



**THERMAX LIMITED
ANNUAL REPORT
OF SUBSIDIARY
COMPANIES
2013-2014**

SUBSIDIARIES

WHOLLY OWNED SUBSIDIARIES

DOMESTIC

◆ Thermax Sustainable Energy Solutions Limited	2
◆ Thermax Engineering Construction Company Limited	11
◆ Thermax Instrumentation Limited	24
◆ Thermax Onsite Energy Solutions Limited	37

OVERSEAS

◆ Thermax Europe Limited (U.K.)	48
◆ Thermax International Limited (Mauritius)	53
◆ Thermax Inc. (U.S.A.)	59
◆ Thermax do Brasil – Energia e Equipamentos Ltda. (Brazil)	63
◆ Thermax (zhejiang) Cooling & Heating Engineering Co. Ltd. (China)	66
◆ Thermax Netherlands B.V. (Netherlands)	73
◆ Thermax Denmark ApS (Denmark)	77
◆ Danstoker A/S (Denmark)	89
◆ Omnical Kessel- Und Apparatebau Gmbh, Dietzhöhlztal (Germany)	98
◆ Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)	103
◆ Rifox-HansRichterGmbHHerstellungvonSpezialarmaturen,Bremen(Germany).....	110
◆ Thermax SDN. BHD. (Malaysia)	114
◆ Boilerworks A/S (Denmark)	119
◆ Thermax Boilerworks Properties ApS (Denmark)	125

JOINT VENTURES

◆ Thermax Spx Energy Technologies Ltd.	130
◆ Thermax Babcock & Wilcox Energy Solutions Private Limited	143

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Board of Directors

Mr. Hemant Mohgaonkar
Mr. Gajanan Kulkarni
(appointed on July 26, 2013)
Mr. M. S. Unnikrishnan

Registered Office

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

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor,
Lane No. 10, Prabhat Road, Pune 411 004.

Bankers

Canara Bank

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty-sixth Annual Report of the company together with audited accounts for the year ended March 31, 2014.

FINANCIAL RESULTS	(Rs. lacs)	
Particulars	2013-2014	2012-13
Total Income	66.93	409.04
Profit before depreciation	(33.04)	(39.46)
Depreciation	28.55	12.71
Profit / (Loss) before tax	(61.59)	(52.17)
Provision for taxation including deferred tax	0.00	0.00
Prior year tax adjustment	0.00	0.00
Profit / (Loss) after tax	(61.59)	(52.17)

PERFORMANCE

During the year, the Company has monitored all the 25 registered projects under CDM-PoA. The Company has accumulated 144319 Emission Reductions from those registered projects. Due to unfavorable market conditions, accumulated Emission Reductions are not offered for certification to UNFCCC.

However, overall outlook for the business is not encouraging due to very low prices of CERs in Global Market. If there is no improvement in the CER Prices, it would severely affect viability of business. In view of such a scenario, the Company is looking out for a strategy for business alternatives considering the substantial drop in the CER prices globally.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year.

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. (h) of Note 19 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, 2014, 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. Gopal Mahadevan resigned as the director of your company with effect from July 26, 2013. Your Board places on record its appreciation for his contributions during his tenure in the company.

Mr. Gajanan Kulkarni has been inducted on the Board of your company as an Additional Director with effect from July 26, 2013.

In accordance with the provisions of the Companies Act, 1956, Mr. M. S. Unnikrishnan, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

COMPANY SECRETARY

Mr. Anoop Deshpande resigned as the company secretary of your company with effect from February 7, 2014.

AUDIT COMMITTEE

The Committee comprises 3 (Three) members, all being non-executive directors. Mr. Hemant Mohgaonkar, Chairman, Mr. M. S. Unnikrishnan and Mr. Gajanan Kulkarni. Mr. Gajanan Kulkarni has been appointed on the committee after the resignation of Mr. Gopal Mahadevan.

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 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

Place: Pune
Date: April 25, 2014

Hemant Mohgaonkar
Director

M. S. Unnikrishnan
Director

Independent Auditor's Report

To the Members of Thermax Sustainable Energy Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Thermax Sustainable Energy Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2014;**
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to the fact that company's net-worth as on 31st March 2014 is INR 97.77 Lacs (Previous Year INR 159.96 Lacs). The management of the company is taking necessary efforts to revive business operations of the company and shareholders of the company have agreed to provide necessary financial support to revive the operations of the Company (Also refer Note 19(2) to the Accounts). Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.

8. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of
- d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For B.K.Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Prasad V. Paranjape

Partner

Membership Number 047296

Place : Pune

Date : April 25, 2014

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 7 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (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.
- (ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of 'Inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) 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 Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) As at 31st March 2014, according to the records of the Company and the information and explanation given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty and Cess matters that have not been deposited.
- (x) The Company's accumulated losses for the year have exceeded fifty per cent of its net worth. Further, the Company has incurred cash loss in current and immediately preceding financial year.
- (xi) Based on the information & explanations given to us, the Company has no dues to financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) 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 investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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, neither noticed nor reported during the year, nor have we been informed of such case by the Management.

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership No.: 047296

Place: Pune
Date: April 25, 2014

ANNUAL REPORT 2013-2014

Balance Sheet as at March 31, 2014

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Rs Laacs	Rs Laacs
		As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	875.00	875.00
b. Reserves and surplus	2	(777.23)	(715.64)
		97.77	159.36
2. Non-current liabilities			
a. Long-term liabilities	3	323.85	309.25
b. Long-term provisions	4	4.01	3.52
		327.85	312.77
3. Current liabilities			
a. Trade payables	5	15.67	123.23
b. Other current liabilities	6	47.73	87.17
		63.41	210.40
TOTAL		489.03	682.53
II ASSETS			
1. Non-current assets			
a. Fixed assets	7		
i. Tangible assets		0.21	0.49
ii. Intangible assets		23.32	51.87
iii. Capital work-in-progress		-	-
b. Long-term loans and advances	8	233.32	233.94
		256.85	286.30
2. Current assets			
a. Inventories	9	4.55	5.26
b. Trade receivables	10	0.11	10.80
c. Cash and cash equivalents	11	154.72	294.80
d. Short-term loans and advances	12	18.87	33.38
e. Other current assets	13	53.93	51.99
		232.18	396.23
TOTAL		489.03	682.53

Notes to the financial statements 19

The accompanying notes are an integral part of the financial statements.

Particulars	Note No	Rs Laacs	Rs Laacs
		Current Year	Previous Year
I Revenues from operations	14	40.15	363.38
II Other income	15	26.78	45.66
III Total Revenue (I+II)		66.93	409.04
IV Expenses :			
Purchases of Stock-in-Trade		5.44	59.52
Employee benefits	16	63.38	177.09
Finance costs	17	16.22	16.21
Depreciation and amortisation		28.55	12.71
Other expenses	18	14.93	195.68
Total Expenses		128.52	461.21
V Profit before exceptional and extraordinary items and tax (III-IV)		(61.59)	(52.17)
VI Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(61.59)	(52.17)
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		(61.59)	(52.17)
X Tax expense:			
1. Current tax		-	-
2. Deferred tax		-	-
XI Profit / (Loss) for the period from continuing operations (IX-X)		(61.59)	(52.17)
XII Profit / (loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		(61.59)	(52.17)
XIII Earning per equity share: (Refer Note no 3 (vii) of Note 19)			
1. Basic and Diluted		(1.30)	(1.10)
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 19

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B.K.Khare & Co.

Chartered Accountants **M. S. Unnikrishnan** **Gajanan Kulkarni**
Firm Registration No 105102W Director Director

Prasad V. Paranjape **Hemant Mohgaonkar**
Partner Director
Membership No.047296

Place:Pune Place:Pune
Date: 25th April, 2014 Date: 25th April, 2014

As per our report of even date

For B.K.Khare & Co.

Chartered Accountants **M. S. Unnikrishnan** **Gajanan Kulkarni**
Firm Registration No 105102W Director Director

Prasad V. Paranjape **Hemant Mohgaonkar**
Partner Director
Membership No.047296

Place:Pune Place:Pune
Date: 25th April, 2014 Date: 25th April, 2014

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Notes to Financial Statements

Particulars	Rs Lacs	Rs Lacs	Particulars	Rs Lacs	Rs Lacs
	As at	As at		As at	As at
	March 31,	March 31,		March 31,	March 31,
	2014	2013		2014	2013
Note 1			Note 2		
Share capital			Reserves and Surplus		
Authorised			General Reserve		
4750000 (Previous Year : 4750000)			Per Last Balance Sheet	162.52	162.52
Shares of 10/- each	475.00	475.00	Transferred from Surplus	-	-
4000000 (Previous Year : 4000000)				<u>162.52</u>	<u>162.52</u>
Preference Shares of 10/- each	400.00	400.00			
Issued			Surplus / (Deficit)		
4750000 (Previous Year : 4750000)			Per Last Balance Sheet	(878.16)	(825.99)
Equity Shares of 10/- each	475.00	475.00	Profit / (Loss) for the year	(61.59)	(52.17)
4000000 (Previous Year : 4000000)				<u>(939.75)</u>	<u>(878.16)</u>
Preference Shares of 10/- each	400.00	400.00	TOTAL	<u>(777.23)</u>	<u>(715.64)</u>
TOTAL	<u>875.00</u>	<u>875.00</u>			

a) Reconciliation of the shares at the beginning and at the end of the reporting period

Equity Shares	March 2014		March 2013	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	4750000	475.00	4750000	475.00
Issued during the year	-	-	-	-
Outstanding at the end of the period	4750000	475.00	4750000	475.00
Preference Shares	March 2014		March 2013	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	4000000	400.00	-	-
Issued during the period	-	-	4000000	400.00
Outstanding at the end of the period	4000000	400.00	4000000	400.00

b) Term / rights attached to equity shares :

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Term/rights attached to Preference shares

The 6% Cumulative Preference shares issued on 12/04/2012 shall be redeemed in one or more tranches not later than a period of six years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

d) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity as well preference shares are held by its holding company, Thermax Limited.

e) Details of Share holding more than 5% shares in the Company.

	March 31,	March 31,
	2014	2013
Equity Shares of Rs. 10 each fully paid up	100%	100%
Thermax Limited		
Preference Shares of Rs. 10 each fully paid up	100%	100%
Thermax Limited		

Note 7

FIXED ASSETS

Rs. Lacs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 1.4.2013	Additions during Apr-Mar 14	Deductions during Apr-Mar 14	Total Cost as on 31.03.2014	Upto 31st March 2013	Deductions during Apr- Mar 14	Provision during Apr- Mar 14	Total As On 31.3.2014	As on 31 st March 2014	As on 31 st March 2013
Tangible Assets :										
Office Equip, Computer	5.09		0.89	4.20	4.60	0.61	-	3.99	0.21	0.49
Intangible Assets :										
Technical Knowhow	66.30	-		66.30	14.92	-	28.18	43.09	23.20	51.38
Software	2.39	-		2.39	1.90	-	0.37	2.27	0.12	0.49
Total	73.78	-	0.89	72.89	21.42	0.61	28.55	49.35	23.53	52.36
Previous Year (Mar-13)	80.15	10.99	17.37	73.77	17.30	8.59	12.71	21.42	-	-
Capital Work in Progress									-	-

Notes to financial statements

Particulars	Rs Lacs	Rs Lacs
	As at March 31, 2014	As at March 31, 2013
Note 8		
Long-term loans and advances		
Advances to Staff and Workers	-	-
Other loans and advances	-	-
Advance Payment of Income Tax and Wealth Tax	233.32	233.94
[(Net of Provision Rs. 430.70 Lacs (Previous Year :Rs.430.70 Lacs)]		
TOTAL	233.32	233.94
Note 9		
Inventories		
Monitoring Equipments (At lower of Cost or Net Realisable Value)	4.55	5.26
TOTAL	4.55	5.26
Note 10		
Trade Receivables		
Unsecured trade receivable outstanding for a period exceeding six month	-	-
Other trade receivable	0.11	10.80
TOTAL	0.11	10.80
Note 11		
Cash and cash equivalents		
Balances with banks		
Deposit others	140.00	258.75
Balances in current accounts	14.72	36.05
TOTAL	154.72	294.80
Note 12		
Short-term loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	18.87	33.38
TOTAL	18.87	33.38
Note 13		
Other current assets		
Balance in Central Excise & Customs Accounts	53.68	51.74
Other current assets	0.25	0.25
TOTAL	53.93	51.99

Particulars	Rs Lacs	Rs Lacs
	Current Year	Previous Year
Note 14		
Revenue from operations		
A. Sales		
(i) Domestic	9.68	110.41
(i)	9.68	110.41
(ii) Exports	-	-
(i) + (ii)	9.68	110.41
B. Sale of services	30.17	252.54
C. Other operating revenues		
Interest Income	0.30	0.43
	0.30	0.43
D. Less: Excise duty	-	-
TOTAL	40.15	363.38
Note 15		
Other income		
Interest Income	16.14	32.54
(Gross Rs. 16.14 Lacs Tax deducted at source Rs.1.55 Lacs Previous Year: Gross Rs. 32.54 and Tax deducted at source Rs. 3.25 Lacs)		
Other non-operating income	10.64	13.12
TOTAL	26.78	45.66
Note 16		
Employee Benefits Expense		
Salaries and wages	57.41	162.61
Contribution to provident and other funds	5.97	14.48
TOTAL	63.38	177.09
Note 17		
Finance Costs		
Interest on Loan	16.22	16.21
Interest Others	-	-
TOTAL	16.22	16.21
Note 18		
Other Expenses		
Power and Fuel	-	3.77
Site Expenses and Contract Labour Charges	4.70	36.87
Rent and Service Charges	-	9.61
Insurance	0.03	0.02
Repairs and Maintenance:	-	-
Building	-	-
Plant and Machinery	-	-
Others	0.01	3.10
Communication	-	2.60
Traveling and Conveyance	0.02	25.53
Commission	-	1.11
Other Selling and Distribution Expenses	-	0.36
Bank Charges	0.01	0.17
Legal & Professional Charges	9.43	101.33
Printing and Stationery	-	0.42
Net gain or loss on foreign currency transaction	-	0.08
Security Expenses	-	1.84
Auditors Fees (Refer Note no 3 (iv) of Note 19) (Refer Note No 3 (iv) of Note 19)	0.70	0.70
Software Expenses	-	1.03
Allocation of Regional Expenses	-	4.67
Directors Sitting Fees	-	1.00
Recruitment Expenses	-	0.29
Miscellaneous Expenses	0.02	1.19
TOTAL	14.93	195.68

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Notes to Financial Statements

Note 19

1.1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions 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

- 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.
- 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.
- 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) Employee Benefits

Post-Employment Benefits

Defined Benefit Obligations

Contributions made / due to approved superannuation & provident funds are charged to profit and loss account in the year of incurrence.

Unfunded Gratuity and leave encashment liabilities have been provided for on actual basis as if all the employees were to retire on balance sheet date.

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.

- 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.
- Income from trading of Monitoring and verification supplies is recognized on accrual basis.

iii) Interest income is accounted on time proportion basis.

h) Foreign Currency Transactions

Transactions on 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.

- During the year, the Company has successfully included two projects in Clean Development Mechanism Programme of Activities (CDM-PoA) - "Promotion of Biomass Based Heat Generation Systems in India" which was registered with the United Nations Framework Convention on Climate Change (UNFCCC). By registering and monitoring the client's projects, company shall enable clients to claim carbon credits from UNFCCC.

During the year, the Company has monitored all the 25 registered projects under CDM-PoA. The Company has accumulated 144319 Emission Reductions from those registered projects. Due to unfavorable market conditions, accumulated Emission Reductions are not offered for certification to UNFCCC.

The management is taking necessary steps to revive the business operations of the Company. Further, the Holding Company has agreed to provide necessary financial assistance/support for revival of the business of the Company.

3. Notes to Accounts

i) Contingent Liabilities not provided for :-

- Demands disputed in appellate proceedings Rs 191.17 Lacs (Previous Year : Rs. 191.17 Lacs)
- 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. 138.09 Lacs (Previous Year : Rs. 138.09 Lacs)
- Dividend payable @ 6% on preference share capital Rs. 48 Lacs (Previous Year : Rs. 24 Lacs)

ii) 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.

iii) Employee benefit consists of deputation charges for employees deputed by the parent company.

iv) Other Expenses include:

Particulars	Current Year Rs. Lacs	Previous Year Rs
i. Audit Fees	0.50	0.35
ii. Tax Audit Fees	-	0.15
iii. VAT audit & Consultancy	0.20	0.20

Amounts are exclusive of service tax.

- 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, has been given to the extent relevant and applicable to the company.

v) 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.

Notes to Financial Statements

Secondary Segment

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

vi) Related Party Disclosures

a) Name of related parties & description of relationship

Sr No	Relationship	Name of Related Parties
1	Ultimate Holding Company	RDA Holding Pvt. Ltd. (RDA)
2	Holding Company	Thermax Limited (TL)
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Engineering Construction Company Limited Thermax Instrumentation Limited Thermax Onsite Energy Solutions Limited Thermax SPX Energy Technologies Limited (Joint venture with SPX Netherlands BV) Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (Joint venture with Babcock & Wilcox India Holdings Inc.) Thermax International Limited (Mauritius) Thermax Hong Kong Limited (Hong Kong) Thermax Europe Limited (U.K.) Thermax Inc. (U.S.A) Thermax do Brasil Energia e Equipamentos Ltda. (Brazil) Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China) Thermax Netherlands B.V. (Netherlands) Thermax Denmark ApS (Denmark) Danstoker A/S (Denmark) Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark) Omnicall Kessel- und Apparatebau GmbH (Germany) Thermax SDN. BHD. (Malaysia) Rifox – Hans Richter GmbH Spezialarmaturen (Germany) Boilerworks A/S (Denmark) Boilerworks Properties ApS (Denmark)

b) Transactions with the Related parties

Sr No	Particulars	2013-14 Rs. Lacs	2012-13 Rs. Lacs
1	Reimbursement of expenses incurred by the (TL)	52.66	203.23
2	Reimbursement of expenses from (TL) (TOESL)	10.41 -	10.27 9.99
3	Sales made Capital Assets (TL) Other (TL) Capital Assets (TOESL)	0.26 - 0.07	9.21 0.30
4	Purchases made from (TL)	-	2.01
5	Interest on loan taken from the (TL)	16.21	16.21
6	Outstanding Balances as at 31st March 2014 Receivable – (TOESL) Receivable – (TL) Payable - (TL) Loan and accrued interest payable – (TL)	- - 14.71 323.85	2.31 10.01 117.21 309.25
7	Preference Shares issued to (TL)	-	400.00

vii) Earning 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 2014	As at 31st March 2013
Net profit as per Profit & Loss Account (in Rs. Lacs)	(61.59)	(52.18)
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	47,50,000	47,50,000
Face Value of Equity Shares (in Rupees)	10	10
Basic earning per share (in Rupees)	(1.30)	(1.10)
Diluted earning per share (in Rupees)	(1.30)	(1.10)

viii) 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.

