certified Public Accountant: Luo Bin

Feb 28, 2011

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

Income statement for the year ended 31st December, 2010

PARTICULARS	2010		2009	
	RMB	Rs.	RMB	Rs.
Revenue from main operations	30,423,840	207,168,125	19,577,867	128,752,320
Revenue from other operations	938,259	6,388,979	319,228	2,099,375
Less: Cost of main operations	30,113,485	205,054,792	20,321,671	133,643,890
Cost of other operations	130,788	890,588	25,579	168,220
Selling Expenses	5,977,500	40,703,195	4,512,965	29,679,160
General and administrative expenses	6,290,410	42,833,925	6,676,312	43,906,248
Finance expenses	874,760	5,956,594	520,041	3,420,009
Loss from Operations	(12,024,845)	(81,881,991)	(12,159,474)	(79,965,833)
Add: Revenue from subsidies	166,979	1,137,025	250,754	1,649,067
Non-operating revenue	68,021	463,180	-	-
Less: Non-operating expenses	-	-	2,168	14,256
Loss before tax	(11,789,846)	(80,281,787)	(11,910,887)	(78,331,022)
Income tax	-	-	-	-
Net loss for the year	(11,789,846)	(80,281,787)	(11,910,887)	(78,331,022)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2010 is 1 RMB = Rs 6.81
Exchange rate : as at 31 December 2009 is 1 RMB = Rs 6.58

Cash Flow Statement for the year ended 31 December 2010

PARTICULARS	2010		2009	
	RMB	Rs.	RMB	Rs.
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	31,692,763	215,808,728	18,915,534	124,396,535
Refund of taxes	2,822,776	19,221,416	221,300	1,455,365
Other cash received relating to operating activities	3,115	21,212	600,645	3,950,095
Cash paid for goods & services	(22,545,480)	(153,521,215)	(15,135,313)	(99,536,205)
Cash paid to & on behalf of employees	(8,917,040)	(60,719,703)	(6,742,188)	(44,339,477)
Other cash paid relating to operating activities	(7,238,296)	(49,288,459)	(4,961,381)	(32,628,135)
Net cash used in operating activities	(4,182,163)	(28,478,022)	(7,101,403)	(46,701,822)
Less : Payment of all types of taxes	554,798	3,777,840	502,253	3,303,028
Net cash used in operating activities	(4,736,960)	(32,255,862)	(7,603,656)	(50,004,850)
Cash Flows from Investing activities				
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	(541,810)	(3,689,398)	(1,193,183)	(7,846,875)
Net cash used in investing activities	(541,810)	(3,689,398)	(1,193,183)	(7,846,875)
Cash Flows from Financing activities				
Cash Received from borrowings	26,200,000	178,406,304	7,300,000	48,007,882
Repayment of borrowings	(20,100,000)	(136,868,958)	(500,000)	(3,288,211)
Cash paid for distribution of dividends or profits and for interest expenses	(788,372)	(5,368,340)	(428,424)	(2,817,500)
Net cash received in financing activities	5,311,628	36,169,005	6,371,576	41,902,170
Effect of Foreign exchange rate changes on cash and cash equivalents	(46,604)	(317,346)	10,613	69,799
Net (decrease)/increase in cash at banks and in hand	(13,746)	(93,601)	(2,414,650)	(15,879,756)
Cash at banks and in hand at beginning of year	323,759	2,204,605	2,738,408	18,008,928
Cash at banks and in hand at end of year	310,013	2,111,003	323,759	2,129,173

Balance Sheet as at 31st December, 2010

PARTICULARS	2010		2009	
	RMB	Rs.	RMB	Rs.
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	310,013	2,111,000	323,759	2,129,173
Accounts receivable	6,609,020	45,003,470	3,299,102	21,696,290
Other receivables	524,437	3,571,098	131,128	862,353
Advance to suppliers	415,508	2,829,358	412,259	2,711,187
Inventories	12,550,037	85,458,232	2,960,426	19,469,008
Prepaid expenses	187,451	1,276,427	272,372	1,791,234
Allowance receivable	94,815	645,634	1,189,796	7,824,599
TOTAL CURRENT ASSETS	20,691,280	140,895,220	8,588,841	56,483,845
NON-CURRENT ASSETS				
Fixed Assets-cost	59,412,964	404,566,694	59,035,929	388,245,190
Less: Accumulated depreciation	9,841,043	67,011,606	5,810,561	38,212,700
Fixed Assets-Net book value	49,571,922	337,555,088	53,225,368	350,032,491
Intangible assets	6,596,389	44,917,458	6,847,389	45,031,321
Long-term deferred and prepaid expenses	30,324	206,488	55,183	362,904
TOTAL NON-CURRENT ASSETS	56,198,635	382,679,034	60,127,940	395,426,716
TOTAL ASSETS	76,889,915	523,574,254	68,716,781	451,910,561
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	16,900,000	115,078,875	10,800,000	71,025,359
Accounts payable	14,129,511	96,213,503	4,884,752	32,124,194
Advances from customers	4,326,689	29,462,162	681,533	4,482,052
Accrued payable	101,849	693,533	48,393	318,254
Taxes payable	(579,163)	(3,943,750)	(133,200)	(875,978)
Other amounts payables	233,536	1,590,241	231,983	1,525,618
Accrued expenses	2,747,842	18,711,156	1,383,823	9,100,604
TOTAL CURRENT LIABILITIES	37,860,265	257,805,720	17,897,285	117,700,103
OWNER'S EQUITY				
Paid in capital	74,996,269	510,679,660	74,996,269	493,207,122
Accumulated losses	(35,966,619)	(244,911,126)	(24,176,773)	(158,996,665)
TOTAL OWNER'S EQUITY	39,029,650	265,768,534	50,819,496	334,210,457
TOTAL LIABILITIES AND OWNER'S EQUITY	76,889,915	523,574,254	68,716,781	451,910,561

Statement of changes in Equity for the Year Ended 31 December 2010

	Share Capital		Accumulated Losses		Total	
	2010 RMB	2010 RS	2009 RMB	2009 RS	2010 RMB	2010 RS
Balances at 1 January 2010	74,996,269	510,679,660	(24,176,773)	(164,629,339)	50,819,496	346,050,321
Net loss for the current period	-	-	(11,789,846)	(80,281,787)	(11,789,846)	(80,281,787)
Balances at 31 December 2010	74,996,269	510,679,660	(35,966,619)	(244,911,126)	39,029,650	265,768,534

Notes to the financial statements for the year ended December 31, 2010

1. Company background

Thermax (Zhejiang) Cooling & Heating Engineering Company Limited (the "Company") is a wholly foreign owned enterprise established in Jiaxing, Zhejiang Province in the People's Republic of China (PRC) by Thermax Company Limited. The Company obtained an approval certificate Shang Wai Zi-Zhe Fu Zi Jia Zi [2006] No.03662 from the People's Government of Zhejiang Province on 14 December 2006, and a business license (No.330400400008751) on 15 December 2006 issued by Zhejiang Province Administration of Industry and Commerce of the PRC. The registered capital is USD11,470,000 and the paid-in capital is USD 10,344,985.

The operating activities mainly include products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals.

2. Significant accounting policies accounting estimates

2.1 Accounting regulations

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprise-Basic Standard issued in 2006, specific accounting standards issued before 2006 and the "Accounting System for Business Enterprises" as promulgated by the State of the People's Republic of China.

2.2 Accounting period

The Company adopts the calendar year as its accounting year, i.e. from January 1 to December 31.

2.3 Reporting currency

The recording currency of the Company is RMB.

2.4 Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

2.5 Translation of foreign currencies

Foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China at the beginning of the month. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences relevant to the acquisition of fixed assets are recorded as the acquisition cost of fixed assets. Exchange differences irrelevant to the acquisition of fixed assets are recorded as long-term prepaid expenses if arising during the pre-operating period or recorded as finance expenses if not.

2.6 Cash equivalents

Cash equivalents refer to short-term (due within three months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.7 Provision for bad debts

- i) Provision for bad debts on trade and other receivables is accounted for using the allowance method: Aging analysis method. Aging analysis method is based on relevant information such as past experience, actual financial position and cash flows of debtors, as well as other relevant information. Company Policy : A 100% Provision to be made for Receivables (other than Retentions) which are more than 2 years and 50% provision to be made for Receivables (other than Retentions) which are more than one year but less than two years.
- ii) Criteria for recognition of bad debts: (1) The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures or died and has no offsetting estate and obligatory undertakes. (2) The irrecoverable amount or this amount with less possibility to be recovered with sufficient evidence for a debtor who does not comply with repayment obligation after the debt becomes due.

2.8 Inventory costing method

Inventories encompass finished goods produced, or work in progress being produced by the enterprise and include materials and supplies awaiting use in the production process.

Inventories are stated at actual cost. The cost of materials is assigned using the Weighted Moving Average Method, the cost of finished goods and work-in-progress are assigned using specific identification of their individual costs. Low-value consumables are written-off in full when issued for use.

Inventories are measured at the lower of cost and net realizable at the end of a period.

If inventories are damaged, they have become wholly or partially obsolete, or if their selling prices have declined. Where the net realizable value is lower than the cost, the differences is recognized as the Provision for obsolete stocks. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. As per company policy, Inventory Obsolete provision has been made for 100% if Inventory aged more than two years & 50% if inventory is aged more than one year but less than two years.

2.9 Valuation and depreciation of the fixed assets

- 1) Fixed assets are recorded at actual costs. Fixed assets are assets held by the company for use in the production of goods and for administrative purposes. They are expected to be used for more than one year.
- 2) The valuation of fixed assets:
 - (1) Fixed assets purchased are recorded at cost plus packaging expenditure, freight, installation cost as well as related taxes.
 - (2) Fixed assets constructed by the Company are recorded at all the expenditure that is related to the construction before they are ready for their intended use.
 - (3) Fixed assets invested by shareholder are recorded at the confirmed value by all shareholders.
 - (4) Fixed assets accepted as the compensation of debts from debtors or obtained in a non-monetary transaction, are recorded at values confirmed in accordance with Debt Recombination and Non-monetary Transaction Postulates.
- 3) Fixed assets are depreciated using the straight-line method of the assets. The estimated useful lives, estimated residual value rate expressed as a percentage of cost and depreciation rate are as follows :

Category	Estimated useful life	Estimated residual value rate	Estimated annual depreciation rate
Buildings	20 years	10%	4.5%
Machinery	10 years	10%	9%
Electronic equipment	3 -5 years	10%	18-30%

- 4) Fixed assets are valued at the lower of the carrying value and the recoverable amount. Individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are viewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss. When there is an indication that the need for an impairment provision record in a prior period no longer exists or has decreased; the provision for impairment loss is reversed to the extent of the impairment loss previously recognized.

2.10 Construction in progress

- 1) Construction in progress is recorded at its real costs
 - (1) Direct expenditure on contracted construction comprises the contract price, the original cost of machinery and equipment, installation costs, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.
 - (2) Direct expenditure on self-operated construction comprises the used material costs, raw material costs with tax cannot be deducted, inventory's costs with related taxes, costs of labor service provided by the Company's aided production department, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.
- 2) When the construction has reached its expected usable condition but without final accounting completed, the estimated construction cost in that account is capitalized as fixed assets in accordance with the budget, construction cost or real costs. The fixed asset's book value should be adjusted after final accounting completion. Impairment of construction in progress should be recognized when
 - (1) The construction in progress is suspended for a long period and is not expected to be resumed in three years, or
 - (2) Construction project is technically and physically obsolete and its economic benefits to the company are uncertain.

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

2.11 Intangible assets

- Intangible assets are recorded at actual costs when obtained.
- The cost of an intangible asset are amortized evenly over its expected useful life or the effective period stipulated by law (whichever is shorter) starting in the month in which it is obtained. If neither of the above can be determined, the amortization period should not be longer than 10 years.
If an intangible asset brings no more future economic benefits, its carrying amount should be recognized in the income statement for the current period.
- The Company reviews the carrying amount of its intangible assets as well as its recoverable net value at the balance sheet date. The difference by which the recoverable amount is lower than the carrying amount of the intangible assets should be provided for and recognized.

2.12 Long-term prepayments

Long-term prepayments are recorded at the actual costs and amortized evenly over the beneficial periods of their own. If a long-term prepayment brings no more future economic benefits, its book value should be recognized in the income statement for the current period.

2.13 Revenue recognitions

- Revenue from the sale of goods is recognized with following basis:
 - The seller has transferred the significant risks and rewards of ownership to the buyer;
 - The seller does not retain continuing managerial involvement to the degree usually associated with ownership and does not have effective control over the goods sold;
 - It is probable that the economic benefits associated with the transaction will flow to the enterprise;
 - The amount of revenue and the costs incurred or to be incurred in respect of the transaction is measured reliably.
- Revenue from services is recognized with following basis:
 - When the provision of services is started and completed within the same fiscal year, revenue is recognized at the time of completion of the services when the money or the right to collect the money is received.
 - When the provision of services is started and completed in different fiscal years, the Company recognizes the service revenue at the balance sheet date by the use of the percentage of completion method. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied: (a) the total amount of service revenue and costs can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and (c) the stage of completion of the services provided can be measured reliably.
 - When the result of the long construction contract can be estimated authentically, revenue from service as well as the cost should be recognized according to the percentage of completion.

2.14 Accounting for income tax

Income tax is recognized under the tax payable method.

3. TAXATION

3.1 Value Added Tax (VAT)

The company's sales of products are subjected to Value Added Tax (VAT). The applicable tax rate for domestic sales is 17%. Sale of Goods in overseas market is subject to the method of tax exemption, credit and refund, the refund rate is 17%.

3.2 Enterprise Income Tax

The statutory rate of corporate income tax applicable to the Company is 25%. First two years 'NIL' & next three years 50%, i.e. 12.5%, current year the rate is 12.5%.

4. MAIN ITEMS OF THE FINANCIAL STATEMENTS

4.1 Cash and equivalents

(Unit : RMB)

Items	2010-12-31			2009-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			21,452.62			8,058.67
RMB			15,161.05			8,058.67
	950	6.6227	6,291.57			
Cash in bank			288,559.99			315,699.86
RMB			288,524.00			123,823.97
USD	1.1	6.6227	7.28	23,796.11	6.8282	162,484.59
EUR	3.26	8.8067	28.71	3,000.00	9.7971	29,391.30
Total			310,012.61			323,758.53

4.2 Accounts receivable

(Unit : RMB)

Account Age	2010-12-31			2009-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	6,134,920.43	92.83%	-	3,299,102.43	100%	-
1-2 years	474,100.00	7.17%	-	-	-	-
Total	6,609,020.43	100.00%	-	3,299,102.43	100%	-

4.3 Other receivable

(Unit : RMB)

Account Age	2010-12-31			2009-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	475,796.50	90.73%	-	87,128.00	66.45%	-
1-2years	12,640.00	2.41%	-	36,000.00	27.45%	-
2-3years	36,000.00	6.86%	-	8,000.00	6.10%	-
Total	524,436.50	100%	-	131,128.00	100%	-

4.4 Accounts in advance

(Unit : RMB)

Account Age	2010-12-31			2009-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	415,507.64	100.00%	-	412,258.73	100.00%	-
Total	415,507.64	100.00%	-	412,258.73	100.00%	-

4.5 Allowance receivable

(Unit : RMB)

Items	2010-12-31	2009-12-31
VAT refund	94,815.14	1,189,795.69
Total	94,815.14	1,189,795.69

4.6 Inventory

(Unit : RMB)

Items	2010-12-31		2009-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	2,824,637.15	135,215.50	1,315,844.81	181,830.00
Finished goods	2,698,095.07	-	680,772.42	55,376.78
Work-in-progress	7,162,520.09	-	1,201,015.14	-
Total	12,685,252.31	135,215.50	3,197,632.37	237,206.78

4.7 Prepaid expenses

(Unit : RMB)

Items	Bal.B/Y	Increase in this year	Amortization in this year	Bal.E/Y
Tuition	108,069.20	378,100.00	445,109.20	41,060.00
Life Insurance	104,679.60	202,558.32	191,952.70	115,285.22
Property Insurance	24,623.33	39,133.39	47,451.17	16,305.55
House rent	35,000.00	53,400.00	73,600.00	14,800.00
Total	272,372.13	673,191.71	758,113.07	187,450.77

4.8 Fixed assets and accumulated depreciation

(Unit : RMB)

Items	Bal.B/Y	Increase in this year	Decrease in this year	Bal.E/Y
1) Original value	59,035,928.84	521,296.68	144,261.11	59,412,964.41
Plant and buildings	33,165,957.15	137,730.00	-	33,303,687.15
Machinery	23,897,353.25	278,182.05	-	24,175,535.3
Transportation equipment	323,823.65	65,384.63	-	389,208.28
Office equipment	396,351.61	-	-	396,351.61
Furniture and others	1,252,443.18	40,000.00	144,261.11	1,148,182.07
2) Accumulated depreciation	5,810,560.64	4,047,793.58	17,311.36	9,841,042.86
Plant and buildings	2,238,702.11	1,495,696.98	-	3,734,399.09
Machinery	3,046,503.61	2,161,470.56	-	5,207,974.17
Transportation equipment	135,641.64	96,893.92	-	232,535.56
Office equipment	127,794.07	84,015.72	-	211,809.79
Furniture and others	261,919.21	209,716.40	17,311.36	454,324.25
3) Impairment of fix assets	-	-	-	-
Plant and buildings	-	-	-	-
Machinery	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment	-	-	-	-
Furniture and others	-	-	-	-
4) Net value of fixed assets	53,225,368.20	-	-	4,9571,921.55
Plant and buildings	30,927,255.04	-	-	29,569,288.06
Machinery	20,850,849.64	-	-	18,967,561.13
Transportation equipment	188,182.01	-	-	156,672.72
Office equipment	268,557.54	-	-	184,541.82
Furniture and others	990,523.97	-	-	693,857.82

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4.9 Intangible assets (Unit : RMB)

Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
Land use right	6,571,919.99	-	139,088.28	6,432,831.71
Auto desk	20,222.12	-	18,666.72	1,555.40
UFIDA	17,777.80	-	13,333.32	4,444.48
Antivirus software	3,991.02	20,512.830	5,653.37	18,850.48
Office software	99,433.86	-	27,749.04	71,684.82
ERP system	134,044.23	-	67,022.04	67,022.19
Total	6,847,389.02	20,512.83	271,512.77	6,596,389.08

4.10 Long-term prepayments (Unit : RMB)

Items	Bal.B/Y	Increase in this year	Amortization in this year	Bal.E/Y
Decorating	48,516.00	-	18,192.00	30,324.00
Internet Leased Line	6,666.66	-	6,666.66	-
Total	55182.66	-	24,858.66	30,324.00

4.11 Short-term loans (Unit : RMB)

Bank Name	2010-12-31	2009-12-31
Citibank (china)	16,900,000.00	10,800,000.00
Total	16,900,000.00	10,800,000.00

Note : As of 31 December 2010, the bank loan borrowed from Citibank (china) Co.,Ltd. Shanghai Branch with the amount of RMB 16,900,000 is supported by Thermax limited.

4.12 Accounts payable (Unit : RMB)

Account age	2010-12-31		2009-12-31	
	Amount	%	Amount	%
Within 1 year	14,129,510.73	100%	3,131,182.71	64%
1~2years	-	-	1,753,569.68	36%
Total	14,129,510.73	100%	4,884,752.39	100%

4.13 Deposit received (Unit : RMB)

Account age	2010-12-31		2009-12-31	
	Amount	%	Amount	%
Within 1 year	4,248,144.07	98.18%	681,533.45	100%
1~2years	78,545.22	1.82%	-	-
Total	4,326,689.29	100%	681,533.45	100%

4.14 Accrued payroll (Unit : RMB)

Item	2010-12-31	2009-12-31
Payroll for Chinese employee	101,849.32	48,393.22
Total	101,849.32	48,393.22

4.15 Tax and other fees payable (Unit : RMB)

Item	2010-12-31	2009-12-31
VAT	(848,771.54)	(161,493.68)
Individual income tax	39,973.58	24,016.99
Land use tax	52,870.00	-
Stamp tax	2,780.51	1,474.92
Real estate tax payable	174,398.98	-
Water conservancy construction fund	6,484.34	2,801.97
Education surtax	(6,898.45)	-
Total	(579,162.58)	(133,199.80)

4.16 Other payable (Unit : RMB)

Account age	2010-12-31		2009-12-31	
	Amount	%	Amount	%
Within 1 year	231,136.07	98.97%	229,582.96	98.97%
1~2 years	2,400.00	1.03%	2,400.00	1.03%
Total	233,536.07	100%	231,982.96	100%

4.17 Accrued expenses (Unit : RMB)

Item	2010-12-31	2009-12-31
Payroll	-	57,807.61
Water, Electricity, Steam fee	90,681.41	32,757.59
Freight fee	23,430.00	26,505.000
Product warranty fee	1,297,362.41	696,651.000
Material cost	26,635.00	42,136.08
Services fee	410,693.00	261,020.00
Commission to employee	493,069.00	123,720.00
Commission	12,970.00	71,441.00
Entertainment expenses	141,522.30	-
Others	251,478.62	71,784.75
Total	2,747,841.74	1,383,823.03