Rs. Lacs

Sr. No	Particulars	2013-14			2012-13		
		Principal	Interest	Total	Principal	Interest	Total
A	Total outstanding dues to micro small and Medium enterprises	Nil	Nil	Nil	Nil	Nil	Nil
B	Principal amount and interest due thereon remaining unpaid as at end of the year	Nil	Nil	Nil	Nil	Nil	Nil
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	Nil	Nil	Nil	Nil	Nil	Nil
D	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	Nil	Nil	Nil	Nil	Nil	Nil
E	Total Interest outstanding as on March 31 (Interest in ‘b’ + interest in ‘d’ above)	Nil	Nil	Nil	Nil	Nil	Nil

THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Notes to Financial Statements

- ix) As required by section 383A of the Companies Act, 1956 the Company is required to appoint Company Secretary for the year 2013-14, however, the Company Secretary has not been appointed during the year and the Company is in the process of appointing the Company Secretary.
- x) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

As per our report of even date

For B.K.Khare & Co.

Chartered Accountants **M. S. Unnikrishnan** **Gajanan Kulkarni**
Firm Registration No 105102W Director Director

Prasad V. Paranjape **Hemant Mohgaonkar**
Partner Director
Membership No.047296

Place:Pune Place:Pune
Date: 25th April, 2014 Date: 25th April, 2014

Cash Flow Statement

Particulars	Rs Lacs Year ended March 31, 2014	Rs Lacs Year ended March 31, 2013
A Cash flow from Operating Activities		
Profit before taxation	(61.59)	(52.17)
Adjustment for :		
Depreciation	28.55	12.71
Interest income	(16.14)	(32.54)
Interest Expenditure	(16.22)	(16.21)
Operating profit before working capital changes	(65.41)	(88.21)
Changes in Working Capital:		
Increase / (Decrease) in trade payables	(107.56)	53.00
Increase / (Decrease) in other current liabilities	(39.44)	(72.78)
Increase / (Decrease) in other long term liabilities	14.60	14.59
Increase / (Decrease) in other long term provisions	0.49	(0.27)
Increase / (Decrease) in trade receivables	10.69	(10.10)
Increase / (Decrease) in inventories	0.71	(5.26)
Increase / (Decrease) in loans & advances	14.51	(24.84)
Increase / (Decrease) in other current assets	(1.94)	(8.61)
Increase / (Decrease) in other non-current assets	0.62	(23.62)
Net Cash generated from operating activities	(172.73)	(166.10)
B Cash flow from Investing activities		
Sale of tangible / intangible assets	0.28	8.76
Interest received	16.14	32.54
Net Cash generated from investing activities	16.42	41.30
C Cash flow from Financing Activities		
Interest paid	16.22	16.21
Repayment borrowings		
Proceeds from share allotment under Employee Stock option Scheme		
Net Cash used in financing activities	16.22	16.21
Net increase in Cash and Cash equivalents	(140.08)	(108.57)
Cash and Cash equivalents at the beginning of the year	294.80	403.37
Cash and Cash equivalents at the end of the period	154.72	294.80
Cash and Cash equivalents comprise of :		
Cash on Hand	-	-
Cheques on Hand	-	-
Balances with Banks	154.72	294.80
Total	154.72	294.80

Note : Previous year figures have been grouped wherever necessary to confirm to this year's classification.

As per our report of even date

For B.K.Khare & Co.

Chartered Accountants **M. S. Unnikrishnan** **Gajanan Kulkarni**
Firm Registration No 105102W Director Director

Prasad V. Paranjape **Hemant Mohgaonkar**
Partner Director
Membership No.047296

Place:Pune Place:Pune
Date: 25th April, 2014 Date: 25th April, 2014

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Board of Directors

Ravinder Advani
Pravin Karve
(appointed on October 16, 2013)
R. V. Ramani
Amitabha Mukhopadhyay
(appointed on October 16, 2013)

Registered Office

Thermax House,
14, Mumbai – Pune Road, Wakdevadi,
Pune - 411003

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road,
Pune 411004

Head Office

Energy House, D-II Block, Plot No. 38&39,
MIDC Area, Chinchwad, Pune 411019

Bankers

Union Bank of India
HDFC Bank Limited
State Bank of India
Corporation Bank

Dear Shareholders,

Your directors present the Twenty-third Annual Report and the audited accounts of your company for the year ended March 31, 2014.

FINANCIAL RESULTS	(Rs. in lacs)	
Particulars	2013-2014	2012-13
Total Income	15552.18	19172.00
Profit before depreciation	166.94	763.53
Depreciation	78.42	93.53
Profit before tax	88.52	670.00
Provision for taxation including deferred tax	76.05	223.91
Prior year tax adjustment	0	0.00
Profit after tax	12.47	446.11

PERFORMANCE

For the year under review, your company's total income is Rs. 15552.18 lac compared to Rs. 19172 lac in the previous year. The company's total income has been lower owing to decreased scale of operations. Your company has achieved profit before tax of Rs 88.52 Lac (previous year, Rs. 670 lacs) and profit after tax of Rs. 12.47 Lac (previous year Rs.446.11 lac). The dip in profit before tax is the result of increased direct cost and decrease in revenue in the current year.

During the year, your company has erected about 36250 tons (previous year, 64900 tons) of boiler equipment.

The company's year-end order balance is Rs. 41024 lac, which is higher than the previous year balance of Rs 15147 Lac. A large order from a customer in the refinery business for 9 CFBC boilers is the main reason for the surge in order balance.

While margin pressures continue, the company's management is focusing on increasing efficiency at sites as well as controlling costs.

DIVIDEND

The Directors do not recommend any dividend for the year.

SAFETY

Safety and health at project sites are of paramount importance for the company. The company strives for continuous improvement to establish a proactive safety culture at site. The objective is to implement the best safety practices and integrate the safety culture as part of day to day operations. OHSAS 18001:2007 continues to be implemented at sites in addition to the head office.

Your company has received appreciation letters from customers for safety implementation and safe man-hours at sites. Besides, the company has also undertaken various safety initiatives.

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. 7 of Note 15 to Financial Statements.

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

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year.

DIRECTORS

Amitabha Mukhopadhyay and Pravin Karve have been inducted on the Board of your company as Additional Directors with effect from October 16, 2013. They hold the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956. The requisite notice, with necessary deposit has been received pursuant to Section 160 of the Companies Act, 2013, proposing them as the directors of the company. Necessary resolution appointing Mr. Mukhopadhyay and Mr. Karve as the directors has been set out in the Notice of the ensuing Annual General Meeting for the approval of the shareholders.

Rajan Nair and Gopal Mahadevan, have ceased as directors of the company. The company would like to appreciate and place on record the services rendered by them, during their tenure as directors.

In accordance with the provisions of the Companies Act, 1956, and the company's Articles of Association, Ravinder Advani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself 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, 2014, 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, Ravinder Advani, R.V. Ramani and Amitabha Mukhopadhyay.

COMPLIANCE CERTIFICATE

Compliance Certificate, issued by 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 takes this opportunity to thank its customers, bankers, employees and all other stakeholders for their persistent support to your company. Your directors look forward to their continued co-operation in the future as well.

For and on behalf of the Board of Directors

Ravinder Advani Director	Amitabha Mukhopadhyay Director
R. V. Ramani Director	Pravin Karve Director

Pune, April 25, 2014

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Compliance Certificate

[SEE RULE 3]

Registration No. of the Company : U29246MH1991PLC062959

Nominal Capital : Rs. 10,00,00,000/- Paid Up Capital : Rs. 4,50,00,000/-

To,

The Members,

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Pune.

I have examined the registers, records, books and papers of **Thermax Engineering Construction Company 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, 2014. 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 (4) times on 30.04.2013, 15.07.2013, 16.10.2013 and 17.01.2014 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, 2013 was held on 15th July, 2013 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in 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 though effected one transfer of securities during the financial year, for which all the necessary Compliances has been made.
 - (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 and the appointment of directors, additional directors have been duly made, however there was no appointment of alternate directors or director to fill in casual vacancy.
 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 amount borrowed by the Company from financial Institutions during the financial year ended 31st March, 2014 is within the borrowing limits of the Company.
 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 deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place: Pune

Sridhar G. Mudaliar

Date: 24.04.2014

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 Directors 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, 2014.

Sr. No.	Form No. / Return	Filed under section	Event Date	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 8	125	19.02.2014	24.03.2014	No	Yes
2.	Form-20 B	159	15.07.2013	02.08.2013	Yes	NA
3.	Form 32	303(2)	15.07.2013	02.08.2013	Yes	NA
4.	Form 66	383	15.07.2013	02.08.2013	Yes	NA
5.	Form 32	303(2)	26.07.2013	02.08.2013	Yes	NA
6.	Form-23AC & Form-23ACA XBRL	220	15.07.2013	14.08.2013	Yes	NA
7.	Form 17	138	07.10.2013	28.10.2013	Yes	NA
8.	Form 32	303(2)	16.10.2013	16.10.2013	Yes	NA

Place: Pune

Sridhar G. Mudaliar

Date: 24.04.2014

C.P. No.: 2664

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Independent Auditor's Report

To the Members of Thermax Engineering Construction Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Thermax Engineering Construction Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.
8. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B.K.Khare & Co.
Chartered Accountants

Firm's Registration Number 105102W

Prasad V. Paranjape
Membership No. 47296

Place, 25th April, 2014

Annexure referred to in paragraph 7 under the heading “Report on other legal and regulatory requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (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.
- (ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of Inventories are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) 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 Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount under dispute not deposited (Rs. In lakhs)	Period	Forum where Dispute is pending
Uttar Pradesh Trade Tax Act'1948	State Sales Tax	7.24	2004-05	Joint Commissioner (Appeal) IV, Commercial Tax, Gaziabad
Uttar Pradesh Trade Tax Act'1948	State Sales Tax	3.85	2005-06	Joint Commissioner (Appeal) IV, Commercial Tax, Gaziabad

Name of Statute	Nature of Dues	Amount under dispute not deposited (Rs. In lakhs)	Period	Forum where Dispute is pending
Rajasthan VAT Act'2003	State Sales Tax	4.72	2002-03	Deputy Commissioner (Appeals), Commercial Taxes, Kota, Rajasthan
Andhra Pradesh Sales Tax	State Sales Tax	4.70	2006-07 to 2008-09	STAT, Punjagutta, Hyderabad
Andhra Pradesh Sales Tax	State Sales Tax-Penalty	2.45	2006-07 to 2008-09	STAT, Punjagutta, Hyderabad
Income Tax Act' 1961	Income Tax	98.31	2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act' 1961	Income Tax	29.14	2010-11	Commissioner of Income Tax (Appeals)
Service Tax (Finance Act'1994)	Service Tax	475.78	2004-05 to 2008-09	Customs, Excise & Service Tax Appellate Tribunal

- (x) The Company has no accumulated losses at 31st March 2014; neither has it incurred cash loss during current year or immediately preceding financial year.
- (xi) Based on the information & explanations given to us, the Company has no dues to financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) 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 investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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, neither noticed nor reported during the year, nor have we been informed of such case by the Management.

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership No.: 047296

Place: Pune
Date: April 25th, 2014

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Balance Sheet as at March 31, 2014

Particulars	Note No	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	450.00	450.00
b. Reserves and surplus	2	2,762.98	2,750.51
2. Non-current liabilities			
a. Other Long-term liabilities	3	285.44	677.72
3. Current liabilities			
a. Trade payables	4	3,046.42	3,177.60
b. Other current liabilities	5	3,154.93	2,966.93
c. Short-term provisions	6	246.37	313.85
TOTAL		9,946.14	10,336.61
II ASSETS			
1. Non-current assets			
a. Fixed assets	7		
i. Tangible assets		317.73	260.79
ii. Intangible assets		-	-
iii. Capital work-in-progress		1.70	0.03
c. Other non-current assets	8	288.63	132.41
d. Deferred tax Asset (Net)	9	199.43	275.47
2. Current assets			
a. Current investments	10	-	111.92
b. Trade receivables	11	3,848.62	4,262.92
c. Cash and cash equivalents	12	872.40	1,082.79
d. Short-term loans and advances	13	1,430.82	961.03
e. Other current assets	14	2,986.81	3,249.25
TOTAL		9,946.14	10,336.61

Notes to the financial statements 15

The accompanying notes are an integral part of the financial statements.

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Rs in Lakh	Rs in Lakh
		Current Year	Previous Year
I Revenues from operations	16	15,542.38	19,126.99
II Other income	17	9.80	45.01
III Total Revenue (I+II)		15,552.18	19,172.00
IV Expenses :			
Employee benefits	18	1,796.39	2,032.85
Finance costs	19	4.19	0.19
Depreciation and amortisation		78.42	93.53
Other expenses	20	13,584.66	16,375.42
Total Expenses		15,463.66	18,501.99
V Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		88.52	670.01
VI Exceptional items		-	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		88.52	670.01
VIII Extraordinary Items		-	-
IX Profit / (Loss) before tax (VII- VIII)		88.52	670.01
X Tax expense:			
1. Current tax		-	372.00
2. Deferred tax		76.05	(148.09)
XI Profit / (Loss) for the period from continuing operations (VII-VIII)		12.47	446.10
XII Profit / (Loss) for the year		12.47	446.10
XIII Earning per equity share (Refer Note no. 12 of Note 15)			
1. Basic & Diluted		0.28	9.91
2. Face Value			

Notes to the financial statements 15

The accompanying notes are an integral part of the financial statements.

As per our report of even date For and on behalf of the Board
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Prasad V. Paranjape **Pravin Karve** **Amitabha Mukhopadhyay**
Partner Director Director
Membership No. 047296

Pune: 25th April, 2014 Pune: 25th April, 2014

As per our report of even date For and on behalf of the Board
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Prasad V. Paranjape **Pravin Karve** **Amitabha Mukhopadhyay**
Partner Director Director
Membership No. 047296

Pune: 25th April, 2014 Pune: 25th April, 2014

Notes to Financial Statements

Particulars	Rs in Lakh	
	As at March 31,2014	As at March 31,2013
Note 1		
Share capital		
Equity Share Capital		
Authorised : 10,00,00,000 (Previous Year : 10,00,00,000)	1000.00	1000.00
Equity Shares of Rs 10/- each		
Issued, subscribed and paid up		
45,00,000 (Previous Year : 45,00,000) Equity Shares of Rs 10/- each	450.00	450.00
	<u>450.00</u>	<u>450.00</u>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.

	March 2014		March 2013	
	Nos	Rs lakh	Nos	Rs lakh
At the beginning of the period	45,00,000	450.00	45,00,000	450.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>45,00,000</u>	<u>450.00</u>	<u>45,00,000</u>	<u>450.00</u>

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity shares are held by its holding company, Thermax Limited.

d) Details of Share holding more than 5% shares in the Company.

	March 2014	March 2013
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	<u>100%</u>	<u>100%</u>

Note 7

Fixed assets

(Refer Note No. 1.1 c & d)

Rs in Lakh

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1st April 2013	Additions / Adjustments during the year	Deductions / Adjustments during the year	As on 31 Mar, 2014	As on 1st April 2013	On deductions during the year	For the year	As on 31 Mar, 2014	As on 31 Mar, 2014	As on 31 Mar 2013
Tangible Assets										
Plant & Machinery	507.17	127.57	28.01	606.76	311.77	26.43	49.40	334.74	272.02	195.40
Office Equipments	83.34	12.89	4.58	91.65	71.48	4.37	9.83	76.94	14.71	11.86
Vehicles	117.39	-	12.84	104.54	63.86	9.51	19.19	73.54	31.00	53.53
Total	707.90	140.46	45.43	802.95	447.11	40.31	78.42	485.22	317.73	260.79
Previous Year	675.32	78.45	45.86	707.90	397.47	43.89	93.53	447.11		
Capital Work-in Progress									1.70	0.03
								Total	<u>319.43</u>	<u>260.82</u>

Particulars	Rs in Lakh	
	As at March 31,2014	As at March 31,2013
Note 2		
Reserves and Surplus		
General Reserve		
Per Last Balance Sheet	525.21	425.21
Transferred from Surplus	-	100.00
	<u>525.21</u>	<u>525.21</u>
Surplus		
Per Last Balance Sheet	2,225.30	1,879.20
Profit / (Loss) for the year	12.47	446.10
Transfer to General Reserve	-	(100.00)
	<u>2,237.77</u>	<u>2,225.30</u>
TOTAL	<u>2,762.98</u>	<u>2,750.51</u>

Note 3

Other Long-term liabilities

Trade payables- Retention (Refer Note no 4 of Note 15)	285.44	677.72
TOTAL	<u>285.44</u>	<u>677.72</u>

Note 4

Trade payables

Trade payables (Refer Note no. 4 of Note 15)	1,394.91	2,122.83
Trade payables - Retention (Refer Note no. 4 of Note 15)	1,651.51	1,054.77
TOTAL	<u>3,046.42</u>	<u>3,177.60</u>

Note 5

Other current liabilities

Contracts in Progress (Refer Note No. 8 of Note 15)	1,456.36	1,255.85
Customer Advances (Refer Note no. 8 of Note 15)	1,029.21	1,471.12
Short Term Secured Borrowing from UBI Bank as Cash Credit (Secured by hypothecation of Book Debts for Rs 700.00 Lacs carrying interest of 12.75% p.a)	475.67	-
Other Liabilities	193.69	239.96
TOTAL	<u>3,154.93</u>	<u>2,966.93</u>

Note 6

Short-term provisions

Short Term Employee Benefits	246.35	313.61
Others	0.02	0.24
TOTAL	<u>246.37</u>	<u>313.85</u>

Notes to Financial Statements

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 17		
Other income		
Interest Income (Gross) [Tax Deducted at source Rs. Nil (Previous Year Rs. 2.24 Lac)]	1.18	36.66
Dividend Income		
Current Investment	6.61	7.35
Net gain/loss on sale of investments		
Long Term Investment	-	-
Current Investment	0.04	0.01
Exchange Difference Income (Net)	1.97	0.99
TOTAL	9.80	45.01

Note 18

Employee Benefits Expense

Salaries and wages	1,676.04	1,896.58
Contribution to provident and other funds	115.27	114.39
Staff welfare expenses	5.80	5.54
Gratuity (Refer Note no. 2 of Note 15)	(0.72)	16.34
TOTAL	1,796.39	2,032.85

Note 19

Finance Costs

Interest expense	4.19	0.19
TOTAL	4.19	0.19

Note 20

OTHER EXPENSES

Site Expenses and Contract Labour Charges	666.33	637.43
Erection, Fabrication Charges (including Consumables and Safety materials)	11,718.22	14,561.09
Rent and Service Charges	63.33	63.40
Rates and Taxes	0.02	0.24
Insurance	26.40	39.38
Repairs & Maintenance		
- Buildings	8.09	-
- Others	26.28	28.33
Communication	35.99	41.01
Travelling & Conveyance	387.56	404.11
Bank Charges	24.17	11.55
Legal & Professional charges	11.50	19.82
Printing & Stationery	17.43	6.51
Bad Debts Written Off	153.89	76.66
Provision for Doubtful Debts/Customer Claims	339.16	377.16
Liquidated Damages	13.92	14.52
Loss on sale of Assets	2.36	0.06
Balances Written Off	2.22	2.05
Miscellaneous Expenses (Refer Note no.5 of Note 15)	86.77	79.92
Interest (other than interest on borrowings)	1.02	12.18
(Inclusive of Prior Period expenses - refer Note no. 6 of Note 15)		
TOTAL	13,584.66	16,375.42

Note 15

1.1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

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 (10Ton & above)	14.29	4.75
		b. Containers (Porta Cabins)		
		c. Cranes (Upto 10Ton) including Hydras	20.00	4.75 (for Tractor 11.31)
		d. Tractors & Trailers		
		e. Precision Tools, Electrical Winches		
		f. Generator Set	25.00	4.75
		g. Grinding, Drilling, Welding, cutting m/c. & Wire Ropes, slings etc.	50.00	4.75
		h. Pipe Chamfering, Hydraulic Tube Expanding m/c., Rigging & Lifting Tools, Drying Oven etc.	33.33	4.75
		i. Caliberation Equipments and E&I tools	100.00	4.75

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Notes to Financial Statements

SR. NO.	CLASS OF ASSET	ITEM	DEPRECIATION RATE as applied	DEPRECIATION RATE % P.A. (As per Schedule XIV to The Companies Act)
2	Furniture & Fixture	a. At Site	50.00	6.33
3	Office Equipments	a. Refrigerators, Television and other office equipments at Site	50.00	16.21
		b. Computers, Printer & Software at H.O. and Site	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 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.