4.18 Paid-in capital (Unit : RMB)

Investor	Registered capital (USD)	Beg. Bal.		End. Bal.	
		USD	RMB Equivalent	USD	RMB Equivalent
Thermax Ltd.	11,470,000	10,344,985	74,996,268.58	10,344,985	74,996,268.58
Total	-	-	74,996,268.58	-	74,996,268.58

4.19 Undistributed profit (Unit : RMB)

Item	Amount
Undistributed profits at beginning of the year	(24,176,772.85)
Add : Net profit of this period	(11,789,845.77)
Less: Appropriation of statutory surplus reserve	-
Less : Appropriation of discretionary surplus reserve	-
Less : Dividend payable on common stock	-
Less : Common stock dividend converted into capital	-
Undistributed profits at the end of the year	(35,966,618.62)

4.20 Revenue from main operations and cost of main operations (Unit : RMB)

Item	Revenue from main operations		Cost of main operations	
	2010	2009	2010	2009
Domestic sales	15,493,931.69	8,456,410.63	18,018,460.26	8,708,967.48
Overseas sales	14,929,908.50	11,121,456.57	12,095,024.67	11,612,703.98
Total	30,423,840.19	19,577,867.20	30,113,484.93	20,321,671.46

4.21 Profit from other operations (Unit : RMB)

Item	Revenue from other operations		Cost of other operations	
	2010	2009	2010	2009
Spares Materials sales	447,122.79	98,745.63	124,988.07	10,579.23
Service revenue	491,135.81	220,481.90	5,800.00	15,000.00
Total	938,258.60	319,227.53	130,788.07	25,579.23

4.22 Operation expenses (Unit : RMB)

Item	2010	2009
Salaries and welfare	2,075,321.95	1,335,245.39
Warranty and FOC	643,198.77	715,712.88
Business trip	711,005.61	490,952.23
Entertainment expenses	580,452.82	408,680.12
Consulting fee	394,626.00	387,154.00
House Rent	244,330.40	311,676.19
Transportation expenses	372,282.22	271,597.00
Exported fee	192,443.08	128,942.02
Office expenses	70,267.87	125,926.63
Commission to employee	182.86	71,441.00
Exhibition expenses	345,139.23	61,474.46
Other	348,249.41	204,162.61
Total	5,977,500.22	4,512,964.53

4.23 General and administrative expenses (Unit : RMB)

Items	2010	2009
Salaries and welfare	2,397,056.87	2,038,316.73
Consulting expenses	274,170.45	601,894.87
Taxes	554,794.74	502,202.81
Depreciation	492,481.94	491,540.73
Car expenses	430,891.00	453,961.30
Maintain expense	23,270.26	434,847.06
House rent	28,755.00	390,116.81
Travel expenses	397,547.65	337,947.39
Amortization	276,371.55	272,512.22
Fesco	311,827.91	244,125.59
Provision for obsolete stocks	(101,991.28)	237,206.78
Insurance	195,633.43	183,720.16
Communication expenses	143,363.13	152,508.35
Office expenses	157,153.02	127,664.53
Others	709,084.52	207,747.00
Total	6,290,410.19	6,676,312.33

4.24 Financial expenses (Unit : RMB)

Items	2010	2009
Interest expense	792,945.73	428,424.47
Less : Interest income	(1,499.70)	4,191.20
Exchange Loss	13,088.22	64,327.40
Others	67,226.78	31,480.29
Total	874,760.43	520,040.96

4.25 Revenue from subsidies (Unit : RMB)

Items	2010	2009
Estate tax refund	166,228.68	221,300.39
Government subsidies	750.00	29,454.00
Total	166,978.68	250,754.39

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

4.26 Non-operating expenditure

(Unit : RMB)

Items	2010	2009
Debt exemption	60,409.94	-
Others	7,610.66	2,167.67
Total	68,020.60	2,167.67

5. Related parties and related party transactions

5.1 Related parties

(1) Related party under control

Name of related parties	Relationship with the company
Thermax Ltd.	Foreign Investor
RDA Holding & Trading Private Limited	Ultimate holding company

(2) Related Party where control does not exist, but transactions occurred

Name of related parties	Relationship with the company
Thermax Inc.	Under a common control of the same ultimate holding company
Thermax Europe Limited	Under a common control of the same ultimate holding company

5.2 Related party transactions

(Unit : RMB)

(1) Purchases of goods

Name of related parties	2010	2009
Thermax Ltd.	1,402,338.10	816,657.46
Thermax Inc.	24,942.12	-
Total	1,427,280.22	816,657.46

(2) Sales of goods & services

(Unit : RMB)

Name of related parties	2010	2009
Thermax Inc.	2,108,970.00	1,472,161.75
Thermax Europe Limited	5,394,069.10	5,738,759.26
Thermax Ltd.	4,474,025.16	2,994,174.14
Total	11,979,289.52	10,205,095.15

(3) Amounts due from/to related parties

Name of related parties	Account	Foreign currency	Amount
Thermax Ltd.	Accounts receivable	USD 188,800	1,250,365.760
Thermax Europe Limited	Accounts receivable	EUR 46,565	410,074.67
Thermax Ltd.	Accounts payable	USD 64,860.92	429,554.41
Thermax Ltd.	Advanced from customers	USD 126,812.50	839,841.14

6. CONTINGENT EVENTS

End of the date of the financial report issued, the company had no contingent events to be disclosed.

7. NON-ADJUSTMENT EVENTS IN FUTURE EVENTS OF BALANCE SHEET

End of the date of the financial report issued, the company has no non-adjustment events in future events of the balance sheet to be disclosed.

8. BANK GUARANTEE:

End of the date of the balance sheet date, the Citi bank had opened the guarantee letter of 721, 210 CNY and 131, 426.89 USD for the company comprising of Advance & Performance Guarantee.

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Directors

Pheroze Pudumjee
Chairman

Dr. Robert Bartels
Drew Ladau
M. S. Unnikrishnan
Raj Kapur (Alternate Director)

Chief Officer

V. J. Shah

Company Secretary

Sunil Kashelkar

Registered Office

Thermax House
14, Mumbai-Pune Road,
Pune 411 003
India

Corporate Office

4th Floor, Energy House,
D-II Block, Plot No.38 & 39, MIDC
Chinchwad, Pune 411 019, India

Auditors

B. K. Khare & Co.
Chartered Accountants
11, Venu Madhav Apartments,
S. No. 104/7, Off Lane No. 14,
Pune 411 004

Bankers

Corporation Bank
Axis Bank

Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Second Annual Report and the audited accounts of the company for the year ended March 31, 2011.

FINANCIAL RESULTS

Particulars	(Rs. in lakh)	
	2010-11	2009-10
Total income	916.84	4.99
Profit before depreciation	(101.37)	(85.15)
Depreciation	5.41	-
Profit before tax	(106.78)	(85.15)
Provision for taxation (incl. deferred tax)	68.93	-
Profit after tax	(37.85)	(85.15)

The company was incorporated on October 6, 2009. However employee recruitment and office infrastructure were completed during the current year and therefore this is the first year of operational activity of your company where business income has been recognised.

DEFINING OUR BUSINESS

Your company is a strategic joint venture (JV) between Thermax Limited and SPX Netherlands BV., a wholly owned subsidiary of SPX Corporation, USA.

The JV would help power plants to meet the stringent emission norms and to improve thermal efficiencies in the boiler island by supplying products like electrostatic precipitators (ESPs), bag houses, rotary air pre-heaters (RAPHs). In addition to these products the JV has been offering air cooled condensers [ACCs] together with SPX Cooling Technologies Belgium, South Africa and Netherlands, based on SPX technologies for large thermal power plants on a selective case by case basis. Thermax's expertise will be in facilitating and integrating energy and environment aspects of the business.

Since incorporation, your company has made a successful foray in the power sector of the Indian market by actively participating in a number of bids for power plant equipment to build a strong foundation for future business.

OPERATIONS

During the year, your company has commenced execution of its first order for RAPH which had been secured in the previous financial year. This order involves design, engineering, manufacturing, supply, supervision of installation, erection and commissioning of RAPH units for 2 x 750 TPH boilers of a leading oil refinery. The company was successful in getting itself approved as the supplier for ESPs, ACCs and RAPHs by power developers and consultants. For some projects, the company came close to obtaining orders, while for some other active projects, where it has bid, the outcome is awaited in the next financial year.

SHARE CAPITAL

The company was incorporated with an authorised share capital of Rs. 50 crore. During the year the company issued 80,000 equity shares of Rs. 10 each for cash at par. The

present paid-up and issued share capital of the company is Rs. 20 crore held by its joint venture partners, viz. Thermax Limited and SPX Netherlands BV., in the ratio of 51% and 49%, respectively.

DIVIDEND

In view of the loss for the financial year 2010-11, your directors do not recommend any dividend.

FUTURE PLANS

In its quest for operational excellence, your company is organising people and technical systems to achieve the highest level of operating performance. To meet this requirement, it will also evaluate implementation of Enterprise Resource Planning [ERP].

The company also plans to make its strong presence felt not only in the domestic market but also in the international markets with the support from SPX Corporation and its subsidiary, Balcke Duerr GmbH.

The company will evaluate to expand the current product portfolio to bring in other products from SPX Corporation to cater to the power industry.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees

Particulars of the employees required under Section 217 (2A) of the Companies Act, 1956 read with rules framed there under, is annexed and forms part of this report.

2. Conservation of Energy and Technology Absorption

Information pertaining to conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 is not applicable to company since the manufacturing activity has not started.

3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange earnings and outgo, under Section 217(1)(e) of the Companies Act, 1956 is set out in note no.9 of Schedule 16- Notes to Accounts.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

DIRECTORS

Mr. Raj Kapur was appointed as Alternate Director to Mr. Drew Ladau effective October 14, 2010.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Pheroze Pudumjee and Mr. Drew Ladau retire by rotation and being eligible offers, themselves for re-appointment as Directors.

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

MANAGER

Mr. Vijay J. Shah was appointed as 'Manager' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, with remuneration for the period April 1, 2010 to November 30, 2010. The Central Government has approved remuneration payable to Mr. Vijay J. Shah for the aforesaid period.

The Members approved the re-appointment of Mr. Vijay J. Shah as 'Manager' for a further period from December 1, 2010 to November 30, 2011 on revised terms and conditions subject to approval of the Central Government. The company had filed requisite application with the Central Government on January 6, 2011 and for which approval has been received.

COMPANY SECRETARY

In accordance with the provisions of Section 383A of the Companies Act, 1956, Mr. Sunil Kachelkar who holds the prescribed qualification, has been appointed as a Company Secretary effective October 14, 2010.

BOARD COMMITTEES

Presently, the Board has constituted two committees:

1. Audit Committee

The committee presently comprise of three members - Mr. Drew Ladau (Chairman) with Mr. M. S. Unnikrishnan and Dr. Robert Bartels are the other members.

The constitution of the committee meets with the requirements of Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee broadly include:

- review of internal control systems,
- review the half yearly and annual accounts of the company,
- deciding the scope of internal audit,
- investigation into / act on any matter as may be referred to it by the Board.

The Committee has met four times during the financial year 2010-11 on the following dates : May 3, 2010, July 13, 2010, October 14, 2010 and January 18, 2011.

2. Remuneration Committee

The committee presently comprises four members - Mr. Drew Ladau, Dr. Robert Bartels, Mr. Pheroj Pudemjee and Mr. M. S. Unnikrishnan.

The terms of reference of this committee is to review and approve remuneration of managerial personnel appointed under the Companies Act, 1956.

Mr. Vijay J. Shah was re-appointed as 'Manager' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, first for the period April 1, 2010 to November 30, 2010 and subsequently for the period December 1, 2010 to November 30, 2011. The Remuneration Committee has reviewed and approved remuneration payable to Mr. V. J. Shah for his aforesaid appointments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care 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;
- the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s B. K. Khare & Co, Chartered Accountants, will retire as Statutory Auditors at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your directors also wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by the employees, strategic partners and all outside agencies. Directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Pune, April 19, 2011

M. S. Unnikrishnan
Director

Raj Kapur
Director

Statement of particulars of employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011

Sr. No.	Name	Designation	Qualification	Age (Yrs)	Date of joining	Experience (Yrs)	Total Remuneration (Rupees)	Previous Employment Designation
1	Mr. Vijay J. Shah	Chief Officer	Chemical Engineer B.Tech, IIT Mumbai M.B.A. Banaras University	63	2.12.2009	34	55,56,301	Thermax Limited Vice President

Notes:

- Remuneration above includes salary, commission, medical expenses, allowances.
- Experience includes number of years services both within the Company and elsewhere, wherever applicable.
- The nature of employment is contractual.
- The above employee is not a relative of any Director of the Company.

Auditors' Report

To the members of Thermax SPX Energy Technologies Limited

1. We have audited the attached Balance Sheet of Thermax SPX Energy Technologies Limited as at 31st March 2011, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
 - (e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, and in particular note No. 11(b) and our reliance on the projections made by the management referred to therein, warranting recognition of deferred tax asset with reference to accumulated losses, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. K. Khare & Company
Chartered Accountants
Firm Registration No.105102W

Place : Pune
Date : April 19, 2011

H. P. Mahajani
Partner
(Membership no. 30168)

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

To the members of Thermax SPX Energy Technologies Limited

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets including fixed assets installed at customers' sites.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act the Company has neither taken from nor granted loans, secured or unsecured, to any such companies, firms or other parties.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act there are no contracts or arrangements with any such party.
5. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. Company does not have an internal audit system.
7. Based on the examination of books of accounts and information and explanations provided to us, the maintenance of cost records has not been prescribed under Section 209 (1) (d) of the Companies Act, 1956 in respect of products manufactured by the company.
8. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
- (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and Cess matters that have not been deposited.
9. The Company has accumulated losses as at 31st March 2011, and it has incurred cash loss during the financial year ended on that date and also in the immediately preceding financial year.
10. Based on the information and explanations given to us, the Company had no dues to a financial institution or bank or debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/ mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
14. Based on the information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. The Company has not taken any term loan during the year.
16. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. No debentures have been issued during the year.
19. The Company has not raised any money by public issue during the year.
20. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.
21. In our opinion and according to the information and explanations given to us, the requirements of paragraphs 4 (ii) of the Order in respect of 'inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.

For B. K. Khare & Company
Chartered Accountants
Firm Registration No.105102W

Place : Pune
Date : April 19, 2011

H. P. Mahajani
Partner
(Membership no. 30168)

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Balance Sheet as at 31st March, 2011

Profit & Loss Account for the year ended 31st March, 2011

Schedule	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SOURCES OF FUNDS		
Shareholders' Funds :		
Share Capital	20 00 00 000	20 00 00 000
Total Funds Employed	20 00 00 000	20 00 00 000
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	42 02 662	–
Less : Depreciation	5 41 317	–
Net Block	36 61 345	–
Capital - Work in Progress	–	–
Investments	11 40 81 673	80 156 215
Current Assets, Loans & Advances :		
Sundry Debtors	3 74 59 368	–
Cash & Bank Balances	6 16 70 182	12 97 47 779
Loans & Advances	48 72 727	6 53 513
Other Current Assets	33 02 212	3 43 595
	10 73 04 489	13 07 44 887
Less: Current Liabilities & Provisions		
Current Liabilities	3 66 51 942	1 94 16 241
Contract in Progress	29 58 000	–
Provisions	46 30 771	–
	4 42 40 713	1 94 16 241
Net Current Assets	6 30 63 776	11 13 28 646
Profit & Loss Account	1 23 00 310	85 15 139
Deferred Tax Asset	68 92 896	–
Total Funds Applied	20 00 00 000	20 00 00 000
Notes to Accounts	16	

Schedule	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
INCOME		
Income from Operations and Other Income	9 16 84 232	4 99 811
	9 16 84 232	4 99 811
EXPENDITURE		
Project Execution Expenses	6 55 61 175	–
Personnel Cost	2 27 82 007	19 38 663
Preliminary Expenses	–	40 29 760
Depreciation	5 41 317	–
Other Expenses	1 34 77 801	30 46 527
	10 23 62 299	90 14 949
Profit/(Loss) before Tax	(1 06 78 067)	(85 15 139)
Less : Current Tax	–	–
Deferred Tax	(68 92 896)	–
Fringe Benefit Tax	–	–
Profit/(Loss) after Tax	(37 85 171)	(85 15 139)
Add : Loss brought forward from previous year	(85 15 139)	–
Balance Carried to Balance Sheet	(1 23 00 310)	(85 15 139)
Basic / Diluted Earning Per Share (Per Equity Share of Rs.10/- each)	(0.19)	(0.43)
Notes to Accounts	16	

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
(Membership No. 30168)

Pune, April 19, 2011

M. S. Unnikrishnan
Director

V. J. Shah
Chief Officer

For and on behalf of the Board

Raj Kapur
Director

Sunil Kashelkar
Company Secretary

Pune, April 19, 2011

ANNUAL REPORT 2010-2011

Schedule attached to and forming part of the Balance Sheet as at 31.03.2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
5 00 00 000 Equity Shares of Rs.10/- each	50 00 00 000	50 00 00 000
5 00 00 000	50 00 00 000	50 00 00 000
Issued, Subscribed & Paid up		
2 00 00 000 Equity Shares of Rs.10/- each fully paid up (Previous year 1 99 20 000) (out of the above 1 02 36 720 equity shares of Rs.10/- each held by Thermax Limited holding Company)	20 00 00 000	19 92 00 000
Share Application Money (40,800 applied by Thermax Limited holding Company)	-	8 00 000
	20 00 00 000	20 00 00 000

SCHEDULE 2 : FIXED ASSETS

Asset Block	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance as on 1st April 2010	Additions during the year	Deductions during the year	Balance as on 31st Mar 2011	Accumulated Depreciation as at 1st April 2010	Depreciation during the year	Deductions during the year	Accumulated Depreciation as at 31st Mar 2011	Balance as at 31st Mar 2011	Balance as at 31st Mar 2010
Tangible :										
Computers	-	18 40 511	-	18 40 511	-	3 85 733	-	3 85 733	14 54 778	-
Furniture & Fixtures	-	41 963	-	41 963	-	1 839	-	1 839	40 124	-
Office Equipment	-	13 000	-	13 000	-	2 244	-	2 244	10 756	-
Vehicles	-	18 13 011	-	18 13 011	-	86 752	-	86 752	17 26 259	-
Intangible :										
Software	-	4 94 177	-	4 94 177	-	64 749	-	64 749	4 29 428	-
Total	-	42 02 662	-	42 02 662	-	5 41 317	-	5 41 317	36 61 345	-
Previous Year	-	-	-	-	-	-	-	-	-	-

SCHEDULE 4 SUNDRY DEBTORS

Unsecured		
Debts Outstanding for a period exceeding six months		
Considered good	7 67 281	-
Considered doubtful	-	-
Less : provided for	-	-
Other Debts (includes retention)	3 66 92 087	-
	3 74 59 368	-

SCHEDULE 5 CASH & BANK BALANCES

Cash in hand	-	-
Balances with Scheduled banks :-		
In Current accounts	1 16 70 182	3 02 47 779
In Deposit accounts	5 00 00 000	9 95 00 000
	6 16 70 182	12 97 47 779

SCHEDULE 6 LOANS & ADVANCES

UNSECURED, CONSIDERED GOOD		
Advances to suppliers	25 76 021	6 53 513
Prepaid Long Term Employee Benefits	5 18 326	-
Balances with Central Excise & Customs account	10 16 372	-
Advances to Staff	23 355	-
Other Loans & Advances	7 38 653	-
	48 72 727	6 53 513

SCHEDULE 3 INVESTMENTS

	Face Value Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
A. Long Term Investments (Non Trade)			
Units - Quoted but not listed			
I 30 00 000 units (previous year Nil) of Kotak Fixed Maturity Plan Series 42 - Growth	3 00 00 000	3 00 00 000	-
II 20 00 000 units (previous year Nil) of Birla Fixed Term Plan Series CU - Growth	2 00 00 000	2 00 00 000	-
B. Current Investments (Non Trade)			
Units - Quoted but not listed			
I 34 06 293.841 units (Previous year 80 11 215) of Birla Ultra Short Term Fund - Daily Dividend Plan	3 40 81 673	3 40 81 673	8 01 56 215
II 30 00 000 units (previous year Nil) of Birla Short Term Fixed Maturity Plan Series 7 - Dividend payout	3 00 00 000	3 00 00 000	-
		11 40 81 673	8 01 56 215
Long Term Investments			
Aggregate value of Quoted Investments			
- Cost		5 00 00 000	-
- Market Value		5 03 11 400	-
Current Investments			
Aggregate value of Quoted Investments			
- Cost		6 40 81 673	8 01 56 215
- Market Value		6 43 11 473	8 01 56 215

SCHEDULE 7 OTHER CURRENT ASSETS

Security Deposit	30 42 000	-
Interest Accrued but not due	1 38 330	3 43 595
Prepaid Expenses	14 130	-
Prepaid Insurance	1 07 752	-
	33 02 212	3 43 595

SCHEDULE 8 CURRENT LIABILITIES

Sundry Creditors - Micro, Small & Medium	-	-
Sundry Creditors - Others	2 92 71 096	86 19 666
Customer Advances	50 71 946	1 07 64 000
Other Current Liabilities	23 08 900	32 575
	3 66 51 942	1 94 16 241

SCHEDULE 9 PROVISIONS

Provision for Employee Retirement & other Benefits	30 16 171	-
Provision for Tax (MAT)	16 14 600	-
	46 30 771	-