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

1. Provident Fund

Liability on account of the company's obligation under the employee's provident fund, a defined contribution plan, is charged to statement of profit and loss on the basis of the statutory liability to contribute.

2. Superannuation Fund

Liability on account of the company's obligation under the employee's superannuation fund, a defined contribution plan, is charged to the statement of profit and loss on the basis of the plan's liability to contribute.

3. 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, using projected unit credit method.
- 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 an asset.
- Current service cost, interest cost and actuarial gains and losses are charged to the statement of profit and loss.
- Past service cost/effect of any curtailment or settlement is charged/credited to the statement of profit and loss, as applicable.

Short-Term Benefits

1. Compensated Absences

Liability on account of the company's obligation under the employee's leave policy is charged to the statement of profit and loss at the undiscounted

amount of such liability calculated with reference to leave earned but not availed as at the balance sheet date.

2. 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 is charged to statement of profit and loss at the undiscounted amount of such liability.

3. 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 charged to the statement of profit and loss at the undiscounted amount of such liability.

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.

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.

Provision for expected loss is recognized immediately when it is probable that the total estimated contract cost will exceed total contract revenue.

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.

Interest income is recognized on time proportion basis.

j) Borrowing Costs

Borrowing cost on working capital are charged to statement of profit and loss in the year incurred.

k) 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 statement of profit and loss.

Foreign currency monetary item balances in the balance sheet are translated at the closing exchange rates and the resulting exchange difference is recognised in the statement of profit and loss.

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

l) 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.

Notes to Financial Statements

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.

m) Others

A liability for liquidated damages is recognized when it is deducted or claimed by the customer or when a reasonable estimate of the likely obligation can be made.

Provision for doubtful debts is made on basis of standard norms in respect of debtors outstanding beyond pre-defined period and also where required on actual evaluation.

2 Employee Benefits

a) Defined Benefit Plans for Employees (AS 15)

		Rs. Lakh	
Sr. No.	Particulars	2013-14	2012-13
i	Components of Employer expense		
a	Current Service Cost	15.15	14.27
b	Interest Cost	8.75	7.07
c	Expected Return on Plan Assets	(-11.93)	(-9.38)
d	Actuarial (Gain)/Loss	(-12.69)	4.38
e	Past Service Cost	0	0
f	Total expense recognised in the Profit and Loss Account	(-0.72)	16.34
ii	Net Assets/(Liability) recognised in Balance Sheet as at 31st March		
a	Present Value of Obligation	120.03	111.19
b	Fair Value of Plan Assets	(-166.34)	(-131.95)
c	(Asset)/Liability recognised in the Balance Sheet	(-46.31)	(-20.76)
iii	Change in Gratuity Obligation during the year		
a	Present Value of Obligation as at 31st March	111.19	93.12
b	Current Service Cost	15.15	14.27
c	Interest Cost	8.75	7.07
d	Actuarial (Gain)/Loss	(-11.42)	6.26
e	Benefit Paid	(-3.64)	(-9.53)
f	Present Value of Obligation as at 31st March	120.03	111.19
iv	Changes in the Fair Value of Plan Assets		
a	Present Value of Plan Assets as 31st March	131.95	102.66
b	Expected Return on Plan Assets	11.93	9.38
c	Actual Company Contribution	24.82	21.42
d	Benefits Paid	(-3.64)	(-3.39)
e	Actuarial Gain/(Loss)	1.27	1.87
f	Present Value of Plan Assets as 31st March	166.34	131.95
v	Actual Return on Plan Assets	13.20	11.25
vi	Actuarial Assumptions		
a	Discount Rate	8% p.a.	8% p.a.
b	Expected Rate of Return	8% p.a.	8% p.a.
c	Mortality	LIC 2006-08 ULTIMATE	LIC 2006-08 ULTIMATE
d	Future Salary Increases	7% p.a.	7% p.a.
e	Disability	Nil	Nil
f	Attrition	5% p.a.	7% p.a.
g	Retirement	60 years	60 years

vii) Amounts recognised in current year and previous four years

		Rs. Lakh				
Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	
Gratuity						
Defined Benefit Obligation	120.13	111.19	93.12	74.09	50.88	
Plan Asset	166.34	131.95	102.66	82.17	61.83	
(Surplus) / Deficit	(46.31)	(20.76)	9.54)	(8.08)	(10.95)	
Experience adjustments in plan liabilities	(11.42)	6.26	4.68	10.66	0.13	
Experience adjustments in plan assets	1.27	1.87	0.48	0.55	1.41	
Classified as Non-Current	-	-	-	-	-	
Classified as Current	(46.31)	(20.76)	(9.54)	(8.08)	(10.95)	
Total	(46.31)	(20.76)	(9.54)	(8.08)	(10.95)	

viii) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

During the year movement in warranty provision is as follows:-

		Rs in Lakh	
Particulars	2013-14	2012-13	
Provident and other funds paid	115.27	114.39	

ix) Major Category of Plan Assets as a % of total Plan Assets

		Rs in Lakh	
Particulars	2013-14	2012-13	
Government Securities (Central and State)	100%	100%	
Corporate Bonds	-	-	
Equity Shares of Listed Companies	-	-	
Fixed Deposits under Special	-	-	
Deposits Schemes of Central	-	-	
Government	-	-	
Public Sector Unit Bonds	-	-	
Total %	100%	100%	

x) Expected Contribution to funds in next year

		Rs in Lakh	
Sr no.	Particulars	FY 14-15	FY 13-14
1	Gratuity	25.00	24.82
2	Provident Fund	150.00	122.40

3. Contingent Liabilities not provided for (Rs in Lakh)

- a) Income tax demands disputed in Appellate proceedings Rs. 130.66 (Previous Year Rs. 349.51)
- b) Sales tax demands disputed in Appellate proceedings Rs. 22.96 (Previous Year Rs. 22.98)
- c) Bank Guarantees for advance payments and performance Rs. 713.43 (Previous Year Rs. 881.18). Bank guarantees issued to statutory authorities Rs. 12.10 (Previous Year Rs 15.93).
Standby Letter of Credit for advance payments and performance Rs. 2900.00 (Previous Year Rs. Nil)
- d) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3.52 L (Previous Year Rs. 9.51)
- e) Disputed demand in respect of Service Tax Rs. 475.83 (inclusive of interest) is under Appeal (Previous Year Rs 210.18, inclusive of interest).

THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Notes to Financial Statements

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.

Rs. In Lakhs

S 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 2014	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 2014)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2014 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

5. Miscellaneous Expenses include ::

Rs. In Lakhs

Particulars	2013-14	2012-13
Auditors' Remuneration		
(i) Audit Fees	3.50	2.25
(ii) Tax Audit Fees	0.90	0.60
(iii) VAT Audit Fees	0.60	0.40
(iv) Taxation Matters	0.95	-
(v) Reimbursement of expenses	0.02	0.11

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

Rs. In Lakhs

Expenses	2013-14	2012-13
Erection charges	-	65.33
Expenses	-	2.79

7. Expenditure in Foreign Currency:

Rs. Lakh

Particulars	2013-14	2012-13
(i) Travelling Expenses	87.96	68.61

The details of Foreign Travel expenses given above are on accrual basis.

8. In respect of contracts in progress

Rs. Lakh

Particular	2013-14	2012-13
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	14861.10	19087.84
b) Amount of Customer Advances received (Unadjusted as on 31st March)	1029.21	1471.12
c) Amount of Retentions Gross amount due from customers for contract work	1440.51	1846.39
d) Gross amount due from customers for contract work (Positive CIP)	1919.20	2723.39

e) Gross amount due to customers for contract work (Negative CIP)	1456.36	1255.85
f) In respect of contracts in progress as on 31st March :		
Aggregate amt of Costs incurred and recognised profits (less recognised losses)	49599.34	44654.39
Less: Running Bills	49136.50	43186.85
Closing Contracts in Progress	462.84	1467.54

9. 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 trade receivables, trade payables and advances or deposits have been taken as per books of account.

10. 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.

11. 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 Pvt. Ltd.	-	Ultimate Holding Company
Thermax Limited	-	Holding Company.

Fellow Domestic Subsidiary

S. No	Name of the Fellow Domestic Subsidiary	Location
1	Thermax Instrumentation Limited	India
2	Thermax Sustainable Energy Solutions Limited	India
3	Thermax Onsite Energy Solutions Limited	India

Fellow Overseas Subsidiary

S. No	Name of the Fellow Domestic Subsidiary	Location
1	Thermax International Limited	Mauritius
2	Thermax Hong Kong Limited	Hong Kong
3	Thermax Europe Limited	U.K
4	Thermax Inc.	U.S.A
5	Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited	China
6	Thermax do Brasil Energia e Equipamentos Ltda.	Brazil
7	Thermax Netherlands B.V.	Netherlands
8	Thermax Denmark ApS	Denmark
9	Danstoker A/S	Denmark
10	Omnicel Kessel- und Apparatebau GmbH	Germany
11	Ejendomsanpartsselskabet Industrivej Nord 13	Netherlands
12	Rifox – Hans Richter GmbH	Germany
13	Thermax SDN.BHD	Malaysia
14	Boilerworks A/S	Denmark
15	Boilerworks Properties ApS	Denmark

Fellow Joint Venture Subsidiary

S. No	Name of the Fellow Joint Venture Subsidiary	Location
1	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	India
2	Thermax SPX Energy Technologies Ltd	India

Notes to Financial Statements

Cash Flow Statement for the year

b) Transactions with the Related Parties

Rs in Lakh		
Particulars	2013 – 14	2012 – 13
1. Sales (including recovery of expenses)		
Thermax Ltd	9,022.32	7,096.54
2. Project Execution Expenditure		
Thermax Ltd	77.98	68.13
3. Receiving of Services		
Thermax Ltd	155.40	170.17
4. Expenses – Deputation of Employees		
Thermax Ltd	0.00	25.21
5. Guarantees and Collaterals		
Thermax Ltd	9,000.00	3,200.00
6. Amount Outstanding – Loan / Advances, Receivables		
Account Receivables		
Thermax Ltd	1,164.94	778.60
Trade Advances		
Thermax Ltd	385.38	463.91
7. Amounts Payable		
Accounts Payable		
Thermax Ltd	12.38	24.85

12. Earning Per Share (EPS)

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

Rs in Lakh		
Particulars	2013-14	2012-13
Net profit available for Shareholders (Rs. In Lakh)	12.47	446.10
Weighted average number of Equity Shares of Rs. 10 each	45,00,000	45,00,000
Basic and Diluted earning per share (Rs.)	0.28	9.91
Face Value per share of Rs 10/- each		

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

Particulars	Rs in Lakh	Rs in Lakh
	Year ended 31 March 2014	Year ended 31 March 2014
A Cash Flow from Operating Activities		
Profit before taxation	88.52	670.01
Adjustment for :		
Depreciation	78.42	93.53
Profit on sale of tangible assets	(3.33)	(4.62)
Loss on sale of tangible assets	2.36	0.06
Profit on sale of investments	(0.04)	(0.01)
Provision for Doubtful Debts	339.16	517.55
Provision for Doubtful Debts - Reversal during the year	(517.78)	(140.39)
Dividend / Brokerage Income	(6.61)	(7.35)
Interest Income	(1.18)	(36.66)
Interest Expenses	4.19	-
Operating profit before working capital changes	(16.29)	1,092.12
Changes in Working Capital:		
Increase / (Decrease) in trade payables	(392.28)	(115.05)
Increase / (Decrease) in Current trade payables	(131.18)	680.02
Increase / (Decrease) in provisions	(67.48)	79.68
Increase / (Decrease) in other current liabilities	(287.71)	(111.90)
(Increase) / Decrease in trade receivables	592.92	(654.45)
(Increase) / Decrease in loans & advances	(469.79)	(18.06)
(Increase) / Decrease in other current assets	804.76	(420.19)
(Increase) / Decrease in Non-current assets	(156.22)	55.65
Cash Generated from Operations	(123.27)	587.82
Taxes paid (net of refunds)	(542.32)	(565.31)
Net Cash generated from operating activities	(665.59)	22.51
B Cash flow from Investing Activities		
Purchase of tangible assets	(142.13)	(75.44)
Sale of tangible assets	6.09	6.53
Sale of current investments	111.97	55.49
Interest received	1.18	36.66
Dividends received	6.61	7.35
Net cash from investing activities	(16.28)	30.59
C Cash flow from Financing Activities		
Short term Borrowings	475.67	-
Interest Expenses	(4.19)	-
Net Cash Inflow from financing activities	471.48	-
Net increase in Cash and Cash equivalents (A + B + C)	(210.39)	53.10
Cash and Cash equivalents at the beginning of the year	1,082.79	1,029.69
Cash and Cash equivalents at the end of the year	872.40	1,082.79
Cash and Cash equivalents comprise of :		
Cash on Hand	1.20	0.93
Cheques on Hand	441.00	673.08
Balances with Banks in Current and Deposit Accounts	430.20	408.78
Total	872.40	1,082.79

As per our report of even date For and on behalf of the Board
For B. K. Khare & Co.
 Chartered Accountants
 Firm Registration No. 105102W

Prasad V. Paranjape Partner
Pravin Karve Director
Amitabha Mukhopadhyay Director
 Membership No. 047296

Pune: 25th April, 2014 Pune: 25th April, 2014

As per our report of even date For and on behalf of the Board
For B. K. Khare & Co.
 Chartered Accountants
 Firm Registration No. 105102W

Prasad V. Paranjape Partner
Pravin Karve Director
Amitabha Mukhopadhyay Director
 Membership No. 047296

Pune: 25th April, 2014 Pune: 25th April, 2014

THERMAX INSTRUMENTATION LIMITED

Board of Directors

R. V. Ramani
Mahesh Channakeshviaiah Bukinkere
(appointed on July 16, 2013)
Ravinder Advani
Amitabha Mukhopadhyay
(appointed on October 18, 2013)

Registered Office

Thermax House,
14, Mumbai – Pune Road, Wakdevadi,
Pune - 411003

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10,
Prabhat Road, Pune 411004

Manager

M. L. Bindra

Company Secretary

Sudhir Lale

Corporate Office

Sai Chambers
15, Mumbai-Pune Road,
Wakdevadi, Pune - 411003

Bankers

Union Bank of India
HDFC Bank Limited
State Bank of India
Corporation Bank
ICICI Bank
Citibank

Director's Report

Dear Shareholder,

Your Directors present the Eighteenth Annual Report together with the audited accounts for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	(Rs. in lac)	
	2013-2014	2012-13
Total Income	14,850.20	21,740.50
Profit / (Loss) before Depreciation	640.93	(1,706.10)
Depreciation	43.49	58.40
Profit / (Loss) before Tax	597.44	(1,764.50)
Provision for Taxation including Deferred Tax	757.56	232.57
Profit / (Loss) after tax	(160.12)	(1,997.07)

PERFORMANCE

During the year, your company earned a total income of Rs.14,850.20 lac as against Rs. 21,740.50 lac in the previous year. Profit before tax was Rs.597.44 lac as against previous year's loss before tax of Rs. 1,764.50 lac and loss after tax was Rs.160.12 lac as against previous year's loss after tax of Rs. 1,997.07 lac. During the year, the company commissioned power plants aggregating to more than 500 MW including the second 150 MW unit of the 300 MW IPP in Andhra Pradesh. The current year's performance continued to be impacted due to lesser order booking, less book and bill during the year. The turnover reduction could be attributed to delay in civil construction due to delayed inputs from customer and delay by customer where civil construction is in customer's scope. However with strict cost controls, tighter monitoring and some of positives on implementation of the recommendations of Project Transcend, company could make a pretax profit of 597.44 lac.

The company is currently managing construction activities of about 300 MW of power generation; some are under construction and most are in commissioning stage, across a number of sites. Due to the continued slowdown in the power sector, the year did not see many order finalizations. The situation continues to be challenging. Order booking in captive sector in current year (Rs 7145 lac as against Rs. 19,070 lac in previous year) has put the company in a position with lesser order balance.

The recommendations came up during the improvement initiative 'Project Transcend', taken along with the Power business group of Thermax Ltd are being implemented.

The implementation phase is scheduled to complete by the end of this year.

SAFETY

The company continues to focus on improving safety at sites. During the year no injuries have occurred at the construction sites recording about 11 million safe man hours. Your company's performance in this area has been recognized by some of its large customers, including,

- Grasim Industries Limited Bharuch
- ONGC Mangalore Refineries
- Reliance Infrastructures

Company has institutionalized the monitoring of the statutory compliance through a system.

DIVIDEND

The Directors do not recommend any dividend during the year.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

- Particulars of employees

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

- Conservation of energy and technology absorption

Information pertaining to conservation of energy and technology absorption is not applicable to your company.

- 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 point (j) of Note 24 to Accounts.

DIRECTORS

Mr. Mahesh Channakeshavia Bukinkere and Mr. Amitabha Mukhopadyay have been inducted on the Board of your company as Additional Directors with effect from July 16, 2013 and October 18, 2013 respectively. They hold 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 them as the Directors of the company. Necessary resolution appointing Mr. Mahesh Channakeshavia Bukinkere and Mr. Amitabha Mukhopadyay as the Directors 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 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

Your Board has approved appointment of Mr. M. L. Bindra as 'Manager' of the company on March 31, 2014 for the period from April 1, 2014 to March 31, 2015 subject to the approval of the shareholders. Necessary resolution appointing M. L. Bindra as the 'Manager' has been set out in the Notice of the ensuing Annual General Meeting for 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:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2014, 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 directors present the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

AUDIT COMMITTEE

The committee comprises three members, all being non-executive directors. Mr. Amitabha Mukhopadyay, Chairman, Mr. Ravinder Advani and Mr. R.V. Ramani.