SCHEDULE 10 PROFIT & LOSS ACCOUNT

Deficit in Profit & Loss Account	37 85 171	85 15 139
Add : Accumulated Loss brought forward from previous year	85 15 139	-
	1 23 00 310	85 15 139

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Schedule attached to and forming part of the Profit and Loss Account for the year ended 31.03.2011

	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
SCHEDULE 11		
INCOME FROM OPERATIONS AND OTHER INCOME		
I. Sales		
Sales	8 22 80 283	–
Add - Closing contracts in Progress	(29 58 000)	–
Less - Opening contracts in progress	–	–
Total Sales (I)	7 93 22 283	–
II. Other income from operations		
Sales Commission received	15 48 279	–
Exchange rate fluctuation income (net)	33 610	–
Miscellaneous Income	2 32 138	–
Total Other income from operations (II)	18 14 027	–
III. Income from investments		
Dividend on investments in mutual fund	40 72 758	1 56 215
Interest on Bank Fixed deposits [Tax deducted at source - Rs 663305. (Previous year Rs 31239)]	64 75 165	3 43 595
Total income from investments (III)	1 05 47 922	4 99 811
Total Income from operations and other income (I + II + III)	9 16 84 232	4 99 811
SCHEDULE 12		
PROJECT EXECUTION EXPENSES		
Material Cost	5 75 02 310	–
Drawing, Designing & Engineering Services	63 44 265	–
Erection & Commissioning supervision cost	1 00 000	–
Liquidated damages	16 14 600	–
	6 55 61 175	–
SCHEDULE 13		
PERSONNEL COST		
Salaries, Wages and allowances	2 05 26 566	–
Contribution to Provident and other funds	14 46 913	–
Grauity	2 26 328	–
Staff Welfare Expenses	5 82 199	–
Deputation Charges	–	19 38 663
	2 27 82 007	19 38 663
SCHEDULE 14		
PRELIMINARY EXPENSES		
ROC Charges	–	26 08 000
Rates & Taxes	–	13 95 460
Legal & Professional Charges	–	26 300
	–	40 29 760
SCHEDULE 15		
OTHER EXPENSES		
Advertising and Exhibition expenses	5 09 291	–
Communication expenses	2 75 669	43 915
Travelling & Conveyance	37 33 838	7 98 669
Printing & Stationery	2 52 291	29 236
Repairs & Maintenance	6 19 347	13 780
Professional Charges	10 15 527	18 51 000
Vehicle Expenses	7 06 087	1 03 132
Office Lease Rent	45 63 000	–
Electricity Charges	7 15 701	–
Audit Fees	60 000	27 575
Bank Charges	1 23 589	1 078
Miscellaneous Expenses	9 03 461	1 78 142
	1 34 77 801	30 46 527

Schedule forming part of the Accounts

Notes forming part of the Accounts

SCHEDULE 16

NOTES TO ACCOUNTS

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with the Accounting Standards referred to in section 211 (3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses for the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

c) Fixed Assets – Tangible and Intangible

i. Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.

ii. Expenditure incurred on acquisition of software is recognized as Intangible asset if it is expected that such asset will generate sufficient future economic benefits.

d) Depreciation

Depreciation on all tangible assets is provided by the Straight Line method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 except the following –

i. Depreciation on computers & office equipments is provided at accelerated rate (@33.33% SLM).

ii. Depreciation on vehicles related to employee benefits is provided at 15% / 13.45% SLM.

iii. Furniture & fixtures are depreciated at 100% pro-rata.

iv. Intangible assets are amortised by straight line method over estimated useful life of such asset.

e) Investments

Investments that are intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Investments classified as long term investments are carried at cost. Provision for diminution if any, is made to recognize a decline, other than temporary in nature, in the carrying amount of such long term investments.

Investments classified as current investments are carried at lower of cost and fair value.

f) Employee Benefits

Short-Term Benefits

Leave Encashment

Liability on account of the company's obligations under the employee's leave policy is provided on actual basis in respect of leave earned but not availed based on the number of days of carry forward entitlement at each balance sheet date.

Medical and Leave Travel Assistance benefits

Liability on account of the company's obligation under the employee's medical reimbursement scheme and leave travel assistance is provided on actual basis based on the entitlement remaining unutilized as at balance sheet date.

Employee's Short Term Incentive Plan

Liability on account of the company's obligation under the employee short-term incentive plan as applicable is provided on actual basis as per the relevant term as determined.

Long-Term Benefits

Provident Fund

Liability on account of the company's obligation under the employee's provident fund, a defined contribution plan, is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary.

Superannuation Fund

Liability on account of the company's obligation under the employee's superannuation fund, a defined contribution plan is charged to profit and loss account on the basis of actual liability calculated as a percentage of salary.

Gratuity

- a. Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation.
- b. Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-cum-life assurance policy is recognized as asset.
- c. Current service cost, interest cost and actuarial gains and losses are charged to profit and loss account.
- d. Past service cost/effect of any curtailment or settlement is charged/credited to the profit and loss account, as applicable.

g) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognized in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events, if any, are disclosed by way of a note to the Balance Sheet.

Contingent Liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

h) Revenue Recognition

Revenue in respect of contract for supply and supervision of erection and commissioning work; execution of which is spread over different accounting periods, is recognized on the basis of percentage of completion method.

Stage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contracts cost.

Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.

Dividend from investments is recognized when the company's right to receive is established. Interest income is accounted on time proportion basis.

i) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.

Exchange difference arising on settlement of transactions in foreign currencies is dealt with in the Profit & Loss Account.

j) Taxes on Income

Income tax payable is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) Others

Liability for liquidated damages is recognized when it is deducted / claimed by the customer or when a reasonable estimate of the likely obligation can be made.

2. Defined benefit Plans for employees (AS 15)

As per Actuarial valuation as on March 31,2011 and recognized in financial statements in respect of Gratuity scheme :

Components of Employer Expense	2010 - 11	2009 - 10
Interest Cost	-	-
Expected Return On plan assets	-	-
Net Actuarial (gain) loss recognised in the year	-	-
Past Service Cost	-	-
Expenses Recognised in the statement of Profit & Loss	2 26 328	-
Net Assets / (Liability) recognized in Balance Sheet as at 31st March 2011		
Present Value Of Obligation	2 26 328	-
Fair Value Of Plan Assets	(2 59 174)	-
Liability (assets)	(32 846)	-
Unrecognised Past Service Cost	-	-
Liability (asset) recognised in the Balance Sheet	(32 846)	-
Changes in Gratuity Obligation during the year		
Present Value Of obligation Beginning Of The Period	-	-
Interest Cost	-	-
Current Service Cost	2 26 328	-
Past Service Cost	-	-
Benefits Paid	-	-
Actuarial (gain) loss on Obligation	-	-
Present Value Of obligation End Of The Period	2 26 328	-
Changes in the fair value of Plan Assets		
Fair value of plan Assets Beginning Of The Period	-	-
Expected Return On plan assets	-	-
Contributions	2 59 174	-
Benefits Paid	-	-
Actuarial gain (Loss) Plan Assets	-	-
Fair value of plan Assets End Of The Period	2 59 174	-
Actuarial Assumptions		
Discount Rate	8% p.a.	-
Expected Return On Plan Assets	N/A	-

3. Contingent Liabilities not provided for

Nil

4. Micro Small & Medium Enterprises

The Company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

5. Miscellaneous Expenses Include

Particulars	2010-11 Rs	2009-10 Rs
i. Audit Fees	40 000	25 000
ii. Tax Audit Fees	10 000	Nil
iii. VAT Audit Fees	10 000	Nil

Above figures are exclusive of service tax.

6. Installed capacity, Production, Stocks and Turnover

- a) Installed capacity: Not Applicable (see (b) below)
- b) Production: The Company is engaged in design, engineering, supply and supervision of erection & commissioning of power plant equipments. At present, the company has not established any manufacturing facility of its own and fabrication is done through sub-contractors, hence figures of production are not given.
- c) Stocks: Since materials lying at Site are the property of the client, having already been invoiced to them, the stock is always treated as NIL.
- d) Turnover: The amount of invoiced supplies, adjusted for the value of opening and closing contract in progress, positive or negative, determines the turnover.

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

7. Consumption of Raw Materials, Components etc.

Particulars	Unit	2010-11	2009-10
Fabricated Items Mechanical / Electrical bought-out items	Numerous	Rs 4 73 88 682	Nil
	Numerous	Rs 1 01 13 628	Nil
Total		Rs 5 75 02 310	Nil

8. Imported and indigenous raw materials & components consumed

Particulars	2010-11		2009-10	
	%	Rs.	%	Rs.
i) Imported	0%	Nil	0%	Nil
ii) Indigenous	100%	5 75 02 310	0%	Nil
Total Consumption	100%	5 75 02 310	0%	Nil

9. Transactions in foreign currency (on accrual basis)

Particulars	2010-11 Rs	2009-10 Rs
Earnings in Foreign Currency		
Sales Commission	15 48 279	-
Expenditure in foreign currency		
Foreign Travel Expenses	1 79 382	-
Drawing, Designing & Engineering Services	63 22 753	-
Total Expenditure	65 02 135	-

10. In respect of contracts in Progress

Particulars	2010-11 Rs	2009-10 Rs
Aggregate costs incurred plus recognised profits / less recognised losses on contract in progress	7 39 22 000	-
Less: billing as per billing schedule	8 22 80 000	-
Net Contract in progress	(29 58 000)	-

11. Taxes on Income

- a) In the absence of taxable income computed in accordance with the provisions of the Income tax Act 1961 (including u/s 115JB (MAT), no provision for Current Tax has been made for the year.

Based on the projections of volume and profitability of the company's business operations in the foreseeable future, in the opinion of the management, sufficient future taxable income will be available justifying recognition of deferred tax asset with reference to accumulated losses of Rs. 1 91 93 206/-. In respect of other timing differences also deferred tax asset has been recognized.

- b) Deferred Tax Asset as on 31st March 2011 comprises of :

Particulars	Liabilities		Assets	
	2010 - 11	2009 - 10	2010 - 11	2009 - 10
Brought forward Business Loss/Depreciation	-	-	60 91 377	-
Preliminary Expenses	2 67 173	-	10 68 692	-
Sub-total	2 67 173	-	71 60 069	-
Net Deferred Tax Assets	68 92 896	-	-	-

12. Investments purchased and sold during the year :

Sr No	Name of the Investment	No. of units		2010-11	2009-10
		Purchase	Sale	Net Amount Rs.	Net Amount Rs.
1	BSL Short Term Mutual Fund	8 92 055	54 96 977	(4 60 74 542)	8 01 56 215
2	BSL Short Term FMP Series 7-Dividend Payout	30 00 000	-	3 00 00 000	-
3	BSL FTP Series CU Growth	20 00 000	-	2 00 00 000	-
4	KOTAK FMP Series 42-Growth	30 00 000	-	3 00 00 000	-
	Total	88 92 055	54 96 977	3 39 25 458	80,156,215

13. In case where letters of confirmation have been received from parties, book balances have been generally reconciled and adjusted. In other cases, balances in accounts of sundry debtors, sundry creditors and advances or deposits have been taken as per books of accounts.

14. Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided for Rs. 4 97 631 (*Previous Year Rs Nil*).

15. Segment Reporting

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment, viz Energy.

Secondary Segment

There is no Secondary segment even with reference to geographical location of external customers.

16. Related Party Disclosures

Related Party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below:

a) List of related parties and description of relationships:

Parties where control exists:

RDA Holdings & Trading Pvt. Ltd. - Ultimate Holding Company (w.e.f. 01.04.2008)
Thermax Limited - Holding Company

Fellow Subsidiary

Thermax Engineering Construction Company Limited (India)
Thermax Instrumentation Limited (India)
Thermax Sustainable Energy Solutions Limited (India)
Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K.)
Thermax Inc. (U.S.A)
Thermax (Zhejiang) Cooling and Heating Engineering Co.Limited (China)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax Onsite Energy Solutions Limited
Thermax Babcock & Wilcox Energy Solutions Private Limited
Thermax Netherlands B.V.
Thermax Denmark ApS
Danstoker A/S
Omnicall Kessel- und Apparatebau GmbH
Ejendomsanpartsselskabet Industrivej Nord 13
Danstoker (UK) Ltd.
Balcke Durr GmbH

Party having substantial interest :

SPX Netherlands BV

b) Key Management Personnel

Mr. V. J. Shah – Manager

c) Transactions with the Related Parties

Particulars	2010-11				2009-10	
	Holding Company Rs.	Fellow Subsidiaries - Domestic Rs.	Fellow Subsidiaries Foreign Rs.	Total Rs.	Total Rs.	Total Rs.
Equity Infusion	-	-	-	-	-	20 00 00 000
Sales	8 22 80 283	-	-	8 22 80 283	-	-
Sales commission	-	-	15 48 279	15 48 279	-	-
Office Lease	-	-	-	-	-	-
Rent paid	45 63 000	-	-	45 63 000	-	-
Receiving of Services	-	-	63 22 753	63 22 753	-	-
Reimbursement of Expenses claimed (Net)	38 79 691	18 000	-	38 97 691	-	86 16 808
Advances received during the year (net)	50 71 946	-	-	50 71 946	-	1 07 64 000
Creditors balances outstanding	30 43 028	-	-	30 43 028	-	-
Debtors Balances	-	-	-	-	-	-
Outstanding	3 74 59 368	-	-	3 74 59 368	-	-
Total	13 62 97 317	18 000	78 71 032	14 41 86 349	-	1 93 80 808

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17. Earnings Per Share (EPS)

Earnings per share calculated in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India :

Particulars	2010-11 Rs	2009-10 Rs
Net Profit/(Loss) available for shareholders	(37 85 171)	(85 15 139)
Weighted average number of Equity Shares of Rs. 10 each	1 99 84 877	1 99 20 000
Basic earning per share	(0.19)	(0.43)

18. Information pursuant to Part IV, Schedule VI to companies Act 1956 of India is given in the Annexure.

19. Previous year's figures have been regrouped / rearranged wherever necessary to conform to this year's classification. This is the first year of commercial operations of the company involving execution of a project and hence Previous year's figures are not comparable with those of the Current year.

20. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No	:	134761
State Code	:	11
Balance Sheet Date	:	31/03/2011

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	2 00 000
Total Assets	:	2 00 000

Sources of Funds

Paid-up Capital	:	2 00 000
Reserve & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil

Application of Funds

Net Fixed Assets	:	3 661
Investments	:	1 14 082
Net Current Assets	:	63 064
Deferred Tax Assets	:	6 892
Misc. Expenditure	:	Nil
Accumulated Losses	:	12 300

IV) Performance of Company (Amount in Rs. Thousand)

Total Revenue	:	93 395
Total Expenditure	:	1 04 073
Profit before Tax /Loss(-)	:	(10 678)
Profit after Tax / Loss(-)	:	(3 785)
Earning per share in Rs	:	(0.19)
Dividend Rate %	:	NIL

V) Generic Names of Three

Principal Products / Services of Company

(As per Monetary Terms)

Item Code No. (ITC Code No.)	:	84213920
Product Description	:	Dry Electrostatic Precipitators
Item Code No. (ITC Code No.)	:	84191920
Product Description	:	Regenerative Air Gas & Gas Gas Heaters
Item Code No. (ITC Code No.)	:	84213920
Product Description	:	Pulse Jet Bag Filters

As per our report of even date

For and on behalf of the Board

For B. K. Khare & Co.
Chartered Accountants

M. S. Unnikrishnan
Director

Raj Kapur
Director

H. P. Mahajani
Partner
(Membership No. 30168)

V. J. Shah
Chief Officer

Sunil Kashelkar
Company Secretary

Pune, April 19, 2011

Pune, April 19, 2011

THERMAX SPX ENERGY TECHNOLOGIES LIMITED

Cash Flow Statement for the year ended March 31, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
A Cash flow from Operating Activities		
Net Profit / (Loss) before tax	(1 06 78 067)	(85 15 139)
<i>Add: Adjustments for</i>		
Depreciation	5 41 317	-
Interest /Dividend from Investment	(1 05 47 922)	(4 99 810)
Operating profit before working capital changes	(2 06 84 673)	(90 14 949)
<i>Adjustments for</i>		
Trade Debtors	(3 74 59 368)	-
Advances to suppliers	(19 22 508)	(6 53 513)
Other Loans & Advances	(22 96 706)	-
Other Current Assets	(29 58 617)	-
Trade payables	2 06 51 429	86 19 666
Provisions	46 30 772	32 575
Advances from customer	(56 92 054)	1 07 64 000
Other Current Liabilities	22 76 325	-
Contract in Progress	29 58 000	-
Cash generated from operations	(4 04 97 399)	97 47 779
Direct taxes paid	-	-
Net cash flow from operating activities (A)	(4 04 97 399)	97 47 779
B Cash flow from Investing activities		
Purchase of Fixed Assets	(42 02 662)	-
Purchase of other Investments (Birla FTP, Kotak FMP, Birla FMP)	(3 39 25 458)	(8 01 56 215)
Interest received	64 75 165	-
Dividend Received	40 72 758	1 56 215
Net Cash Flow from Investing activities (B)	(2 75 80 198)	(8 00 00 000)
C Cash flow from Financing Activities		
Proceeds from issue of Share Capital/application	-	20 00 00 000
Net cash from in Financing activities (C)	-	20 00 00 000
Net (decrease)/increase in cash & cash equivalents (A + B + C)	(6 80 77 597)	12 97 47 779
Opening cash & bank balances	12 97 47 779	-
Closing cash & bank balances	6 16 70 182	12 97 47 779

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
(Membership No. 30168)

Pune, April 19, 2011

M. S. Unnikrishnan
Director

V. J. Shah
Chief Officer

For and on behalf of the Board

Raj Kapur
Director

Sunil Kashelkar
Company Secretary

Pune, April 19, 2011

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PVT. LTD.

Board of Directors

Meher Pudumjee-Chairperson
Mary Pat Salomone
M S Unnikrishnan
Richard Lee Killion
Joseph Randall Data
Ravinder Advani
Jeff Miller
Gopal Mahadevan

Registered Office

Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema,
Colaba, Mumbai- 400039,
Maharashtra, INDIA

Auditors

B. K. Khare & Co.
706/707, Sharda Chambers,
New Marine Lines,
Mumbai - 400 020

Chief Operating Officer

Deepak Chopra

Bankers

ICICI Bank Ltd
State Bank of India

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting their First Annual Report with the audited accounts of your company for the year ended March 31, 2011.

INCORPORATION

Your company is a strategic joint venture between Thermax Limited (51%), an Indian energy environment major, with the Babcock & Wilcox Company of USA (49%), the global leader in providing complete steam generation solutions in fossil and nuclear power. The company was incorporated on June 26, 2010.

FINANCIAL RESULTS

Particulars	(Rs. in lakh)
Total income	51
Profit/(Loss) before depreciation & amortisation	(738)
Depreciation & Amortisation	(181)
Profit/(Loss) before tax	(919)
Provision for taxation (incl. deferred tax)	Nil
Profit/(Loss) after tax	(919)

Since this being the first financial year, there are no corresponding previous year's financial results.

DEFINING OUR BUSINESS

The company has been established to cater to the power industry and aims to design, engineer, manufacture, procure, supply, erect and commission sub-critical boilers in the range of 300 MW and above as well as entire range of supercritical boilers and associated equipment. The company has been licensed for the above range of boilers and combustion systems by B&W Power Generation Group Inc., USA.

OPERATIONS

The company commenced operations soon after incorporation. A group of selected engineers from Thermax Ltd. were trained at Babcock & Wilcox facility at Barberton, Ohio, as part of the technology transfer agreement. The Thermax team continues to work closely with B&W experts to assimilate boiler technology and know-how.

Your company is setting up a state-of-the-art manufacturing plant to produce 3000 MW of sub-critical and supercritical boilers per year in the first phase with a provision to expand the annual capacity to 5000 MW. The company has acquired leasehold rights for 105 acre of land at MIDC, Shirwal in Satara District, approximately 55 km from Pune. The fabrication facility is slated to be ready for commercial operations by the first half of the financial year 2012-13, barring unforeseen circumstances.

The company has placed orders for plant and equipment for major items. The civil and building work is slated to commence early next financial year.

SHARE CAPITAL

Your company has been incorporated with an authorised share capital of Rs. 400 crore.

The joint venture partners viz. Thermax Limited and Thermax Babcock & Wilcox India Holdings, Inc. have subscribed the equity share capital of the company in various tranches. They have issued equity shares against such subscription in the ratio of 51% and 49%, respectively. The present paid-up share capital of the company is Rs. 96.48 crore.

FINANCE

For setting up the manufacturing facility and to meet working capital requirement of the company, it was necessary to borrow monies from financial institutions/ bankers in excess of the company's paid-up share capital and free reserves. Accordingly, at the Extraordinary General Meeting of the company held on August 18, 2010, the shareholders have given their consent to borrow up to Rs. 437 crore from the financial institutions/banks etc. and for creation of charge over the assets of the company against such borrowing in terms of provisions of Section 293(1) (d) and Section 293(1) (a) of the Companies Act, respectively.

The company has budgeted an investment of Rs. 822 crore in the first phase towards its capital expenditure. The promoters have contributed over Rs. 96 crore to date. The company has been sanctioned rupee term loan of Rs. 218.5 crore from ICICI Bank Ltd. and Rs. 218.5 crore from the State Bank of India. The documentation work is in progress and is expected to be completed by mid July, 2011.