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

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

For and on behalf of the Board of Directors

R. V. Ramani
Director

Amitabha Mukhopadyay
Director

Ravinder Advani
Pune, April 28, 2014
Director

Mahesh Channakeshavia Bukinkere
Director

THERMAX INSTRUMENTATION LIMITED

Independent Auditor's Report

To the Members of Thermax Instrumentation Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Thermax Instrumentation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to the fact that company's net-worth as on 31st March 2014 is INR 20.39 Lacs (Previous Year: INR 174.72 Lacs). The management of the company is taking necessary efforts to revive business operations of the company and shareholders of the company have agreed to provide necessary financial support to revive the operations of the Company (Also refer Note 24(2) to the Accounts). Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.
8. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report are in agreement with the books of account ;
 - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B.K.Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Prasad V. Paranjape

Partner

Membership Number: 047296

Place: Pune

Date: April 28, 2014

Annexure referred to in paragraph 7 under the heading “report on other legal and regulatory requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (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.
- (ii) (a) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of Inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) 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 Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4 (v) (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. However, Service Tax on hiring of motor – vehicle to be paid on Reverse Charge Basis (as notified by the Central Government vide notification number 30/2012, dated 20th June 2012) amounting to Rs. 5,97,305/- (including interest of Rs. 1,02,956/-) has remained payable for a period of more than six months as on the balance sheet date.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Sr. No.	Name of the Statute	Nature of Dues	Amount under dispute not deposited (Rs in Lakh)	Period to which amount relates*	Forum where dispute is pending
1	West Bengal Sales Tax	Sales Tax	55.96	2007-08 to 2008-09	WBCT- Appeal and Revision Board, Kolkata.
2	West Bengal Sales Tax	Sales Tax	8.55	2009-10	JCST, Kolkata South Circle, Kolkata.
3	Andhra Pradesh Sales Tax	Sales Tax	168.61	2007-08 to 2008-09	Commercial Tax Officer, Somajiguda Circle, Hyderabad.
4	Service Tax	Service Tax	2,422.40	2006-07 to 2010-11	CESTAT, Mumbai
5	Income Tax	Income Tax	35.81	2009-10	Commissioner of Income Tax (A) III, Pune

*Amount under dispute includes Penalty

- (x) The Company's accumulated losses at the end of the financial year 2014, have exceeded fifty per cent of its net worth. The company has incurred cash loss in the current and immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company had no dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) 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 investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership Number : 047296

Place: Pune
Date: April 28, 2014

THERMAX INSTRUMENTATION LIMITED

Balance Sheet as at March 31, 2014

Particulars	Note No	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	1,900.00	1,900.00
b. Reserves and surplus	2	(1,879.61)	(1,725.28)
		<u>20.39</u>	<u>174.72</u>
2. Non-current liabilities			
a. Other Long-term liabilities	3	1,734.24	69.31
b. Deferred tax Liability (Net)	11	13.60	-
		<u>1,747.84</u>	<u>69.31</u>
3. Current liabilities			
a. Short-term borrowings	4	893.60	-
b. Trade payables	5	2,097.61	3,147.67
c. Other current liabilities	6	8,962.26	9,865.68
d. Short-term provisions	7	234.16	291.77
		<u>12,187.63</u>	<u>13,305.12</u>
TOTAL		<u><u>13,955.86</u></u>	<u><u>13,549.15</u></u>
II ASSETS			
1. Non-current assets			
a. Fixed assets	8		
Tangible assets		284.30	311.36
b. Long-term loans and advances	9	10.76	47.58
c. Other non-current assets	10	1,594.87	3,417.71
d. Deferred tax Asset (Net)	11	-	0.11
		<u>1,889.93</u>	<u>3,776.76</u>
2. Current assets			
a. Current investments	12	256.37	19.49
b. Trade receivables	13	5,222.06	3,999.51
c. Cash and cash equivalents	14	1,827.98	1,140.49
d. Short-term loans and advances	15	442.33	1,099.37
e. Other current assets	16	4,317.19	3,513.53
		<u>12,065.93</u>	<u>9,772.39</u>
TOTAL		<u><u>13,955.86</u></u>	<u><u>13,549.15</u></u>

Notes to the financial statements 24

The accompanying notes are an integral part of the financial statements.

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Rs in Lakh	Rs in Lakh
		Year Ended March 31,2014	Year Ended March 31,2013
I Revenues from operations	17	14,480.35	21,346.65
II Other income	18	369.85	393.85
III Total Revenue (I+II)		<u>14,850.20</u>	<u>21,740.50</u>
IV Expenses :			
Cost of materials consumed	19	823.03	2,858.99
Site Expenses and Contract Labour Charges	20	11,187.42	17,967.59
Employee benefits	21	1,481.67	1,688.14
Finance costs	22	67.59	6.84
Depreciation and amortisation		43.49	58.40
Other expenses	23	649.56	925.04
Total Expenses		<u>14,252.76</u>	<u>23,505.00</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		597.44	(1,764.50)
VI Exceptional items		-	-
VII Profit / (Loss) before extraordinary items and tax (V - VI)		597.44	(1,764.50)
VIII Extraordinary Items		-	-
IX Profit / (Loss) before tax (VII- VIII)		<u>597.44</u>	<u>(1,764.50)</u>
X Tax expense:			
1. Current tax (Last Year includes Branch Profit Remittance tax paid Rs 134.75 Lakh)		81.84	169.95
2. Short / (Excess) Prov for taxes for earlier year F.Y. 10-11		555.53	-
3. MAT Credit Utilised		91.96	-
4. Write off for lapse of MAT Credit Entitlement (for earlier years)		14.52	-
5. Deferred tax		13.71	62.62
XI Profit / (Loss) for the period from continuing operations (IX-X)		<u>(160.12)</u>	<u>(1,997.07)</u>
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI + XIV)		<u><u>(160.12)</u></u>	<u><u>(1,997.07)</u></u>
XVI Earning per equity share: (Refer Note No.2 I of Note 25)			
1. Basic and Diluted		(1.78)	(22.19)
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 24

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B.K.Khare & Co.

Chartered Accountants
Firm Registration No 105102W

Prasad V. Paranjape

Partner
Membership No. 047296

Pune: April 28, 2014

For and on behalf of the Board

R. V. Ramani

Director

M. L. Bindra

Manager

Pune: April 28, 2014

Amitabha Mukhopadhyay

Director

Sudhir Lale

Company Secretary

Notes to Financial Statements

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 1		
Share capital		
Share Capital	2,400.00	2,400.00
Authorised 2,40,00,000 (comprising of 90,00,000 Equity Shares of Rs 10/- each & 1,50,00,000 1% Non-cumulative Redeemable Preference shares of Rs 10/- each)		
Issued, Subscribed and Paid-up	900.00	900.00
90,00,000 (Previous Year : 90,00,000) Equity Shares of Rs. 10/- each		
1,00,00,000 (Previous Year : 1,00,00,000) 1% Non-cumulative Redeemable Preference Shares of Rs 10/- each		
TOTAL	1,000.00	1,000.00

a) Reconciliation of shares at the beginning and at the end of the reporting period :

Equity Shares	March 2014		March 2013	
	Nos	Rs Lakh	Nos	Rs Lakh
At the beginning of the period	9000000	900	9000000	900
Issued during the year	-	-	-	-
Outstanding at the end of the period	<u>9000000</u>	<u>900</u>	<u>9000000</u>	<u>900</u>
Preference Shares	March 2014		March 2013	
	Nos	Rs Lakh	Nos	Rs Lakh
At the beginning of the period	10000000	1000	-	-
Issued during the period	-	-	10000000	1000
Outstanding at the end of the period	<u>10000000</u>	<u>1000</u>	<u>10000000</u>	<u>1000</u>

b) Term / rights attached to equity shares :

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Term/rights attached to preference shares

The Non-cumulative Redeemable Preference Shares issued on 29/03/2013 shall be redeemed in one or more tranches not later than a period of Five years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

d) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates. 100% of the equity shares and preference shares are held by its holding company, Thermax Limited.

e) Details of Share holding more than 5% shares in the Company.

	March 2014	March 2013
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	100%	100%

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 2		
Reserves and Surplus		
Capital Reserves		
Per Last Balance Sheet	1,118.84	1,118.84
Forex Currency Translation reserve		
Per Last Balance Sheet	5.77	102.04
Adjusted to Profit and loss statement	5.79	(96.27)
	<u>11.56</u>	<u>5.77</u>
Surplus / (Deficit)		
Per Last Balance Sheet	(2,849.89)	(852.82)
Profit / (Loss) for the year	(160.12)	(1,997.07)
	<u>(3,010.01)</u>	<u>(2,849.89)</u>
TOTAL	(1,879.61)	(1,725.28)

Note 3

Other Long-term liabilities

Trade payables (Refer Note No. 3 c of Note 24)	1,734.24	69.31
Others	-	-
TOTAL	1,734.24	69.31

Note 4

Short-term borrowings

Secured borrowings :		
Loans repayable on demand		
From banks	893.60	-
(Secured against book debts and inventory, Rate of interest is 10%)		
TOTAL	893.60	-

Note 5

Trade payables

Trade payables	2,097.61	3,147.67
(Refer Note No. 3 c of Note 24)		
TOTAL	2,097.61	3,147.67

Note 6

Other current liabilities

Contracts in Progress	3,567.96	2,015.90
(Refer Note No. 3 f of Note 24)		
Customer Advances for Contracting Services	4,167.46	7,149.01
(Refer Note No.3 f of Note 24)		
Other Customer Advances	663.44	84.40
Other Liabilities	563.40	616.37
TOTAL	8,962.26	9,865.68

Note 7

Short-term provisions

Short Term Employee Benefits (Refer Note No.3 a of Note 24)	234.16	291.77
TOTAL	234.16	291.77

THERMAX INSTRUMENTATION LIMITED

Notes to Financial Statements

Note 8

Fixed assets

Rs. in Lakh

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 1.4.2013	Additions During the Year-13-14	Deductions During The Year 13-14	Total Cost as on 31.03.2014	Upto 31.03.2013	Deductions During the Year 13-14	Provisions During the Year 13-14	Total As On 31.03.2014	As on 31.03.2014	As on 31.03.2013
Tangible Assets										
Land - Leasehold	12.22	-	-	12.22	2.73	-	0.18	2.91	9.31	9.49
Building	304.19	-	-	304.19	127.53	-	10.16	137.69	166.50	176.66
Plant & Machinery	150.33	-	-	150.33	70.49	-	7.14	77.63	72.70	79.84
Electrical Installation	37.38	-	-	37.38	37.38	-	-	37.38	-	-
Office Equip, Computer	264.35	16.42	-	280.77	239.26	-	22.47	261.73	19.04	25.07
Vehicles	37.11	-	-	37.11	16.82	-	3.54	20.36	16.75	20.29
Total	805.57	16.42	-	822.00	494.21	-	43.49	537.70	284.30	311.36
Previous Year	814.79	16.82	26.04	805.57	461.66	25.84	58.40	494.21	311.36	
Capital Work in Progress for Current Year and Previous Year is Nil	-	-	-	-	-	-	-	-		

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 9		
Long-term loans and advances		
Unsecured, considered good		
Security Deposits	10.76	15.11
Advances recoverable in cash or in kind or for value to be received	-	32.47
TOTAL	10.76	47.58

Note 10

Other non-current assets

Long Term Trade Receivables		
Unsecured Considered good	297.25	297.25
Fixed Deposit with more than 12 months maturity	0.25	1,077.53
Advance Payment of Income Tax, Wealth Tax and Fringe Benefit Tax	1,297.37	2,042.93
[Net of Provision for Taxes Rs 752.85 Lakh, (Previous Year Rs.167.39 Lakh)]		
TOTAL	1,594.87	3,417.71

Note 11

Deferred tax Asset / (Liability) (net)

a) Deferred Tax Liabilities	13.60	-
b) Deferred Tax Assets		
Others	-	0.11
Deferred tax Asset	-	0.11
Deferred tax Asset / (Liability) (net) (b - a) TOTAL	(13.60)	0.11

Note 12

Current Investments

Non trade		
Investments in Mutual Funds	256.37	19.49
(Refer Note below)		
TOTAL	256.37	19.49

Note :

Mar-14

Name of Investment	Units (in Lakh)	NAV (Rs)	Market Value, as shown above (Rs Lakh)
UTI - Floating Rate Fund-STP-Regular Plan-Daily Dividend Reinvestment - 518277970126	0.19	1,076.88	203.56
ICICI Prudential Liquid - Regular Plan - Daily Dividend - 1818683/07	0.53	100.07	52.81
TOTAL			256.37

Mar-13

Name of Investment	Units (in Lakh)	NAV (Rs)	Market Value, as shown above (Rs Lakh)
Birla Sun Life Short Term Fund - Inst Daily Dividend - 1014868105	0.12	100.06	11.95
TATA Liquid Fund Plan A - Daily Dividend - 1314385/89	0.01	1,114.52	7.54
TOTAL			19.49

Note 13

Particulars

	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 13		
Trade Receivables		
Unsecured trade receivable outstanding for a period exceeding six months		
Considered good	2,158.54	1,849.48
Considered doubtful	116.25	253.81
Less : Provision for doubtful debts	(116.25)	(253.81)
Other trade receivable	3,063.52	2,150.03
TOTAL	5,222.06	3,999.51

Notes to Financial Statements

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 14		
Cash and cash equivalents		
Balances with banks		
Deposit with more than 12 months in maturity	0.25	1,077.53
Deposit others	536.09	-
Cash on hand	0.31	0.03
Balances in current accounts	1,291.58	1,140.46
	<u>1,828.23</u>	<u>2,218.02</u>
Less : Deposit with more than 12 months maturity disclosed under Other non-current assets (Refer Note No. 10)	0.25	1,077.53
TOTAL	<u><u>1,827.98</u></u>	<u><u>1,140.49</u></u>
Note 15		
Short-term loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Considered good	390.38	1,024.24
Considered doubtful	1.55	1.63
Less : Provision for doubtful advances	(1.55)	(1.63)
Advances to Staff and Workers	51.95	75.13
TOTAL	<u><u>442.33</u></u>	<u><u>1,099.37</u></u>
Note 16		
Other current assets		
Contracts in Progress (Refer Note No.3 f of Note 24)	1,383.64	1,158.71
Balance in Central Excise & Customs Accounts	1,291.47	1,120.16
Advance Payment of Income Tax and Wealth Tax [Net of Provision for Taxes Rs 752.85 Lakh, (Previous Year Rs.167.39 Lakh)]	1,039.83	573.62
MAT Credit Entitlement	44.18	150.69
Gratuity (Refer Note No. 3 a of Note 24)	28.99	17.50
Other current assets	529.08	492.85
TOTAL	<u><u>4,317.19</u></u>	<u><u>3,513.53</u></u>
Note 17		
Revenue from operations		
A. Sale of services		
(i) Domestic Contracting Services	14,889.21	20,787.87
Add : Closing Contracts in Progress	(2,184.32)	(857.19)
Less : Opening Contracts in Progress	(857.19)	(653.66)
	<u>13,562.08</u>	<u>20,584.34</u>
(ii) Domestic Other Services	162.80	246.45
(iii) Exports	358.69	193.69
(i) + (ii) + (iii)	<u>14,083.57</u>	<u>21,024.48</u>
B. Other operating revenues		
Claims and Refunds	172.88	8.06
Profit on Sale of Assets	-	12.77
Sale of Scrap	172.41	230.81
Miscellaneous Income	51.49	70.53
	<u>396.78</u>	<u>322.17</u>
TOTAL (A + B)	<u><u>14,480.35</u></u>	<u><u>21,346.65</u></u>

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31,2014	As at March 31,2013
Note 18		
Other income		
Interest Income (Gross)	63.40	159.82
{Tax deducted at Source Rs. 6.28 Lakh (Previous year Rs. 16.58 Lakh)}		
Dividend Income		
Current Investment	23.23	32.57
Net gain/loss on sale of investments -Current	0.47	0.14
Other non-operating income	15.35	30.85
Reversal of Provision for Doubtful Debts	212.40	-
Exchange Fluctuation Income (Net)	55.00	170.47
TOTAL	<u><u>369.85</u></u>	<u><u>393.85</u></u>
Note 19		
Cost of Material consumed		
Consumption of raw materials and components		
Opening Stocks	-	-
Add: Purchases (Other than Trading purchases)	823.03	2,858.99
	<u>823.03</u>	<u>2,858.99</u>
Less: Closing Stocks	-	-
TOTAL	<u><u>823.03</u></u>	<u><u>2,858.99</u></u>
Note 20		
Site Expenses and Contract Labour Charges		
Site Expenses and Contract Labour Charges	11,187.42	17,967.59
TOTAL	<u><u>11,187.42</u></u>	<u><u>17,967.59</u></u>
Note 21		
Employee Benefits Expense		
Salaries and wages	1,318.51	1,542.45
Contribution to provident and other funds	127.44	130.79
Gratuity (Refer Note no 3 a of Note 24)	10.64	(6.20)
Staff welfare expenses	25.08	21.10
TOTAL	<u><u>1,481.67</u></u>	<u><u>1,688.14</u></u>
Note 22		
Finance Costs		
Interest expense	65.67	-
Interest expense - Others	1.92	6.84
TOTAL	<u><u>67.59</u></u>	<u><u>6.84</u></u>
Note 23		
Other Expenses		
Consumption of stores and spare parts	-	108.35
Power and Fuel	78.43	92.43
Drawing, Design and Technical Service Charges	-	21.73
Insurance	178.15	258.69
Repairs and Maintenance:		
Others	10.97	13.81
Communication	12.33	16.28
Traveling and Conveyance	125.46	144.22
Other Selling and Distribution Expenses	2.85	4.77
Bank Charges	11.72	14.64
Legal & Professional Charges	105.18	110.01
Printing and Stationery	14.31	18.29
Provision for Doubtful Debts/Customer Claims	74.77	104.71
Loss on Assets sold/discarded (net)	-	0.20
Miscellaneous Expenses (Refer Note No. 3 d of Note 24)	35.39	16.91
TOTAL	<u><u>649.56</u></u>	<u><u>925.04</u></u>

THERMAX INSTRUMENTATION LIMITED

Notes forming part of Accounts

Note 24 Notes to Financial Statements

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions 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).

Similarly, Depreciation on Site Infrastructure is provided (@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 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

- 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 using projected unit credit method.
- 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.

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

Notes to Financial Statements

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.

Provision for expected Loss is recognized immediately when it is probable that the total estimated Contract cost will exceed Total Contract Revenue.

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 operation are incorporated in financial statements of the company using following procedures:

- a) the assets and liabilities, both monetary and non-monetary are translated at the closing rate;
- b) income and expense items are translated at average exchange rate for the year; and
- c) 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 considered as an asset if there is convincing evidence that the Company will pay normal tax on profits in future years.