The Company has also received a sanction of Rs. 250 crore of non-fund based facilities in the form of bank guarantee limits from ICICI Bank Ltd.

DIVIDEND

The company has not commenced business operations and there being no revenue, your Directors are unable to recommend any dividend for the period ended March 31, 2011.

BUSINESS PROSPECTS (FUTURE PLANS)

Your company is gearing up to actively participate in the domestic market for power plant equipment. There are numerous opportunities in the central and state utility sectors and the Independent Power Producers (IPP) segment. Currently, the company is focused on selectively pursuing boiler island scope for sub-critical and supercritical boilers for upcoming projects. It will also pursue Boiler-Turbine Generator (BTG) EPC projects on a selective basis in a mutually exclusive arrangement or in a consortium with reputed turbine suppliers.

The company hopes to gain a market entry next year.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

A statement of the particulars required under:

- Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and
- Section 217(2A) of the Companies Act, 1956, read with the rules framed there under is set out in the annexure to the Directors' Report.

DIRECTORS

In terms of Article 58 of the Articles of Association of the company, Mrs. Meher Pudumjee, Mr. M. S. Unnikrishnan, Mr. Richard Lee Killion and Mr. Joseph Randall Data were appointed as the first Directors. Subsequently, Mr. Gopal Mahadevan, Mr. Ravinder Advani, Mr. Jeff Miller and Ms. Mary Pat Salomone were appointed as additional Directors by the Board, on August 18, 2010.

In accordance with the provisions of the Companies Act, 1956, Mrs. Meher Pudumjee, Mr. M. S. Unnikrishnan, Mr. Richard Lee Killion and Mr. Joseph Randall Data the first Directors of the company, hold office up to the Annual General Meeting and are eligible for re-appointment. A requisite notice, together with necessary deposit has been received from a member, pursuant to Section 257 of the Companies Act, 1956, proposing Mrs. Meher Pudumjee, Mr. M. S. Unnikrishnan, Mr. Richard Lee Killion and Mr. Joseph Randall Data as the Directors of the company. Necessary resolutions appointing them as the Directors of the company have been set out in the notice, ensuing Annual General Meeting for the approval of shareholders.

As per the provisions of the Companies Act 1956, Additional Directors hold office up to the Annual General Meeting and are eligible to be re-appointed. A requisite notice, together with necessary deposit has been received from a member, pursuant to Section 257 of the Companies Act, 1956, proposing Mr. Gopal Mahadevan, Mr. Ravinder Advani, Mr. Jeff Miller and Ms. Mary Pat Salomone as the Directors of the company. The necessary resolutions appointing Mr. Gopal Mahadevan, Mr. Ravinder Advani, Mr. Jeff Miller and Ms. Mary Pat Salomone as the Directors of the company have been set out in the notice of the ensuing Annual General Meeting for the approval of shareholders.

BOARD COMMITTEES

Presently, the Board has constituted two committees:

1. Audit Committee

The committee comprises following members - Mr. Gopal Mahadevan (Chairman), Mr. Joseph Randall Data, Mr. Jeff Miller and Mr. Ravinder Advani.

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PVT. LTD.

The constitution of the committee meets with the requirements of Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee broadly include:

- Review of internal control systems
- Review of the half yearly and annual accounts of the company
- Decide the scope of internal audit
- Investigate into / act on any matter as may be referred to it by the board.

The committee met on April 27, 2011 and recommended to the Board audited annual accounts of the company for the year ended March 31, 2011, for approval.

2. Finance Committee

The committee comprises four members Mr. Gopal Mahadevan (Chairman), Mr. Joseph Randall Data, Mr. Jeff Miller and Mr. Ravinder Advani. The terms of reference of the committee are as under:

- Decide and finalise any proposal of borrowing, as agreed in-principle by the Board, from any financial institutions, banks, body corporate, etc. and authorising the committee to approve and avail such financial assistance and execute such deeds, documents, etc. on behalf of the company.
- Approve creating charge on company's assets to secure the money borrowed from any financial institutions, banks, body corporate, etc.
- To review and approve forex facilities (such as plain/ simple forward contracts including forward contracts having maturity beyond twelve months and simple options for revenue transactions) offered by banks/ financial institutions from time to time and to authorise the directors/ officials of the company to finalise and execute relevant deeds, documents with banks for the same.
- To approve forex policy of the company including any amendments thereto.
- To delegate powers to any director /chief operating officer for any matters that are vested in connection with forex /working capital /term loans facilities and as may be deemed fit from time to time.
- To review and approve policy on investing the surplus funds of the company and any amendment to such policy.

During the year, the committee met twice on January 19, 2011 and February 25, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- The directors had taken proper and sufficient care 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) The financial statements have been prepared on going concern basis.

AUDITORS

M/s B. K. Khare & Co, Chartered Accountants, were appointed as the first auditors of the company. They retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by the employees, strategic partners and all the stakeholders. Directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Place : Pune
Date: April 27, 2011

Meher Pudumjee
Chairperson

Annexure to the Report of the Board of Directors as required under Section 217 (1) (e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2011.

A. CONSERVATION OF ENERGY

This is not applicable as the company has not commenced manufacturing activities during the year under review.

B. TECHNOLOGY ABSORPTION

a) Research and Development (R&D)

This is not applicable as the company has not commenced manufacturing activities during the year under review.

b) Technology absorption, adaptation and innovation

During the year under review, your company has imported super critical & sub critical utility boiler technology which has not been fully absorbed. Presently, the Company is in process of submitting bids to prospective customers and the technology is being used for designing of boilers. However, technology would be fully absorbed on completion of manufacturing, supply, erection & commissioning of such boilers after receipt of actual orders from customers. Therefore, full absorption is expected to take a minimum four years after receipt of initial orders.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company does not have any foreign exchange earnings. The expenditure in foreign currency (on accrual basis) were towards license fees and reimbursement of salaries for expatriates amounting to Rs. 3004 lakh, under Section 217(1)(e) of the Companies Act, 1956.

Statement of particulars of employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011.

List of Employees who were in employment for part of the year

Sr. No.	Name	Designation	Qualification	Age	Date of Joining	Experience (Years)	Total Remuneration (in Rs. Lakh)	Previous Employment / Designation
1	Deepak Chopra	Chief Operating Officer	B Tech (Mech), PGDM	59	01.11.2010	35	104.76	Babcock & Wilcox Power Generation Group INC USA, General Manager
2	Paul Greenhow	Controller	ACAIB	57	01.11.2010	38	65.54	Babcock & Wilcox Nuclear Energy INC USA, Mergers & Acquisition Manager

The above employees have been assigned by Babcock & Wilcox to Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.

Auditors' Report

To the members of Thermax Babcock and Wilcox Energy Solutions Private Limited

1. We have audited the attached Balance Sheet of Thermax Babcock and Wilcox Energy Solutions Private Limited as at 31st March 2011, and also the Profit and Loss Account and Cash Flow Statement for the period from 26 June 2010 to 31 March 2011, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the period ended on that date

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
(Membership no. 30168)

Pune, 27 April 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

To the members of Thermax Babcock and Wilcox Energy Solutions Private Limited

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the period and this revealed no material discrepancies.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the period.
2. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act the Company has neither taken from nor granted loans, secured or unsecured, to any such companies, firms or other parties.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4. According to the information and explanations given to us, since there are no parties covered in the register maintained under Section 301 of the Act there are no contracts or arrangements with any such party.
5. The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
7. Based on the examination of books of accounts and information and explanations provided to us, the maintenance of cost records has not been prescribed under Section 209 (1) (d) of the Companies Act, 1956 in respect of products manufactured by the company.
8. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the period with the appropriate authorities.

- (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and Cess matters that have not been deposited.
9. Based on the information and explanations given to us, the Company had no dues to a financial institution or bank or debenture holders.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion, considering the nature of activities carried on by the Company during the period, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the period and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
13. Based on the information and explanations given to us, during the period, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
14. The Company has not taken any term loan during the period.
15. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
16. The Company has not made any preferential allotment of shares.
17. No debentures have been issued during the period.
18. The Company has not raised any money by public issue during the period.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the period, nor have we been informed of such case by the Management.
20. In our opinion and according to the information and explanations given to us, the requirements of paragraph 4 (ii) of the Order in respect of 'inventories', and paragraph 4 (x) in respect of accumulated losses are not, on facts, applicable to the Company and hence no comments have been offered there under.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
(Membership no. 30168)

Pune, 27 April 2011

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PVT. LTD.

Balance Sheet as at 31st March, 2011

	Schedule	Sch 11 Note No. Reference	As at 31.03.2011 Rs. Lacs
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1		6948.33
Share application money	1		2700.00
Reserves & Surplus			-
			<u>9648.33</u>
			<u>9648.33</u>
Total Funds Employed			<u>9648.33</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	2	1 (c)	7629.17
Less: Depreciation		1 (d)	181.25
Net Block			<u>7447.92</u>
Capital Work-in-progress			506.05
Investments	3	1 (e)	3800.78
Current Assets, Loans & Advances :			
Cash & Bank Balances	4		527.27
Loans & Advances	5		208.37
			<u>735.64</u>
Less: Current Liabilities & Provisions :			
Current Liabilities	6		3760.73
			<u>3760.73</u>
Net Current Assets			(3025.09)
Debit balance of Profit & Loss Account			918.68
Total Funds Applied			<u>9648.33</u>
Notes to Accounts	11		

Profit & Loss Account for the period from 26th June, 2010 to 31st March, 2011

	Schedule	Sch 11 Note No. Reference	Year ended 31.03.2011 Rs. Lacs
INCOME			
Dividend			50.78
EXPENDITURE			
Materials	-		-
Personnel	7		94.11
Other Expenses	8		415.69
Preliminary Expenses	9		257.01
Depreciation		1d	181.25
Interest	10		21.39
			<u>969.45</u>
Profit/ (Loss) Before Tax			(918.68)
Less : Provision for Taxation			
Current Tax		4	-
Deferred Tax		8	-
Fringe Benefit Tax			-
Profit /(Loss) After Tax			<u>(918.68)</u>
Basic / Diluted Earning Per Share(EPS) - Rs.**		11	
[Equity Shares of Rs. 10/- each]			
-Before Extra Ordinary Items			(1.58)
-After Extra Ordinary Items			(1.58)
Number of Equity Shares			58233216
** Not Annualised			

As per our Report of even date

For and on behalf of the Board

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, April 27, 2011

Gopal Mahadevan
Director

Jeff Miller
Director

Pune, April 27, 2011

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Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

	Sch 11 Note No. Reference	As at 31.03.2011 Rs. Lacs		Face Value	As at 31.03.2011 Rs. Lacs
SCHEDULE 1 SHARE CAPITAL			SCHEDULE 3 INVESTMENTS		
Authorised			Current investments Quoted but not listed		
400,000,000 Equity Shares of Rs. 10/- each		40000.00	17103914 Units of Birla SunLife short term fund	1,700.00	1711.33
		40000.00	2088963 Units of ICICI Prudential Floating Rate Plan D2	2,050.00	2089.44
Issued, Subscribed & Paid Up			Total Investment		3800.78
69,483,265 Equity Shares of Rs. 10/- each, fully paid-up (Out of the above 35,436,465 equity shares are held by Thermax Ltd., holding company)		6948.33	<i>Market value of Quoted Investments</i>		3800.78
Share Application Money		2700.00	Following units were Purchased and Sold During the year :		
		9648.33	Name	No of units (Nos)	Face Value (Rs Lacs)
			ICICI Prudential Floating Rate Plan D 799816	800.00	800.00

**SCHEDULE 2
FIXED ASSETS**

(Amt in Rupees)

Particulars	Gross Block						Depreciation						Net Block	
	Cost As On 1.4.2010	Additions During the Upto 31.03.11	Transfer from Other Divisions	Transfer to Other Divisions	Deductions Upto 31.03.11	Total Cost as on 31.03.2011	Upto 01st Apr 2010	Deductions During the Period Ended 31.03.11	Transfer from Other Divisions	Transfer to Other Divisions	For the Period Ended on 31.03.2011	Total As On 31.03.2011	As on 31st Mar 2011	As on 31st Mar 2010
Land - Leasehold	-	4,548.59	-	-	-	4,548.59	-	-	-	-	17.23	17.23	4,531.36	-
Computers	-	0.32	-	-	-	0.32	-	-	-	-	0.03	0.03	0.29	-
Vehicles	-	37.10	-	-	-	37.10	-	-	-	-	0.85	0.85	36.25	-
Intangible Asset-Tech. Knowhow	-	3,043.17	-	-	-	3,043.17	-	-	-	-	163.15	163.15	2,880.02	-
Total	-	7,629.17	-	-	-	7,629.17	-	-	-	-	181.25	181.25	7,447.92	-
Capital W.LP-10-11	-	505.99	-	-	-	505.99	-	-	-	-	-	-	505.99	-
Total Fixed Assets	-	8,135.16	-	-	-	8,135.16	-	-	-	-	181.25	181.25	7,953.91	-

	As at 31.03.2011 Rs. Lacs		As at 31.03.2011
SCHEDULE 4 CASH & BANK BALANCES		SCHEDULE 5 LOANS & ADVANCES	
Cash on hand	-	Unsecured, considered good	
Bank Balances & remittances in transit :		Advances recoverable in cash or in kind or for value to be received	191.22
With Scheduled banks :		Advances for Capital Expenditure	1.00
In Current accounts	527.27	Sundry Deposits	16.16
	527.27		208.37

**SCHEDULE 6
CURRENT LIABILITIES**

Sundry Creditors	3370.53
Other Liabilities	390.20
	3760.73

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PVT. LTD.

Schedule attached to and forming part of the Profit and Loss Account for the period from 26th June, 2010 to 31st March, 2011

Notes forming part of the Accounts

	Sch 11 Note No. Reference	Year ended 31.03.2011 Rs. Lacs
SCHEDULE 7		
PERSONNEL		
Salaries, wages, bonus, testimonials and allowances		85.15
Staff Welfare Expenses		8.96
		<u>94.11</u>
SCHEDULE 8		
OTHER EXPENSES		
Power and Fuel		2.66
Rates and Taxes		5.78
Repairs and Maintenance:		
Building		1.21
Others		14.48
Communication		2.03
Travelling and Conveyance		61.53
Other Selling and Distribution Expenses		6.06
Bank Charges		25.04
Legal & Professional Charges		21.01
Deputation Charges		249.33
Audit Fees		1.50
Printing and Stationery		1.54
Miscellaneous Expenses		23.53
		<u>415.69</u>
SCHEDULE 9		
PRELIMINARY EXPENSES		
Stamp duty and ROC Fees		257.01
		<u>257.01</u>
SCHEDULE 10		
INTEREST		
Interest on:		
Fixed Period Loans		-
Others		21.39
		<u>21.39</u>

SCHEDULE 11 NOTES TO ACCOUNTS

1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses for the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

c) Fixed Assets – Tangible and Intangible

- i. Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- ii. Expenditure incurred on acquisition of technical know-how and such other intangibles are recognized as Intangible Asset, if it is expected that such assets will generate sufficient future economic benefits.

d) Depreciation

Cost incurred on Leasehold land is amortized over the period of lease

Depreciation on all tangible assets is provided by the Straight Line method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 except the following –

- i. Depreciation on computers & office equipments is provided at accelerated rate (@33% SLM).
- ii. Technical Know How is amortized by straight line method over 10 years.

e) Investments

Investments that are intended to be held for not more than a year are classified as current investments.

Investments classified as current investments are carried at lower of cost and fair value.

f) Provisions and Contingent Liabilities

Provisions in respect of present obligations arising out of past events (recognized in the manner required by AS 29) are made in the accounts when a reliable estimate can be made of the amount of the obligations. Contingent liabilities in respect of possible obligations arising from past events, if any, are disclosed by way of a note to the Balance Sheet.

Contingent Liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

g) Revenue Recognition

Dividend from investments is recognized when the company's right to receive is established.

During the period ended 31st March 2011, the company had not engaged in any other activity resulting in accrual of any revenue .

h) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.

Exchange difference arising on settlement of transactions in foreign currencies is dealt with in the Profit & Loss Account.

Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognized in the profit & loss account.

i) Preliminary Expenses

Expenses relating to formation of company are charged to profit and loss account as and when incurred.

2. Contingent Liabilities & Capital Commitments

There are no contingent liabilities as on 31st March 2011. Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided for Rs. 12019 Lacs.

3. The Company was incorporated on 26th June 2010 with the main object of manufacturing sub critical and super critical boilers and components thereof.

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The financial statements have been drawn up for the period from the date of incorporation to 31st March 2011. Previous year's figures have therefore not been given.

During the year under report the company had set up business and was in the process of establishing manufacturing facilities

4. In the absence of taxable income computed in accordance with the provisions of the Income tax Act 1961 (including those of section 115JB (MAT) no provision for tax has been made

Deferred tax asset has not been recognized in respect of loss/unabsorbed depreciation on considerations of prudence and materiality

5. Micro Small & Medium Enterprises

The Company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

6. The information required by Part II of Schedule VI to the Companies Act 1956 has been given to the extent applicable

7. Expenditure in foreign currency (on accrual basis)

(Rs in Lacs)

Particulars	2010-11
Technical Fees	2894
Expat Salaries	110

8. **Deferred taxes**

On Consideration of prudence, no deferred tax asset is recognized in respect of accumulated loss and other timing difference upto 31st March 2011.

9. **Segment Reporting**

Primary Segment

Based on the guiding principle given in the Accounting Standard-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company is operating in a single business segment, viz Energy.

Secondary Segment

There is no Secondary segment even with reference to geographical location of external customers.

10. **Related Party Disclosures**

Related Party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below:

- a) **List of related parties and description of relationships:**

Parties where control exists:

- RDA Holdings & Trading Pvt. Ltd. - Ultimate Holding Company
(w.e.f. 01.04.2008)
- Thermax Limited - Holding Company

Fellow Subsidiary

- Thermax Engineering Construction Company Limited (India)
Thermax Instrumentation Limited (India)
Thermax Sustainable Energy Solutions Limited (India)
Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K.)
Thermax Inc. (U.S.A)
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited (China)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax Onsite Energy Solutions Limited
Thermax SPX Energy Technologies Limited.
Thermax Netherlands B.V.
Thermax Denmark ApS
Danstoker A/S
Omnicel Kessel- und Apparatebau GmbH
Ejendomsanpartsselskabet Industrivej Nord 13
Danstoker (UK) Ltd.
Balcke Durr GmbH

Party having substantial interest :

- Babcock & Wilcox India Holdings INC.

- b) **Key Management Personnel**

Mr. Deepak Chopra – Chief Operating Officer.

- c) **Transactions with the Related Parties**

Particulars	2010-11				Total
	Thermax Limited	Babcock & Wilcox India Holdings INC	Babcock & Wilcox Power Generation Group	Key Management Personnel	
	Rs.	Rs.	Rs.	Rs.	Rs.
Equity Infusion/Share Application Money	4920	4728			9648
Sales					
Sales commission					
Office Lease Rent paid					
Receiving of Services	437		2894		3331
Reimbursement of Expenses claimed (Net)	731				731
Advances received during the year (net)					
Creditors balances outstanding	674		2698		3372
Personnel Cost & Other Expenses				105	105

11. **Earnings Per Share (EPS)**

Earnings per share calculated in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India :

Particulars	2010-11
Net Profit/(Loss) available for shareholders (Rs lacs)	(918.67)
Weighted Average Number of Equity Shares of Rs. 10 each (numbers)	58233216
Basic & Diluted earning per share (Rs/Share) not annualised	(1.58)

As per our Report of even date

For and on behalf of the Board

For **B.K.Khare & Co.**
Chartered Accountants

H.P.Mahajani
Partner
(Membership No 30168)

Gopal Mahadevan
Director

Jeff Miller
Director

Pune, April 27, 2011

Pune, April 27, 2011

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PVT. LTD.

CASH FLOW STATEMENT

	Year ended 31.03.2011 Rs. Lacs
CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit (Loss) Before Tax and Extraordinary Items	(918.68)
Add Adjustments For	
Depreciation	181.25
Preliminary Expenses	257.01
Less Adjustments for	
Dividend Income	(50.78)
Operating Profit before working capital changes	(531.19)
Adjustments for	
Trade and Other Payables	3760.73
Advances	(207.37)
Cash generated from operations	3022.16
CASH FROM INVESTING ACTIVITY	
Purchase of Fixed assets	(8135.21)
Advance for Capital expenditure	(1.00)
Purchase of other investment	(4600.78)
Sale of investments	800.00
Dividend income	50.78
Preliminary Expenses	(257.01)
NET CASH FROM INVESTING ACTIVITY	(12143.23)
CASH FLOW FROM FINANCING ACTIVITY	
Share application money received	9648.33
NET CASH FROM FINANCING ACTIVITY	9648.33
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS	527.27
OPENING CASH & BANK BALANCES	-
Closing cash & Bank Balances	527.27

As per our Report of even date

For and on behalf of the Board

For **B.K.Khare & Co.**
Chartered Accountants

H.P.Mahajani
Partner
(Membership No 30168)

Gopal Mahadevan
Director

Jeff Miller
Director

Pune, April 27, 2011

Pune, April 27, 2011