MAT paid in the year is charged to Profit & Loss account as current tax. The company recognizes MAT credit available as an Asset, only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the Year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of Profit & Loss and shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement Asset at each reporting date & writes down the Asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

2. Note on Net Worth:

The Net Worth of the Company as on 31st March 2014 is at Rs. 20.39 Lakh (Previous Year Rs. 174.72 Lakh). The Company is taking steps to revive the current financial position. Further, the Shareholders have approved the infusion of Rs. 500 Lakh by way of 1% Non-cumulative Redeemable Preference shares.

3. Disclosure under AS 15

a Defined benefit Plans for employees (AS 15)

As per Actuarial valuation as on March 31, 2014 and recognized in financial statements in respect of Gratuity schemes:

Rs in Lakh			
Sr. No.	Particulars	2013-14	2012-13
i	Components of Employer expense		
a	Current Service Cost	16.82	14.82
b	Interest Cost	4.33	4.82
c	Expected Return on Plan Assets	(6.85)	(5.05)
d	Actuarial (Gain)/Loss	(3.66)	(21.75)
e	Total expense recognised in the Profit and Loss Account	10.64	(7.16)
ii	Net Assets/(Liability) recognised in Balance Sheet as at 31st March		
a	Present Value of Obligation	68.55	56.34
b	Fair Value of Plan Assets	(97.54)	(73.83)
c	(Asset)/Liability recognised in the Balance Sheet	(28.99)	(17.50)
iii	Change in Gratuity Obligation during the year		
a	Present Value of Obligation as at 31st March	57.30	61.48
b	Current Service Cost	16.82	14.82
c	Interest Cost	4.33	4.82
d	Actuarial (Gain)/Loss	(3.53)	(22.35)
e	Benefit Paid	(6.38)	(2.44)
f	Present Value of Obligation as at 31st March	68.55	56.34
iv	Changes in the Fair Value of Plan Assets		
a	Present Value of Plan Assets as at 31st March	73.83	52.41
b	Expected Return on Plan Assets	6.85	5.05
c	Actual Company Contribution	16.72	16.96
d	Benefits Paid	-	(2.44)
e	Actuarial Gain/(Loss)	0.13	(0.59)
f	Present Value of Plan Assets as at 31st March	97.54	71.39
v	Actual return on Plan Assets	6.99	(0.59)
vi	Assumptions		
a	Discount Rate	8% p.a.	8% p.a.
b	Expected Rate of Return	8% p.a.	8% p.a.
c	Employee Turnover	7%	7%
vii	Gratuity		
	Defined Benefit Obligation	68.55	56.34
	Plan Assets	(97.54)	73.83
	Surplus/(deficit)	(166.09)	17.50
	Experience adjustment on Plan Liabilities	(3.53)	(22.35)
	Experience adjustment on Plan Assets	0.13	(0.59)

THERMAX INSTRUMENTATION LIMITED

Notes to Financial Statements

viii) Amounts recognised in current year and previous four years

Particulars	Rs in Lakh			
	2013-14	2012-13	2011-12	2010-11
Gratuity				
Defined Benefit Obligation	68.55	56.34	61.48	37.83
Plan Asset	97.54	73.83	52.41	34.51
Surplus / Deficit	(28.99)	(17.50)	9.07	3.31
Experience adjustments in plan liabilities	(3.53)	(22.35)	3.98	(0.95)
Experience adjustments in plan assets	0.13	(0.59)	(0.48)	(0.47)
Provident Fund	-	-	-	-
Defined Benefit Obligation	-	-	-	-
Plan Asset	-	-	-	-
Surplus / Deficit	-	-	-	-
Experience adjustments in plan liabilities	-	-	-	-
Experience adjustments in plan assets	-	-	-	-

ix) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

Particulars	Rs. in Lakh	
	2013-14	2012-13
Provident and other funds paid	127.44	130.79

x) Major Category of Plan Assets as a % of total Plan Assets

Particulars	Rs in Lakh	
	2013-14	2012-13
Government Securities (Central and State)	100%	100%
Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Fixed Deposits under Special Deposits Schemes of Central Government	-	-
Public Sector Unit Bonds	-	-
Total %	100%	100%

xi) Expected Contribution to funds in next year

Particulars	Rs in Lakh	
	2013-14	2012-13
Gratuity	(24.10)	22.12
Provident Fund	66.65	71.65

b) Contingent liabilities not provided for

- Corporate Guarantees given to customers Nil (Previous Year : Rs 478.50 Lakh)
- Bank Guarantees advance payments, performance and security deposits Rs.4,495.67 Lakh (Previous Year : Rs.7,136.40 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. 1.25 Lakh), West Bengal Sales Tax Rs 64.51 Lakh (Previous Year : Rs 38.15 Lakh), Andhra Pradesh VAT Rs 218.78 Lakh including penalty of Rs 109.39 Lakh (Previous Year : VAT Rs 218.78 Lakh including penalty of Rs 109.39 Lakh).
- Disputed demand in respect of Service Tax Rs. 2,422.40 Lakh including interest of Rs.614.22 Lakh is under Appeal (Previous Year: Service Tax Rs 2,422.40 Lakh including interest of Rs. 614.22 Lakh).
- Disputed amounts in respect of Income Tax Rs 79.99 Lakh (Previous Year: Rs.35.81 Lakh).

c) 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.

Rs. In Lakh

Sr. No	Particulars	2013-14			2012-13		
		Principal	Interest	Total	Principal	Interest	Total
a	Total outstanding dues to Micro Small and Medium enterprises	13.44	0.61	14.05	28.94	1.83	30.77
b	Principal amount and interest due thereon remaining unpaid as at end of the year	-	-	-	2.00	0.76	2.76
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	13.44	0.61	14.05	26.94	1.07	28.01
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)	-	-	-	2.00	0.76	2.76

d) Miscellaneous Expenses include

Particulars	Rs in Lakh	
	2013-14	2012-13
i. Audit Fees	3.50	3.00
ii. Tax Audit Fees	0.80	0.80
iii. VAT Audit Fees	0.70	0.70

All figures are exclusive of service tax.

e) Expenditure in foreign currency (on accrual basis)

Particulars	Rs in Lakh	
	2013-14	2012-13
Foreign Travel Expenses	17.01	25.35
Expenses in foreign offices		
Revenue	106.64	78.07
Capital	-	-
Total	123.65	103.42

f) In respect of Contracts in progress

Particular	2013-14	2012-13
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	13,562.08	20,584.34
b) In respect of contracts in progress as on 31st March :		
(i) Aggregate amount of Costs incurred and recognised profits (less recognised losses)	109,513.54	105,599.07
(ii) Amount of Customer Advances received (Unadjusted as on 31st March) [Customer Advances for Contracting Services - Rs. 4167.46 Lakh, Other Customer Advances Rs. 663.44 Lakh.]	4,830.90	7,149.01
(iii) Amount of Retentions	496.65	478.60
c) Gross amount due from customers for contract work (Positive CIP)	1,383.64	1,158.71
d) Gross amount due to customers for contract work (Negative CIP)	3,567.96	2,015.90

Notes to Financial Statements

g) Taxes on Income

Current Tax for the year includes Rs. 81.84 Lakh (Previous Year Rs. 35.20 Lakh) tax paid/payable in the 'Philippines' in accordance with local tax laws, on income from operations of the branch in that country.

The tax expense include Rs. 647.49 Lakh being provision made for estimated liability likely to arise upon its claim for deduction of certain business expenses being held inadmissible consequent to a survey u/s 133A of the Income Tax Act, conducted by the Income Tax Department in October 2013. Consequential orders, to the extent received, have been contested by the company in appeal.

- h) 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.
- i) Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided is Nil (Previous Year Nil)

j) 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:

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

Rs in Lakh

Particulars	2013-14	2012-13
Revenue:		
India	14,121.66	21,152.96
Outside India	358.69	193.69
Total Revenue	14,480.35	21,346.65
Carrying amount of Segment Assets:		
India	10,559.36	10,602.92
Outside India	1,015.13	178.99
Addition to Fixed Assets:		
India	16.43	16.83
Outside India	-	-

k) 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)

Omnical Kessel- und Apparatebau GmbH (Germany)

Ejendomsanpartsselskabet Industrivej Nord 13 (Netherlands)

Rifox-Hans Richter GmbH (Germany)

Thermax SDN. BHD. (Malaysia)

Boilerworks A/S (Denmark)

Boilerworks Properties ApS (Denmark)

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 in Lakh

Particulars	2013 – 14
Sales	
- Thermax Limited	3,320.13
	(1,716.47)
Rendering of services	
- Thermax Limited	162.80
	(240.43)
Receiving of services	
- Thermax Limited	43.70
	-
Reimbursement of Expenses claimed (Net)	
- Thermax Limited	466.73
	(700.64)
Advances received during the year (Net)	
- Thermax Limited	1,409.21
	(1,539.41)
Advances given during the year	
- Thermax Limited	0.82
	(0.82)
- Thermax SPX Energy Technologies Limited (India)	1.62
	-
Creditors balances outstanding	
- Thermax Limited	(152.72)
	(175.66)
- Thermax SPX Energy Technologies Limited (India)	56.02
	(33.68)
Debtors balances outstanding	
- Thermax Limited	935.22
	(749.94)
Guarantees and Collaterals	
- Thermax Limited	4,495.67
	(7,136.40)

Previous years figures are in brackets.

THERMAX INSTRUMENTATION LIMITED

Notes to Financial Statements

l) Earning per Share (EPS)

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

Particulars	Rs in Lakh	
	2013-14	2012-13
Net profit available for shareholders (Rs. Lakh)	(160.13)	(1,997.06)
Weighted average number of Equity Shares of Rs.10 each	9000000	9000000
Face Value of Equity Share (Rs)	10	10
Basic earning per share	(1.78)	(22.19)
Diluted earning per share	(1.78)	(22.19)

m) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

Cash Flow Statement

Particulars	Rs in Lakh	Rs in Lakh
	As at March 31, 2014	As at March 31, 2013
A. Cash Flow from Operating Activities		
Profit before taxation	597.44	(1,764.50)
Adjustment for :		
Depreciation	43.49	58.40
Profit on sale of tangible assets	-	12.77
Loss on sale of tangible assets	-	0.20
Profit on sale of investments (net)	(0.47)	(0.14)
Provision for Doubtful Debts	74.77	104.71
Interest Income	(63.40)	(159.82)
Dividend Income	(23.23)	(32.57)
Brokerage Income	(15.35)	(30.85)
Interest Expenditure	65.67	-
Foreign currency gain	(55.00)	(168.77)
Operating profit before working capital changes	623.92	(1,980.57)
Changes in Working Capital:		
Increase / (Decrease) in current trade payables	(1,050.06)	132.53
Increase / (Decrease) in short term provisions	(57.61)	68.30
Increase / (Decrease) in other current liabilities	(903.42)	(1,883.08)
Increase / (Decrease) in other long term liabilities	1,678.53	(10.97)
(Increase) / Decrease in current trade receivables	(1,297.32)	(585.94)
(Increase) / Decrease in loans & advances	657.04	174.90
(Increase) / Decrease in other current assets	(382.68)	406.06
(Increase) / Decrease in Non-current assets	114.70	9.77
Cash Generated from Operations	(616.90)	(3,669.00)
Taxes paid (net of refunds)	(449.97)	(680.99)
Net Cash generated from operating activities	(1,066.87)	(4,349.99)
B. Cash flow from Investing Activities		
Purchase of tangible / intangible assets	(16.42)	(16.83)
Sale of tangible assets	-	(12.77)
Purchase / (Sale) of long term investments	1,077.28	(970.45)
Purchase of current investments	(2,370.61)	(7,932.56)
Sale of current investments	2,134.20	8,147.60
Interest Income	63.40	161.98
Dividend Income	23.23	32.57
Brokerage Income	15.35	30.85
Net cash from investing activities	926.43	(559.60)
C. Cash flow from Financing Activities		
Short-term borrowings from Bank	893.60	-
Interest paid	(65.67)	-
Issuance of preference share capital	-	1,000.00
Net Cash used from financing activities	827.93	1,000.00
Net increase in Cash and Cash equivalents (A + B + C)	687.49	(3,909.60)
Cash and Cash equivalents at the beginning of the year	1,140.49	5,050.09
Cash and Cash equivalents at the end of the year	1,827.98	1,140.49
Cash and Cash equivalents comprise of :		
Cash on Hand	0.31	0.03
Cheques on Hand	-	-
Balances with Banks	1,827.67	1,140.46
Total	1,827.98	1,140.49

As per our report of even date
For B.K.Khare & Co.
 Chartered Accountants
 Firm Registration No. 105102W

Prasad V. Paranjape
 Partner
 Membership No. 047296

Pune: April 28, 2014

For and on behalf of the Board
R. V. Ramani
 Director

M. L. Bindra
 Manager

Pune: April 28, 2014

Amitabha Mukhopadhyay
 Director

Sudhir Lale
 Company Secretary

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Board of Directors

Hemant Mohgaonkar
Amitabha Mukhopadhyay
(appointed on October 22, 2013)

Ishrat Mirza
M. S. Unnikrishnan

Chief Executive Officer

Sriram Vishwanathan

Registered Office

Thermax House,
14, Mumbai – Pune Road,
Wakdevadi,
Pune - 411003

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor,
Lane No. 10, Prabhat Road,
Pune 411004

Bankers

Corporation Bank
Bank of Maharashtra

DIRECTORS' REPORT

Dear Shareholder,

Your Directors have pleasure in presenting their Fifth Annual Report and the audited accounts of the company for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	(Rs. lacs)	
	2013-2014	2012-13
Total income	1795.67	1125.37
Profit before depreciation	391.34	288.66
Depreciation	99.16	53.66
Profit before tax	292.18	234.90
Provision for taxation (incl. deferred tax)	101.79	103.83
Profit after tax	190.39	131.07

PERFORMANCE

During the year, your company earned a total income of Rs. 1795.67 lacs as against Rs. 1125.37 lacs in the previous year. Profit before tax stood at 292.18 lacs (previous year, Rs. 234.90 lacs) and profit after tax was Rs. 190.39 lacs (previous year Rs. 131.07 lacs). Revenues from two plants, namely KNPL Hosur and KNPL Lote contributed to the increase over last year.

The company, during the financial year, has produced and supplied 49,632 tons of steam and 7,675 Mn Kcal of heat from the existing projects.

During the period under review, your company bagged a prestigious order from a leading Indian corporate for steam supply to its green-field project in the North of India. This order marks your company's entry into the Dairy Sector.

The company completed two large projects in the year under review. Revenues from these projects are expected to flow in from the next financial year.

In continuation of its strategy of fuel securitization, your company has entered into an arrangement with a vendor for briquette manufacturing and supply. This will be the second such plant and the company will continue to explore similar opportunities in the future.

DIVIDEND

The Directors do not recommend any dividend for the year.

SHARE CAPITAL

During the year, the company has increased its authorized capital to Rs. 2000 lacs from Rs. 1000 lacs.

PREFERENTIAL ISSUE OF EQUITY SHARES

The company has issued 105 lacs Equity Shares of face value of Rs. 10 each aggregating to Rs. 1050 lacs on preferential basis to the Parent Company. Consequently, out of the total issue, 105 lacs Equity Shares were offered to the Parent Company during the year under review and the same were later allotted on acceptance by the Parent Company. After the allotment made on August 28, 2013, the paid-up share capital stands increased to Rs. 1,865 lacs divided into 1,86,50,000 equity shares of Rs. 10 each.

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

Information pertaining to foreign exchange earnings and outgo, under Section 217 (1) (e) of the Companies Act, 1956 is set out in note no. 2 (f) of Note no. 24 to the 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:

- in the preparation of the annual accounts for the financial year ended March 31, 2014, 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.

DIRECTORS

Mr. Gopal Mahadevan has resigned as Director of your company with effect from July 26, 2013. Your Board places on record its appreciation for his contribution during his tenure on the Board.

Mr. Amitabha Mukhopadhyay has been inducted on the Board of your company as an Additional Director with effect from October 22, 2013.

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

AUDIT COMMITTEE

The Committee comprises 3 (Three) members, all being non-executive Directors. Mr. Amitabha Mukhopadhyay, Mr. M. S. Unnikrishnan and Mr. Hemant Mohgaonkar.

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

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

For and on behalf of the Board of Directors

M. S. Unnikrishnan
Director

Amitabha Mukhopadhyay
Director

Place: Pune
Date: April 25, 2014

Hemant Mohgaonkar
Director

I. H Mirza
Director

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Compliance Certificate

[SEE RULE 3]

Registration No. of the Company : U40109PN2009PLC134659

Nominal Capital : Rs. 20,00,00,000/- Paid Up Capital : Rs. 18,65,00,000/-

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, 2014. 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 Five (5) times on 30.04.2013, 15.07.2013, 28.08.2013, 22.10.2013, and 14.01.2014 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, 2013 was held on 15th July, 2013 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary Meeting was held during the financial year on 15.07.2013 after giving due notice to the members of the Company and resolution passed there at were duly recorded in the Minutes Book maintained for the purpose.
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 was not required to make any 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 made an allotment during the financial year and delivered the Certificate of the same, the Company has also delivered the certificate on lodgment thereof for transfer, there was no transmission of 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 and the appointment of directors, additional directors have been duly made, however there was no appointment of alternate directors or director to fill in casual vacancy.
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 105,00,000 Equity shares, during the financial year and complied with the provisions of the Act. 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 amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2014 is within the borrowing limits of the company.
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.

ANNUAL REPORT 2013-2014

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 altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny, after due Compliance under the Act.
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

Sridhar G. Mudaliar

Date: April 24, 2014

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 Directors 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, 2014.

Sr. No.	Form No. / Return	Filed under section	Event Date	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 2	75(1)	19.03.2013	18.04.2013	Yes	N.A
2.	Form 62	81(1A)	27.02.2013	18.04.2013	Yes	N.A
3.	Form-20B	159	15.07.2013	23.07.2013	Yes	N.A
4.	Form-23AC & Form-23ACA XBRL	220	15.07.2013	14.08.2013	Yes	N.A
5.	Form-32	303(2)	26.07.2013	30.07.2013	Yes	N.A
6.	Form-66	383A	15.07.2013	19.07.2013	Yes	N.A
7.	Form-32	303(2)	30.04.2013	23.05.2013	Yes	N.A
8.	Form-23	192	15.07.2013	31.07.2013	Yes	N.A
9.	Form 5	95	15.07.2013	12.08.2013	Yes	N.A
10.	Form 2	75(1)	28.08.2013	29.08.2013	Yes	N.A
11.	Form 62	81(1A)	15.07.2013	28.08.2013	Yes	N.A
12.	Form 32	303(2)	22.10.2013	28.10.2013	Yes	N.A

Place: Pune

Sridhar G. Mudaliar

Date: April 24, 2014

C.P. No.: 2664

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Independent Auditor's Report

To the Members of Thermax Onsite Energy Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Thermax Onsite Energy Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2014**;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.
8. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B.K.Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Prasad V. Paranjape

Partner

Membership Number : 047296

Place: Pune,

Date: April 25, 2014

**ANNEXURE REFERRED TO IN PARAGRAPH 7 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF
OUR REPORT OF EVEN DATE**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (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.
- (ii) (a) The Company is in the business of production and sale of steam. The Company does not have inventory of raw material, work in progress and finished goods. 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 information and explanation given to us, the procedure of physical verification of fuel inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of records of fuel inventory, in our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification between the physical stocks and the book records.
- (iii) As informed, 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 Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control system of Company.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) As at 31st March 2014, according to the records of the Company and the information and explanation given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty and Cess matters that have not been deposited.
- (x) The Company has no accumulated losses as at 31st March, 2014 neither it has incurred cash loss during current or immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us, the term loan availed by the Company have been applied for the purpose for which the loan was obtained.
- (xvii) 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 investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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, neither noticed nor reported during the year, nor have we been informed of such case by the Management.

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership No.: 047296

Place: Pune
Date: April 25, 2014

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Balance Sheet as at March 31, 2014

Particulars	Note No	Rs Laacs	Rs Laacs
		As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	1,865.00	815.00
b. Reserves and surplus	2	484.69	294.30
		<u>2,349.69</u>	<u>1,109.30</u>
2. Non-current liabilities			
a. Long-term borrowings	3	1,400.00	-
b. Deferred tax liabilities (Net)	4	195.68	152.53
c. Other Long-term liabilities	5	606.00	462.90
d. Long-term provisions	6	89.55	44.12
		<u>2,291.24</u>	<u>659.55</u>
3. Current liabilities			
a. Trade payables	7	353.40	62.06
b. Other current liabilities	8	25.07	11.34
c. Short-term provisions	9	35.13	26.11
		<u>413.60</u>	<u>99.51</u>
TOTAL		<u><u>5,054.53</u></u>	<u><u>1,868.36</u></u>
II ASSETS			
1. Non-current assets			
a. Fixed assets	10		
i. Tangible assets		628.70	831.67
ii. Intangible assets		1.11	-
iii. Capital work-in-progress		3,208.53	50.71
iv. Asset held for sale/disposal		72.12	-
b. Long-term loans and advances	11	13.32	156.77
c. Other non-current assets	12	91.52	82.46
		<u>4,015.31</u>	<u>1,121.61</u>
2. Current assets			
a. Inventories	13	43.68	58.37
b. Trade receivables	14	104.14	142.05
c. Cash and cash equivalents	15	766.35	467.05
d. Short-term loans and advances	16	70.28	51.35
e. Other current assets	17	54.76	27.93
		<u>1,039.22</u>	<u>746.75</u>
TOTAL		<u><u>5,054.53</u></u>	<u><u>1,868.36</u></u>

Notes to the financial statements 24

The accompanying notes are an integral part of the financial statements.

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Rs Laacs	Rs Laacs
		Current Year	Previous Year
I Revenues from operations	18	1,765.43	1,104.96
II Other income	19	30.24	20.41
III Total Revenue (I+II)		<u>1,795.67</u>	<u>1,125.37</u>
IV Expenses :			
Cost of materials consumed	20	773.85	502.65
Employee benefits	21	248.88	138.74
Depreciation and amortisation	10	99.16	53.66
Finance Costs	22	1.32	-
Other expenses	23	380.27	195.42
Total Expenses		<u>1,503.49</u>	<u>890.47</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		292.18	234.90
VI Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		292.18	234.90
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		<u>292.18</u>	<u>234.90</u>
X Tax expense:			
1. Current tax (MAT)		(67.70)	(53.10)
2. MAT Credit entitlement		9.06	48.93
3. Deferred tax		(43.15)	(99.66)
XI Profit / (loss) for the period from continuing operations (VII-XIII)		<u>190.39</u>	<u>131.07</u>
XII Profit / (loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		<u><u>190.39</u></u>	<u><u>131.07</u></u>
XVI Earning per equity share: (Refer Note No. 2 (j) of Note 24)			
1. Basic & Diluted		1.33	3.45
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 24

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B. K. Khare & Co. M. S. Unnikrishnan Amitabha Mukhopadhyay
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Hemant Mohgaonkar I. H. Mirza
Partner Director Director
Membership No. 047296

Place : Pune
Date : 25th April, 2014

As per our report of even date

For B. K. Khare & Co. M. S. Unnikrishnan Amitabha Mukhopadhyay
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Hemant Mohgaonkar I. H. Mirza
Partner Director Director
Membership No. 047296

Place : Pune
Date : 25th April, 2014

Notes to Financial Statements

Particulars	Rs Lacs	Rs Lacs
	As at March 31, 2014	As at March 31, 2013
Note 1		
Share capital		
Authorised 20000000 (Previous Year : 10000000) Equity Shares of 10/- each	2,000.00	1,000.00
Issued, subscribed and fully paid up		
18650000 Equity Shares of 10/- each (Previous Year : 8150000)	1,865.00	815.00
	<u>1,865.00</u>	<u>815.00</u>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.

Equity Shares	March-2014		March-2013	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	8150000	815.00	3650000	365.00
Issued during the period	10500000	1050.00	4500000	450.00
Outstanding at the end of the period	18650000	1865.00	8150000	815.00

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity shares are held by its holding company, Thermax Limited.

d) Details of Share holding more than 5% shares in the Company alongwith shares held jointly with nominees.

	March 31, 2014	March 31, 2013
Equity Shares of Rs. 10 each fully paid up Thermax Limited	100%	100%

Note 2

Reserves and Surplus

Surplus / (deficit) in the statement of Profit & Loss

As per last financial statement	294.30	163.23
Profit and loss for the year	190.39	131.07
Proposed Equity Dividend	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Net surplus in the statement of Profit & Loss	<u>484.69</u>	<u>294.30</u>
TOTAL	<u>484.69</u>	<u>294.30</u>

Note 10

Fixed assets

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 1.4.2013	Additions during Apr - Mar 14	Deductions during Apr - Mar 14	Total Cost as on 31.3.2014	Upto 31st March 2013	Deductions during Apr - Mar 14	Provision during Apr - Mar 14	Total As On 31.3.2014	As on 31 st March 2014	As on 31 st March 2013
Tangible Assets										
Plant & Machinery *	931.57	62.43	266.25	727.75	107.13	87.38	96.86	116.62	611.13	824.44
Lab Equipments	4.78	2.75	-	7.53	0.07	-	0.34	0.41	7.12	4.71
Office Equip, Computer	8.16	9.59	-	17.75	5.64	-	1.66	7.31	10.45	2.52
Intangible Assets										
Software	-	1.40	-	1.40	-	-	0.29	0.29	1.11	-
Total	944.51	76.17	266.25	754.43	112.84	87.38	99.16	124.62	629.81	831.67
Previous Year (Mar-13)	388.96	555.55	-	944.51	59.18	-	53.66	112.84		
Capital Work in Progress									3,208.53	50.71

*Note : 1) Machinery at various Project sites

2) Expenses towards trial runs are capitalised

Particulars	Rs Lacs	Rs Lacs
	As at March 31, 2014	As at March 31, 2013
Note 3		
Long-term Borrowings		
Secured Long Term Borrowings :		
Term loans from other parties 24.2(b)	1,400.00	-
TOTAL	<u>1,400.00</u>	<u>-</u>

Note 4

Deferred tax liabilities (net)

Deferred Tax Liabilities

Depreciation	(227.35)	(166.84)
TOTAL	<u>(227.35)</u>	<u>(166.84)</u>

Deferred Tax Assets

Provision for Maintenance	31.67	14.31
TOTAL	<u>31.67</u>	<u>14.31</u>
	<u>(195.68)</u>	<u>(152.53)</u>

Note 5

Other Long-term liabilities

Trade Deposits	606.00	462.90
Others	-	-
TOTAL	<u>606.00</u>	<u>462.90</u>

Note 6

Long-term provisions

Provision for Maintenance	89.55	44.12
TOTAL	<u>89.55</u>	<u>44.12</u>

Note 7

Trade payables

Trade payables to related party 24.2 (i)	294.38	23.36
Trade payables - others 24.2(d)	59.02	38.70
TOTAL	<u>353.40</u>	<u>62.06</u>

Note 8

Other current liabilities

Other Liabilities	25.07	11.34
TOTAL	<u>25.07</u>	<u>11.34</u>

Note 9

Short-term provisions

Short Term Employee Benefits (STIP)	35.13	26.11
TOTAL	<u>35.13</u>	<u>26.11</u>

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Notes to Financial Statements

Particulars	Reference to note no	Rs Laacs	Rs Laacs	Particulars	Reference to note no	Rs Laacs	Rs Laacs
		As at March 31, 2014	As at March 31, 2013			Current Year	Previous Year
Note 11				Note 18			
Long-term loans and advances				Revenue from operations			
Unsecured, considered good				A. Sales of products			
Loans and advances to related parties	24.2(i)	12.99	156.30	Domestic		1,240.03	948.58
Other loans and advances		0.33	0.47			<u>1,240.03</u>	<u>948.58</u>
TOTAL		<u>13.32</u>	<u>156.77</u>	B. Sale of services		<u>489.58</u>	<u>118.90</u>
Note 12				C. Other operating revenues			
Other non-current assets				Exchange Difference Income		13.50	6.53
MAT credit entitlement		91.52	82.46	Provision for Doubtful Debt Written-back		-	-
TOTAL		<u>91.52</u>	<u>82.46</u>	Miscellaneous Income		<u>22.33</u>	<u>30.95</u>
Note 13						<u>35.83</u>	<u>37.48</u>
Inventories				D. Less: Excise duty		-	-
Fuel Stock at Site		43.68	58.37	TOTAL		<u>1,765.43</u>	<u>1,104.96</u>
(At lower of Cost or Net Realisable Value)				Note 19			
TOTAL		<u>43.68</u>	<u>58.37</u>	Other income			
Note 14				Interest Income		30.24	20.41
Trade Receivables				(Gross) [Tax deducted at source Rs.2.87 Laacs ,			
Unsecured trade receivable outstanding for a period exceeding six month		-	-	Previous Year Rs. 2.04 Laacs)			
Other trade receivable		100.87	142.05	TOTAL		<u>30.24</u>	<u>20.41</u>
Trade Receivables from related party	24.2(i)	3.27	-	Note 20			
TOTAL		<u>104.14</u>	<u>142.05</u>	Cost of Fuel consumed			
Note 15				Consumption of Fuel			
Cash and cash equivalents				Opening Stocks		58.37	22.59
Balances with banks				Add: Purchases (Other than Trading purchases)		<u>759.16</u>	<u>538.43</u>
Deposit others		75.00	180.00	Less: Closing Stocks of Fuel		<u>43.68</u>	<u>58.37</u>
Deposit as Margin Money for Guarantee		0.50	0.50	TOTAL		<u>773.85</u>	<u>502.65</u>
Balances in current accounts		690.85	286.55	Note 21			
TOTAL		<u>766.35</u>	<u>467.05</u>	Employee Benefits Expense			
Note 16				Salaries and wages		240.85	135.14
Short-term loans and advances				Contribution to provident and other funds		8.03	3.59
Unsecured, considered good				Staff welfare expenses		-	-
Advances recoverable in cash or in kind or for value to be received		62.57	42.68	TOTAL		<u>248.88</u>	<u>138.74</u>
Security Deposits		0.56	0.50	Note 22			
Advances to Staff and Workers		0.30	0.05	Finance Costs			
Others		6.85	8.12	Interest Expense		1.32	-
TOTAL		<u>70.28</u>	<u>51.35</u>	TOTAL		<u>1.32</u>	<u>-</u>
Note 17				Note 23			
Other current assets				Other Expenses			
Balance in Central Excise & Customs Accounts		52.84	25.95	Site Expenses and Contract Labour Charges		168.27	113.89
Advance Payment of Income Tax and Wealth Tax		1.92	1.98	Rent and Service Charges		0.12	0.12
(Net of Provision for Tax Rs. 185.30 Laacs (Previous Year: Rs.117.60 Laacs)				Insurance		3.56	2.58
TOTAL		<u>54.76</u>	<u>27.93</u>	Repairs and Maintenance:			
				Building		-	-
				Plant and Machinery		-	-
				Others		1.04	1.78
				Communication		2.48	2.34
				Traveling and Conveyance		22.46	15.34
				Other Selling and Distribution Expenses		0.35	0.39
				Bank Charges		1.16	1.04
				Legal & Professional Charges	24.2(e)	22.85	4.61
				Printing and Stationery		0.74	1.28
				Recruitment Expenses		1.50	-
				Net gain or loss on foreign currency transaction		6.99	3.45
				Provision for Maintenance		45.44	26.21
				Loss on Asset discarded		103.17	22.08
				Miscellaneous Expenses		0.16	0.31
				TOTAL		<u>380.27</u>	<u>195.42</u>

Notes to Financial Statements

Note 24

1. Significant Accounting Policies

Basis of Preparation of Financial Statements

a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions 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 / materialized.

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. Assets held for disposal are stated at lower of WDV or Net realizable Value.
- iii. 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 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 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 recognized on delivery of thereof to customer.

Interest is accounted on time proportion basis.

Royalty income is accounted on accrual basis.

g) Cost of Fuel and Fuel stock valuation

Cost of fuel and fuel stock valuation 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 recognized in the profit & loss account.
- iii. Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognized 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.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit & Loss account as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of Profit & Loss and shown as MAT Credit Entitlement.

The Company reviews the 'MAT Credit Entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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.

j) Borrowing Costs

- a. Borrowing costs attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial date of completion of activities necessary to prepare the relevant asset for its intended use.
- b. Borrowing costs attributable to the acquisition or development of intangible assets are capitalized till the date they are put to use.

k) Preliminary Expenses

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

2. Notes to Accounts

a) During the financial year, the company has issued 1,05,00,000 (Previous Year: 45,00,000) Equity shares of Rs. 10/- each on Preferential basis to its existing shareholders.

b) Long Term Borrowings

During the year, term loan facility was obtained from Tata Capital Financial Services Ltd of Rs. 4000 Lacs. Rate of interest is floating.

Out of the above Company has drawn down Rs. 1400 Lacs.

The repayment term of the loan is scheduled on monthly basis starting from March 2015 over a period of five years.

The loan is secured by First Charge on Plant & Machinery and Escrow of cash flow for the specific project for which such facility is avail.

c) Contingent liabilities not provided for Counter Guarantee given to the bank for Guarantee issued by them on company's behalf Rs. 0.50 Lacs.

d) 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.

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Notes to Financial Statements

Rs. Lacs

S. No.	Particular	2013-14			2012-13		
		Principal	Interest	Total	Principal	Interest	Total
A	Total outstanding dues to micro small and Medium enterprises	Nil	Nil	Nil	Nil	Nil	Nil
B	Principal amount and interest due thereon remaining unpaid as at end of the year	Nil	Nil	Nil	Nil	Nil	Nil
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	Nil	Nil	Nil	Nil	Nil	Nil
D	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	Nil	Nil	Nil	Nil	Nil	Nil
E	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	Nil	Nil	Nil	Nil	Nil	Nil

e) Legal and Professional Fees include:

Particulars	Year ended 31st March 2014 Rs Lacs	Year ended 31st March 2013 Rs Lacs
i. Audit Fees	1.50	0.55
ii. Tax Audit Fees	0.50	0.15

All figures are exclusive of service tax.

f) Additional Information under Part II of the revised Schedule VI to the Companies Act, 1956

Earnings in Foreign Currency (on accrual basis)

Particulars	March - 14 (Rs. Lacs)	March -13 (Rs. Lacs)
Sale of Steam to SEZ unit	556.70	523.09

g) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 450.04 Lacs (Previous Year : Rs. 1640.80 Lacs)

h) 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.

i) 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	Ultimate Holding Company	RDA Holding Pvt. Ltd. (RDA)
2	Holding Company	Thermax Limited (TL)
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Sustainable Energy Solutions Limited Thermax Engineering Construction Company Limited Thermax Instrumentation Limited Thermax SPX Energy Technologies Limited (Joint venture with SPX Netherlands BV) Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (Joint venture with Babcock & Wilcox India Holdings Inc.) Thermax International Limited (Mauritius) Thermax Hong Kong Limited (Hong Kong) Thermax Europe Limited (U.K.) Thermax Inc. (U.S.A) Thermax do Brasil Energia e Equipamentos Ltda. (Brazil) Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China) Thermax Netherlands B.V. (Netherlands) Thermax Denmark ApS (Denmark) Danstoker A/S (Denmark) Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark) Omnicel Kessel- und Apparatebau GmbH (Germany) Thermax SDN. BHD. (Malaysia) Rifox – Hans Richter GmbH Spezialarmaturen (Germany) Boilerworks A/S (Denmark) Boilerworks Properties ApS (Denmark)

Notes to Financial Statements

Cash Flow Statement

B) Transactions with the Related parties

Sr. No.	Particulars	2013-14 Rs. Lacs	2012-13 Rs. Lacs
1	Reimbursement of expenses incurred for (TL)	10.24	-
2	Sales made to (TL)	24.28	-
3	Reimbursement of expenses incurred by (TL) (TSESL)	233.82 -	114.42 9.99
4	Purchases Spares and consumables (TL) Capital Equipments (TL) Capital Equipments (TSESL)	2.39 2,939.95 0.07	10.36 515.57 -
5	Outstanding Balances as at 31st March 2014 Payables – (TL) Payables – (TSESL) Receivables – (TL) Advances for capital purchases – (TL)	294.38 - 3.27 12.99	21.05 2.31 - 156.30
6	Equity infusion by (TL)	1050.00	450.00

j) Earning 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 31st March 2014	As at 31st March 2013
Net profit/ (Loss) as per Profit & Loss Account (in Rupees Lacs)	190.39	131.07
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	14,341,431	38,00,301
Face Value of Equity Shares (in Rupees)	10	10
Basic earning per share (in Rupees)	1.33	3.45
Diluted earning per share (in Rupees)	1.33	3.45

k) As required by the Section 383A of the Companies Act, 1956, the Company is required to appoint Company Secretary for the year 2013-14, however, the Company Secretary has not been appointed during the year and the Company is in the process of appointing the Company Secretary.

l) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

As per our report of even date

For B. K. Khare & Co. M. S. Unnikrishnan Amitabha Mukhopadhyay
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Hemant Mohgaonkar I. H. Mirza
Partner Director Director
Membership No. 047296

Place : Pune Place : Pune
Date : 25th April, 2014 Date : 25th April, 2014

Particulars	Rs Lacs Year ended March 31, 2014	Rs Lacs Year ended March 31, 2013
A. Cash Flow from Operating Activities		
Profit before taxation	292.18	234.90
Adjustment for :		
Depreciation	99.16	53.66
Loss on Asset discarded	103.17	22.08
Interest income	(30.24)	(20.41)
Operating profit before working capital changes	464.28	290.23
Changes in Working Capital:		
Increase / (Decrease) in trade payables	291.34	36.77
Increase / (Decrease) in provisions	9.02	6.68
Increase / (Decrease) in other current liabilities	13.73	(8.81)
Increase / (Decrease) in other long term liabilities	231.69	329.75
Increase / (Decrease) in trade receivables	37.90	(71.24)
Increase / (Decrease) in inventories	14.69	(35.78)
Increase / (Decrease) in loans & advances	(19.31)	(39.45)
Increase / (Decrease) in other current assets	(26.83)	(27.93)
Increase / (Decrease) in other non-current assets	134.38	(155.17)
Cash Generated from Operations	1,150.89	325.04
Taxes paid (net of refunds)	(101.79)	(50.00)
Net Cash generated from operating activities	1,049.10	275.04
B. Cash flow from Investing Activities		
Purchase of tangible / intangible assets	(3,233.99)	(607.56)
Sale of assets	3.58	-
Purchase of current investments	-	-
Sale of current investments	-	-
Interest received	30.62	20.41
Net cash from investing activities	(3,199.79)	(587.15)
C. Cash flow from Financing Activities		
Proceeds from Long Term Borrowings	1,400.00	-
Proceeds from share allotment	1,050.00	450.00
Net Cash used in financing activities	2,450.00	450.00
Net increase in Cash and Cash equivalents	299.30	137.90
Cash and Cash equivalents at the beginning of the year	466.55	328.65
Cash and Cash equivalents at the end of the year	765.85	466.55
Cash and Cash equivalents comprise of :		
Balances with Banks	766.35	467.05
Margin Money with Bank	(0.50)	(0.50)
Total	765.85	466.55

Note : Previous year figures have been grouped wherever necessary to confirm to this year's classification.

As per our report of even date

For B. K. Khare & Co. M. S. Unnikrishnan Amitabha Mukhopadhyay
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Hemant Mohgaonkar I. H. Mirza
Partner Director Director
Membership No. 047296

Place : Pune Place : Pune
Date : 25th April, 2014 Date : 25th April, 2014

THERMAX EUROPE LIMITED

Board of Directors

G Mahadevan
(Resigned on July 26, 2013)

A M Vaishnav

A R Shah

(Appointed on October 16, 2013)

Registered Office

1 Lumley Street
Mayfair London
W1K 6TT

Auditors

Slaven Jeffcote LLP
1 Lumley Street
Mayfair
London W1K 6TT

Secretary

JD Secretariat Limited

Senior Statutory Auditor

Nicholas John Paling FCCA

Bankers

Natwest Bank

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their strategic report for the year ended 31 March 2014.

REVIEW OF BUSINESS

The financial year 2013-2014 saw tough economic conditions in Europe which resulted in the challenging conditions in the market as the opportunities became limited with increased competition and price pressure due to shrinking market.

In comparison to last year the current year closed with a turnover of £ 4.84 Million (previous year £5.28 million. The pretax profit stands at £ 269,211 (previous year £632,104). The order booking for the year stands at £ 6.4 Million. The weak carry forward at the beginning of the year, excluding the large Heat pump order that was not possible to invoice in the year resulted in lower turnover compared to last year. The southern European markets of Spain and Portugal have not been able to perform well due to non availability of funds to private companies and squeeze on funding to public projects like hospitals, which are the main segments for our business. The increased strength of GBP Vs Euro during the year affected our pre tax profit due to revaluation of reserves held in Euro denomination.

The Heat pump business continues to have a market as it is applied to district heating networks and as part of energy efficiency schemes for such plants.

The revenue from spares and service has performed as expected. We expect to increase the revenue in the coming year.

The outlook for 2014-15: The markets in UK and southern Europe will continue to be subdued and the company aims to focus on Heat pump business in Scandinavia, chiller projects in Germany and projects involving non standard applications using absorption technology like zero degree, to meet the budget. The invoicing for the year is projected to be around the £ 9 million mark

On behalf of the Board:

A R Shah - Director

Date: 24 April 2014

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.

Directors' Report for the year ended 31 March 2014

The directors present their report with the financial statements of the company for the year ended 31 March 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2014.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 April 2013 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

A R Shah - appointed 16.10.2013

Mr G Mahadevan resigned from the board with effect from the 26 July 2013.

The directors shown below were in office at 31 March 2014 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2013 (or date of appointment if later) or 31 March 2014.

A. M. Vaishnav

A R Shah

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.

On behalf of the Board:

A R Shah - Director

Date: 24 April 2014

Report of the Independent Auditors to the Members of Thermax Europe Limited

We have audited the financial statements of Thermax Europe Limited for the year ended 31 March 2014 on pages six to fourteen. 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 three, 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 Strategic Report and 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.

Nicholas John Paling FCCA (Senior Statutory Auditor)

for and on behalf of Slaven Jeffcote LLP

Chartered Certified Accountants and Statutory Auditors

1 Lumley Street

Mayfair

London

W1K 6TT

Date: 24 April 2014

THERMAX EUROPE LIMITED

Profit and Loss Account for the year ended 31 March 2014

	NOTE	2014		2013	
		£	Rs.	£	Rs.
Turnover	2	4,838,884	483,027,282	5,281,123	435,080,156
Cost of sales		<u>3,839,495</u>	<u>383,266,231</u>	4,165,323	343,156,064
Gross profit		999,389	99,761,051	1,115,800	91,924,092
Administrative expenses		<u>751,338</u>	<u>75,000,093</u>	509,031	41,936,021
Other operating income		<u>1,788</u>	<u>178,482</u>	-	-
Operating profit	4	249,839	24,939,439	606,769	49,988,071
Interest receivable and similar income		<u>19,372</u>	<u>1,933,753</u>	25,335	2,087,199
Profit on ordinary activities before taxation		269,211	26,873,192	632,104	52,075,270
Tax on profit on ordinary activities	5	<u>66,743</u>	<u>6,662,423</u>	152,884	12,595,199
Profit for the financial year after taxation		202,468	20,210,769	479,220	39,480,071

Continuing Operations

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

Total Recognized gains and losses

The company has no recognized gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

Exchange rate : as at 31 March 2014 is £= Rs 99.82

Exchange rate : as at 31 March 2013 is £= Rs 82.38

Balance Sheet as at 31 March 2014

	NOTE	2014		2013	
		£	Rs.	£	Rs.
Fixed assets					
Tangible fixed assets	6	3,953	394,597	3,602	296,747
Current assets					
Stocks	7	503,090	50,219,471	628,154	51,749,853
Debtors	8	2,104,579	210,083,373	2,235,703	184,186,206
Cash at bank and in hand		<u>1,402,743</u>	<u>140,024,671</u>	1,408,321	116,023,149
		4,010,412	400,327,515	4,272,178	351,959,208
Creditors:					
Amounts falling due within one year	9	<u>(754,166)</u>	<u>(75,282,390)</u>	(1,218,049)	(100,347,776)
Net current assets		3,256,246	325,045,125	3,054,129	251,611,432
Total assets less current liabilities		3,260,199	325,439,722	3,057,731	251,908,180
Capital and reserves					
Called up share capital	11	200,000	19,964,408	200,000	16,476,805
Profit and loss account	12	<u>3,060,199</u>	<u>305,475,313</u>	2,857,731	235,431,375
Shareholders' funds	15	3,260,199	325,439,722	3,057,731	251,908,180

The financial statements were approved by the Board of Directors on 24 April 2014 and were signed on its behalf by:

A R Shah

Director

Cash Flow Statement for the year ended 31 March 2014

	NOTE	2014		2013	
		£	Rs.	£	Rs.
Net cash inflow from operating activities	1	80,887	8,074,306	205,339	16,916,653
Returns on investments and servicing of finance	2	<u>19,372</u>	<u>1,933,753</u>	25,335	2,087,199
Taxation		<u>(102,884)</u>	<u>(10,270,091)</u>	(191,393)	(15,767,725)
Capital expenditure	2	<u>(2,953)</u>	<u>(294,774)</u>	(285)	(23,479)
(Decrease)/ Increase in cash in the period		(5,578)	(556,807)	38,996	3,212,647

Reconciliation of net cash flow to movement in net funds

	NOTE	2014		2013	
		£	Rs.	£	Rs.
(Decrease)/ Increase in cash in the period		<u>(5,578)</u>	<u>(556,807)</u>	38,996	3,212,647
Change in net funds resulting from cash flows		<u>(5,578)</u>	<u>(556,807)</u>	38,996	3,212,647
Net Funds at 1 April 2013		<u>1,408,321</u>	<u>140,581,478</u>	1,369,325	112,810,502
Net Funds at 31 March 2014	3	1,402,743	140,024,671	1,408,321	116,023,149

The notes form part of these financial statements.

Notes to the Cash Flow Statement for the year ended 31 March 2014

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating profit	249,839	606,769
Depreciation charges	2,601	5,855
Miscellaneous	2	-
Decrease/(increase) in stocks	125,064	(323,882)
Decrease/(increase) in debtors	131,124	(409,065)
(Decrease)/increase in creditors	(427,743)	325,662
Net cash inflow from operating activities	80,887	325,339

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

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	19,372	25,335
Net cash inflow for returns on investments and servicing of finance	19,372	25,335
Capital expenditure		
Purchase of tangible fixed assets	(3,357)	(285)
Sale of tangible fixed assets	404	-
Net cash outflow for capital expenditure	(2,953)	(285)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.13	Cash flow	At 31.3.14
	£	£	£
Net cash:			
Cash at bank and in hand	1,408,321	(5,578)	1,402,743
Total	1,408,321	(5,578)	1,402,743

Notes to the Financial Statements for the year ended 31 March 2014

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

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

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 cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	33% on cost

Stocks

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

Deferred tax

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

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.

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 is given below:

	2014	2013
	£	£
United Kingdom	452,168	1,122,994
Rest of World	4,386,716	4,158,129
	<u>4,838,884</u>	<u>5,281,123</u>

3. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	238,964	193,524
Social security costs	32,999	25,556
Other pension costs	2,571	2,571
	<u>274,534</u>	<u>221,651</u>

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

	2014	2013
Director	2	2
Administration	5	5
	<u>7</u>	<u>7</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Other operating leases	7,481	7,877
Depreciation - owned assets	2,602	5,855
Auditors' remuneration	2,100	2,000
Foreign exchange differences	<u>58,412</u>	<u>(36,331)</u>
Directors' remuneration	<u>-</u>	<u>-</u>

5. TAXATION

Analysis of the tax charge

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

	2014	2013
	£	£
Current tax:		
UK corporation tax	66,743	152,884
Tax on profit on ordinary activities	<u>66,743</u>	<u>152,884</u>

Factors affecting the tax charge

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

	2014	2013
	£	£
Profit on ordinary activities before tax	269,211	632,104
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 24%)	61,919	151,705
Effects of: Expenses not deductible for tax purposes	42	7
Capital allowances in excess of depreciation	(286)	-
Depreciation in excess of capital allowances	-	1,172
Bad Debts Provision	5,068	-
Current tax charge	<u>66,743</u>	<u>152,884</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 2013	3,093	6,124	13,510	22,727
Additions	-	-	3,357	3,357
Disposals	-	(404)	(5,602)	(6,006)
At 31 March 2014	<u>3,093</u>	<u>5,720</u>	<u>11,265</u>	<u>20,078</u>
DEPRECIATION				
At 1 April 2013	2,744	4,084	12,297	19,125
Charge for year	241	512	1,849	2,602
Eliminated on disposal	-	-	(5,602)	(5,602)
At 31 March 2014	<u>2,985</u>	<u>4,596</u>	<u>8,544</u>	<u>16,125</u>
NET BOOK VALUE				
At 31 March 2014	<u>108</u>	<u>1,124</u>	<u>2,721</u>	<u>3,953</u>
At 31 March 2013	349	2,040	1,213	3,602

7. STOCKS

	2014	2013
	£	£
Stocks	<u>503,090</u>	<u>628,154</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	1,566,524	2,062,728
Amounts owed by group undertakings	344,736	119,121
Rifox-Hans Richter GmbH	165,289	-
Interest Accrued	21,074	20,306
Salary Advance	-	1,504
VAT	-	26,247
Prepayments	6,956	5,797
	<u>2,104,579</u>	<u>2,235,703</u>

THERMAX EUROPE LIMITED

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	16,763	83,875
Amounts owed to group undertakings	486,728	808,859
Tax	41,743	77,884
Social security and other taxes	5,927	7,600
VAT	4,440	-
Customer Advance Payments	43,150	-
Accrued expenses	155,415	239,831
	<u>754,166</u>	<u>1,218,049</u>

10. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2014	2013
	£	£
Expiring:		
Within one year	<u>7,500</u>	<u>7,500</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

	Nominal value:	2014	2013
	£1	£	£
Number: Class:			
200,000 Ordinary		<u>200,000</u>	<u>200,000</u>

12. RESERVES

	Profit and loss account
	£
At 1 April 2013	2,857,731
Profit for the year	202,468
At 31 March 2014	<u>3,060,199</u>

13. RELATED PARTY DISCLOSURES

Thermax Limited owns 100% of the shares in Thermax Europe Limited.

During the year Thermax Europe Limited made sales amounting to £245,086 (2013:£199,749) to Thermax Limited and £692,829 (2013: £29,928) to Danstoker A/S. Purchases were made in the year from Thermax Limited of £2,779,344 (2013: £3,207,565), Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) of £391,471 (2013: £586,682) and Danstoker A/S £42,823 (2013: £Nil).

At 31/03/2014 Thermax Europe Limited was owed £88,331 (2013: £114,121) from Thermax Limited, Nil (2013: Nil) from Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £256,405 (2013: £5,000) from Danstoker A/S. Thermax Europe Limited also owed £397,117 (2013:£808,859) to Thermax Limited, £85,620 (2013: Nil) to Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. (China) and £3,992 (2013:Nil) to Danstoker A/S.

On 16 October 2013 the board granted a loan not exceeding 200,000 Euros to Rifax-Hans Richter GmbH at an interest rate of 3.6% for a term of up to 1 year.

14. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holdings Private Limited, a company incorporated in India.

The immediate parent company is Thermax Limited, a company incorporated in India.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	202,468	479,220
Net addition to shareholders' funds	202,468	479,220
Opening shareholders' funds	3,057,731	2,578,511
Closing shareholders' funds	<u>3,260,199</u>	<u>3,057,731</u>

16. 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.

17. WARRANTY GUARANTEE

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

THERMAX INTERNATIONAL LIMITED

Board of Directors

Pheroz Pudumjee
Meher Pudumjee
Yuvraj Thacoor
A. Sattar Hajee Abdoula
Farhana Alimohamed
(Alternate to Thacoor)

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,
Republic of Mauritius

Administrator & Secretary

Anex Management Services Ltd
9th Floor, Ebene Tower
52 Cybercity Ebene
Republic Of Mauritius

Bankers

HSBC Bank (Mauritius) Ltd

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements of Thermax International Limited, the "Company", for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company is to engage in investment holding.

RESULTS

The results for the year are as shown in the statement of comprehensive income.

DIRECTORS

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

None of the directors has 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, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. 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.

AUDITORS

The auditor, Yousouf Peerbaye, has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the Annual Meeting of the shareholder.

REPORT FROM THE SECRETARY

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001, in terms of section 166(d) for the year ended 31 March 2014.

for Anex Management Services Ltd

Corporate Secretary

Date: 24 April 2014

THERMAX INTERNATIONAL LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF THERMAX INTERNATIONAL LIMITED

This report is made solely to the shareholder of Thermax International Limited, 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 shareholder those matters we are required to state to the shareholder in an auditors' 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Thermax International Ltd, "the Company" which comprise the statement of financial position at 31 March 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence 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 auditors' 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 auditors consider 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 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 20 give a true and fair view of the financial position of the Company at 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of 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 auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Yousouf Peerbaye, F.C.A
Chartered Accountant
Port Louis, Mauritius

Date: 24 April 2014

ANNUAL REPORT 2013-2014

Income Statement for the year ended 31 March 2014

PARTICULARS	Notes	2014		2013	
		USD	Rs	USD	Rs
INCOME					
Dividend		30,000	1,797,300	-	-
		<u>30,000</u>	<u>1,797,300</u>	<u>-</u>	<u>-</u>
EXPENSES					
Management Fees		2,200	131,802	2,200	119,405
Licence Fees		1,500	89,865	1,500	81,413
Bank charges		25	1,498	10	543
ROC Fees		360	21,568	270	14,654
Audit Fees		805	48,228	805	43,691
Accountancy Fees		1,500	89,865	1,500	81,413
Taxation Fees		1,000	59,910	1,000	54,275
Disbursements Fees		690	41,338	625	33,922
		<u>8,080</u>	<u>484,073</u>	<u>7,910</u>	<u>429,315</u>
Profit for the year before taxation		21,920	1,313,227	(7,910)	(429,315)
Taxation	4	-	-	-	-
Profit for the year		<u>21,920</u>	<u>1,313,227</u>	<u>(7,910)</u>	<u>(429,315)</u>

Exchange Rate : as at 31 March 2014 is 1 US \$ = Rs 59.91

Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs 54.28

Balance Sheet as at 31 March 2014

PARTICULARS	Notes	2014		2013	
		USD	Rs	USD	Rs
Non-current assets					
Investments	6	500,001	29,955,060	500,001	27,137,554
		<u>500,001</u>	<u>29,955,060</u>	<u>500,001</u>	<u>27,137,554</u>
Current assets					
Prepayments		1,695	101,547	1,355	73,543
Dividend receivable		30,000	1,797,300	-	-
Cash at bank and in hand		4,021	240,898	12,471	676,864
		<u>35,716</u>	<u>2,139,746</u>	<u>13,826</u>	<u>750,406</u>
Total assets		<u>535,717</u>	<u>32,094,805</u>	<u>513,827</u>	<u>27,887,960</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	7	3,242,300	194,246,193	3,242,300	175,975,833
Revenue deficit		(2,709,888)	(162,349,390)	(2,731,808)	(148,268,879)
		<u>532,412</u>	<u>31,896,803</u>	<u>510,492</u>	<u>27,706,953</u>
Current liabilities					
Accruals		3,305	198,003	3,335	181,007
Total equity and liabilities		<u>535,717</u>	<u>32,094,805</u>	<u>513,827</u>	<u>27,887,960</u>

Approved by the Board of Directors on 24 April 2014 and signed on its behalf by:

Yuvraj Thacoor
Director

A. Sattar Hajee Abdoula
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

Statement of changes in Equity for the year ended 31 March 2014

PARTICULARS	Share Capital		Revenue Deficit		Total	
	USD	Rs	USD	Rs	USD	Rs
Balances at 1st April 2012	3,242,300	175,975,833	(2,723,898)	(147,839,564)	518,402	28,136,269
Issue of shares	-	-	-	-	-	-
Loss for the year	-	-	(7,910)	(429,315)	(7,910)	(429,315)
Balances as at 31st March 2013	<u>3,242,300</u>	<u>175,975,833</u>	<u>(2,731,808)</u>	<u>(148,268,879)</u>	<u>510,492</u>	<u>27,706,953</u>
Balances at 1st April 2013	3,242,300	194,246,193	(2,731,808)	(163,662,617)	510,492	30,583,576
Issue of shares	-	-	-	-	-	-
Profit for the year	-	-	21,920	1,313,227	21,920	1,313,227
Balances as at 31st March 2014	<u>3,242,300</u>	<u>194,246,193</u>	<u>(2,709,888)</u>	<u>(162,349,390)</u>	<u>532,412</u>	<u>31,896,803</u>

Cash Flow Statement for the year ended 31 March 2014

PARTICULARS	2014		2013	
	USD	Rs	USD	Rs
Cash flows from operating activities				
Profit / (Loss) for the year	21,920	1,313,227	(7,910)	(429,315)
Adjustment for:				
(Increase)/ Decrease in prepayments	(340)	(20,369)	(250)	(13,569)
Increase/ (Decrease) in accruals	(30)	(1,797)	30	1,628
Net cash used in operating activities	<u>21,550</u>	<u>1,291,061</u>	<u>(8,130)</u>	<u>(441,256)</u>
Cash flow from investing activities				
Dividend receivables	30,000	1,797,300	-	-
Net cash inflow from investing activities	<u>30,000</u>	<u>1,797,300</u>	<u>-</u>	<u>-</u>
Net Increase / (Decrease) in cash and cash equivalents	(8,450)	(506,240)	(8,130)	(441,256)
Cash and cash equivalents at start of year	12,471	747,138	20,601	1,118,119
Cash and cash equivalents at end of year	<u>4,021</u>	<u>240,898</u>	<u>12,471</u>	<u>676,864</u>
Cash and cash equivalents made up of:				
Bank balance	4,021	240,898	12,471	676,864

The notes on page 11 to 20 form an integral part of these financial statements.

THERMAX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. COMPANY PROFILE

Thermax International Limited, the “Company”, is a private company with limited liability 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 9th Floor, Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting years beginning on 01 July 2012.

New and revised IFRSs and IFRICs applied with no material effect on financial statements

IFRS 7	Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities (<i>effective on or after 1 January 2013</i>)
IAS 1	Presentation of Items of Other Comprehensive Income (<i>effective on or after 1 July 2012</i>)
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012 (<i>effective on or after 1 January 2013</i>)
IAS 12	Deferred tax: Recovery of Underlying Assets (<i>effective on or after 1 January 2012</i>)

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual years beginning on or after the respective dates as indicated:

IFRS 9	Financial instruments (<i>effective on or after 1 January 2015</i>)
IFRS 10	Consolidated Financial Statements (<i>effective on or after 1 January 2013</i>)
IFRS 11	Joint Arrangements (<i>effective on or after 1 January 2013</i>)
IFRS 12	Disclosure of Interest in Other Entities (<i>effective on or after 1 January 2013</i>)
IFRS 13	Fair Value Measurement (<i>effective on or after 1 January 2013</i>)
Amendments to IFRS 7	Disclosures—Offsetting Financial Asset and Financial Liabilities (<i>effective on or after 1 January 2013</i>)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures (<i>effective on or after 1 January 2015</i>)
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (<i>effective on or after 1 January 2013</i>)
IAS 19 (as revised in 2011)	Employee Benefits (<i>effective on or after 1 January 2013</i>)
IAS 27 (as revised in 2011)	Separate Financial Statements (<i>effective on or after 1 January 2013</i>)
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures (<i>effective on or after 1 January 2013</i>)
Amendments to IAS 32	Offsetting Financial Asset and Financial Liabilities (<i>effective on or after 1 January 2014</i>)
Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 cycle except for the amendment to IAS 1 (<i>effective on or after 1 January 2013</i>)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (<i>effective on or after 1 January 2013</i>)

The directors anticipate that the application of these Standards and Interpretations on the above effective dates 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) issued by the International Accounting Standards Board (IASB) and interpretations of the IAS and IFRS by the International Financial Reporting Interpretations Committee (IFRIC).

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 reporting date and the reported amounts of revenues and expenses during the reporting date. Actual results could differ from those estimates.

(b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The preparation of financial statements in accordance with IFRS and generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(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) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s net selling price and its value in use. Impairments are recognised as an expense in profit or loss.

(e) 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 a wholly owned subsidiary by a company incorporated in India which prepares consolidated financial statements under Indian GAAP.

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.

(f) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”).

The financial statements are presented in United States Dollar (USD), which is the Company’s functional and presentation currency. The Company’s business or other activity is carried out in a currency other than the Mauritian rupee which is a requirement of the Financial Services Act 2007.

Transactions and balances

Foreign currencies transactions are translated into United States Dollars (USD) at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the rate of exchange ruling at the reporting date. Exchange differences arising on translation of assets and liabilities are dealt with in profit or loss.

(g) Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met for revenue recognition:

Other revenues

Other revenues earned by the Company are recognised on the following bases:

- Interest income – as it accrues unless collectibility is in doubt.
- Dividend income – when the shareholder’s right to receive payment is established..

(h) Expense recognition

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

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 the reporting date are reviewed in detail and provision is made where necessary.

(j) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents 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

(k) 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.

(l) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position 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:

- **Trade and other receivables**

Trade and other receivables are stated at their nominal values as reduced by appropriate allowances for irrecoverable amounts.

- **Trade and other payables**

Trade and other payables are stated at their nominal values.

- **Cash and cash equivalents**

Cash and cash equivalents are measured at fair values.

- **Loans**

Loans are stated at their nominal values.

- **Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(m) Stated capital

Stated capital is recognised at the fair value of consideration received. Any excess over the nominal value of shares is taken to share premium.

Costs incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change to equity are taken to the income statement.

(n) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued support of the shareholders.

4. TAXATION

The Company is liable to pay tax in Mauritius at the rate of 15%. However, the company is entitled to foreign tax credit, which is higher of:

- (i) deemed foreign tax credit of 80% of Mauritius tax charge, and
- (ii) withholding tax suffered on foreign source income. In addition to the withholding tax credit, in case of dividend income, tax credit is available for any foreign tax imposed on the profits out of which that dividend income was directly and indirectly received.

Tax Reconciliation	2014 USD
Profits for the year	21,920
Gross up: Foreign tax suffered	12,858
	34,778
Tax at 15%	5,217
Foreign tax credit at 80%	(4,174)
Loss brought forward year 2010	(1,043)
Tax Liability	NIL

Loss B/F from previous years	(Loss)/ Profit	Loss B/F	Utilised	Loss C/F
Tax Loss 2010	(7,340.00)	(7,340.00)	(1,043.00)	(6,297.00)
Tax Loss 2011	(7,385.00)	(6,297.00)		(13,682.00)
Tax Loss 2012	(7,710.00)	(13,682.00)		(21,392.00)
Tax Loss 2013	(7,910.00)	(21,392.00)		(29,302.00)
Tax Loss 2014				(29,302.00)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company’s accounting policies, which are described in Note 3, the directors have made the following judgments that might cause a material adjustment to the carrying amounts of financial assets and financial liabilities within the next financial year.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 3(f), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

Unquoted investments

Determining whether unquoted investments are impaired required an estimation of the value in use of the investments. In considering the value in use, the directors have taken into consideration management accounts. Actual results could, however, differ from the estimates.

6. INVESTMENTS

	2014	2013
	USD	USD
(i) Value of investments		
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	Cost	Fair Value	Cost	Total
			USD	USD	USD	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

THERMAX INTERNATIONAL LIMITED

is a reflective of the fair value at 31 March 2014.

7. STATED CAPITAL

	<u>2014</u> <u>USD</u>	<u>2013</u> <u>USD</u>
Authorised		
5,000,000 ordinary shares of USD 1 each	5,000,000	5,000,000
Issued and Fully Paid		
1,495,000 ordinary shares of USD 1 each	1,495,000	1,495,000
1,747,300 cumulative redeemable preference shares	1,747,300	1,747,300
	<u>3,242,300</u>	<u>3,242,300</u>

8. 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 2014	Financial liabilities 2014	Financial assets 2013	Financial liabilities 2013
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
GBP	1	-	1	-
United States Dollars	534,021	3,305	512,471	3,335
	<u>534,022</u>	<u>3,305</u>	<u>512,472</u>	<u>3,335</u>

9. RELATED PARTY TRANSACTIONS

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

10. HOLDING COMPANY

RDA Holdings Private Ltd is now considered as the company's ultimate holding company

11. POST BALANCE SHEET EVENT

There are no material post-balance sheet events which would require disclosure or adjustments to the 31 March 2014 financial statements.

12. CONTINGENT LIABILITIES

At 31 March 2014, 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.

13. CAPITAL COMMITMENTS

The Company has no material capital commitments at 31 March 2014.

14. REPORTING CURRENCY

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

THERMAX INC.

Board of Directors

S. Ramachandran
(Resigned on March 31, 2014)

Gohal Mahadevan
(Resigned on July 26, 2013)

Ashish Vaishnav
S. Krishnan
(Appointed on July 16, 2013)

Abhay Shah
(Appointed on October 16, 2013)

Amitabha Mukhodhayay
(Appointed on April 23, 2014)

Registered Office

21800, Haggerty Road, Suite 112
Northville MI 48167
USA

Auditors

Plante & Moran, PLLC
27400 Northwestern Highway
PO Box 307 Southfield MI 48037-0307

Auditor's Report

To,

The Board of Directors of Thermax Inc.

We have audited the accompanying financial statements of Thermax Inc., which comprise the balance sheet as of March 31, 2014 and 2013 and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thermax Inc. as of March 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 23, 2014

Balance Sheets March 31, 2014 and 2013

ASSETS	2014		2013	
	USD	Rs.	USD	Rs.
CURRENT ASSETS				
Cash And Cash Equivalents	2,057,143	123,243,437	1,033,556	56,096,252
Accounts Receivable, Net	1,094,806	65,589,827	2,027,355	110,034,693
Inventory, Net	2,690,465	161,185,758	1,981,009	107,519,263
Refundable Taxes	-	-	62,997	3,419,162
Deferred Tax Assets	109,000	6,530,190	132,000	7,164,300
Other Current Assets	45,397	2,719,734	109,868	5,963,086
Total Current Assets	5,996,811	359,268,947	5,346,785	290,196,756
Property And Equipment, Net	22,701	1,360,017	32,634	1,771,210
Total Assets	6,019,512	360,628,964	5,379,419	291,967,966

LIABILITIES AND STOCKHOLDER'S EQUITY	2014		2013	
	USD	Rs.	USD	Rs.
CURRENT LIABILITIES				
Trade accounts Payable	778,300	46,627,953	336,375	18,256,753
Trade payables to related parties	1,870,027	112,033,318	2,107,128	114,364,372
Federal taxes payable	165,000	9,885,150	-	-
Provision for warranty and start-up costs	190,604	11,419,086	307,441	16,686,360
Customer Deposits and advances	21,600	1,294,056	65,487	3,554,307
Other Current Liabilities	283,370	16,976,697	239,362	12,991,373
Total Current Liabilities	3,308,901	198,236,259	3,055,793	165,853,165
Deferred Tax Liabilities	8,000	479,280	11,100	602,453

Stockholder's Equity

	2014	2013
Common Stock, issued \$10 Par Value		
50,000 Authorized and Outstanding	500,000	500,000
Retained Earnings	2,202,611	1,812,526
Total Stockholder's Equity	2,702,611	2,312,526
Total Liabilities And Stockholder's Equity	6,019,512	5,379,419

Statement of Income and retained earnings for the years ended March 31, 2014 and 2013

	2014		2013	
	USD	Rs.	USD	Rs.
Operating Revenues	11,279,199	675,736,812	12,215,370	662,989,207
Other Revenues	137,139	8,215,997	125,818	6,828,772
Total Revenues	11,416,338	683,952,810	12,341,188	669,817,979
Costs of revenues	8,540,499	511,661,295	9,691,565	526,009,690
Gross Margin	2,875,839	172,291,514	2,649,623	143,808,288
Selling general and administrative expenses	2,199,353	131,763,238	2,396,543	130,072,371
Income- Before Income Taxes	676,486	40,528,276	253,080	13,735,917
Income tax	243,543	14,590,661	81,971	4,448,976
Net Income	432,943	25,937,615	171,109	9,286,941
Dividend declared (\$ 30,000) and related withholdings (\$ 12,858)	42,858	2,567,623	-	-
Retained Earnings, Beginning of Year	1,812,526	108,588,433	1,641,417	89,087,908
Retained Earnings, End of Year	2,202,611	131,958,425	1,812,526	98,374,849

Exchange Rate : as at 31 March 2014 is 1 US \$ = Rs. 59.91
Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs. 54.28

THERMAX INC.

Statement of Cash flows for the years ended March 31, 2014 and 2013

ASSETS	2014		2013	
	USD	Rs.	USD	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	432,943	25,937,615	171,109	9,286,941
Adjustment to reconcile net income to net cash flows from operating activities				
Depreciation	12,445	745,580	18,367	996,869
Loss on disposal of assets	2,821	169,006	6,761	366,953
Bad debt (recovery) expense	(1,638)	(98,133)	2,010	109,093
Deferred Tax Asset	19,900	1,192,209	37,100	2,013,603
Changes in operating assets and liabilities which provided (used) cash				
Accounts receivable	934,187	55,967,143	301,006	16,337,101
Inventory	(709,456)	(42,503,509)	298,531	16,202,770
Advances to related parties	-	-	397,500	21,574,313
Other Assets	127,468	7,636,608	69,344	3,763,646
Accounts payable	441,925	26,475,727	(98,631)	(5,353,198)
Accounts payable- Related Parties	(237,101)	(14,204,721)	(1,154,037)	(62,635,358)
Advances and accrued liabilities	121,113	7,255,880	(453,217)	(24,598,353)
Provision for warranty and start-up costs	(116,837)	(6,999,705)	(129,853)	(7,047,772)
Other liabilities	44,008	2,636,519	(59,422)	(3,225,129)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,071,778	64,210,220	(593,432)	(32,208,522)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(5,333)	(319,500)	(9,153)	(496,779)
Proceeds from disposition of property and equipment	-	-	14,000	759,850
NET CASH FLOWS FROM INVESTING ACTIVITIES	(5,333)	(319,500)	4,847	263,071
CASH FLOW FROM FINANCING ACTIVITIES				
Distribution of equity interests and related withholdings	(42,858)	(2,567,623)	-	-
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,023,587	61,323,097	(588,585)	(31,945,451)
Cash & cash equivalents- Beginning of year	1,033,556	61,920,340	1,622,141	88,041,703
Cash & cash equivalents- End of year	2,057,143	123,243,437	1,033,556	56,096,252
Supplemental Cash Flow Information- Paid for Income Tax	152,646	9,145,022	239,622	13,005,484

The accompanying Notes Are An Integral Part of These Financial Statements

Exchange Rate : as at 31 March 2014 is 1 US \$ = Rs. 59.91

Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs. 54.28

Notes to Financial Statements March 31, 2014 and 2013

Note 1 - Nature of Business and Significant Accounting Policies

Thermax Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments Environment and Energy. The Environment segment consists of the sale of ion exchange resins primarily within North America. The Energy segment consists of the sale of absorption chillers with operations conducted primarily in North and South America.

The Company is a wholly owned subsidiary of Thermax International Limited (Mauritius) which, in turn, is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holdings Private Limited, a company incorporated in India. The Company acquires substantially all of its products for sale from Thermax Ltd. and its affiliates.

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.

Revenue Recognition - Revenue is recognized upon delivery to the customer site and acceptance by the customer, and there are either no unfulfilled Company obligations or obligations are deemed 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 start up costs at the time of revenue recognition. A provision for warranty costs was recorded for sales through March 31, 2012. For sales subsequent to that date, the warranty liability was assumed by Thermax Ltd.

During the year ended March 31, 2014, the Company changed its methodology for recording revenue within the Energy segment. Sales of absorption chillers were carried out by Thermax Ltd., which in turn paid a commission to the Company on each chiller sale.

The Company occasionally receives down payments from its customers. These are recorded as customer deposits and advances on the balance sheet. Customer advances totaled \$21,600 and \$65,487 as of March 31, 2014 and 2013, respectively.

Credit Risk and Major Customers - The Company has entered into an exclusivity agreement whereby the Company has agreed to sell certain types of absorption chillers exclusively to one customer. Total sales to this customer were \$555,600 and \$1,900,245 during the years ended March 31, 2014 and 2013, respectively. Accounts receivable from this customer totaled \$1,495 and \$647,688 at March 31, 2014 and 2013, respectively.

The Company's Environment business segment includes sales to a single customer of \$2,181,995 and \$1,784,469 for the years ended March 31, 2014 and 2013, respectively. Accounts receivable from this customer totaled \$350,812 and \$348,840 at March 31, 2014 and 2013, respectively.

Advertising Expenses - Advertising expenses are charged to income during the year in which they are incurred. Advertising and promotion expenses for the years ended March 31, 2014 and 2013 were \$54,501 and \$67,308, respectively.

Cash Equivalents - The Company utilizes a money market account to earn interest on funds held.

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.

Property and Equipment - Property and equipment are recorded at cost. The straight line depreciation method is used for computing depreciation over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

The estimated useful lives used to determine depreciation are as follows:

Furniture and fixtures	5-7 years
Office equipment	5 years
Machinery and equipment	5 years

Income Taxes - A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

The Company has elected to classify interest and penalties, if applicable, related to income tax obligations as a part of income tax expense.

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

Shipping and Handling Costs - Shipping and handling costs are recorded as costs of sales as they are incurred.

Notes to Financial Statements March 31, 2014 and 2013

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including April 23, 2014, which is the date the financial statements were available to be issued.

Note 2 - Accounts Receivable

The Company's accounts receivable are primarily related to sales of ion exchange resins and vapor absorption chillers and spares. 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. An allowance for doubtful accounts is established based on Company policy and the specific assessment of all invoices that remain unpaid following the normal customer payment periods. All accounts or portions thereof deemed to be uncollectible are written off in the period that determination is made.

The following is a detail of accounts receivable as of March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Trade accounts receivable	\$ 1,094,806	\$ 2,029,693
Less allowance for doubtful accounts	-	(2,338)
Total accounts receivable	<u>\$ 1,094,806</u>	<u>\$ 2,027,355</u>

Note 3 - Inventory

Inventory, net of reserves, at March 31, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
Traded goods-Ion exchange resins and spare parts	\$ 1,262,593	\$ 877,448
Goods in transit-Ion exchange resins	1,427,872	965,161
Goods in transit-Chillers	-	138,400
Total inventory	<u>\$ 2,690,465</u>	<u>\$ 1,981,009</u>

The Company maintains inventory of ion exchange resins and spare parts at outside warehouses located in various states. On January 1, 2013, the Company closed its Farmington Hills warehouse and transferred the inventory to other third party warehouses. At March 31, 2014 and 2013, net inventory valued at \$1,262,593 and \$877,448 was located at outside warehouses.

At March 31, 2014 and 2013, the Company maintained a reserve for inventory obsolescence of \$71,123 and \$121,395, respectively.

Note 4 - Property and Equipment

Property and equipment at March 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Office equipment	\$ 40,520	\$ 50,543
Furniture and fixtures	21,040	21,040
Total cost	61,560	71,583
Accumulated depreciation	38,859	38,949
Net property and equipment	<u>\$ 22,701</u>	<u>\$ 32,634</u>

Depreciation expense was \$12,445 and \$18,367 for the years ended March 31, 2014 and 2013, respectively.

Note 5 - Related Party Transactions

Following is a description of transactions between the Company and related parties:

Advances - At March 31, 2012, the Company had advances outstanding to Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. of \$40,000 and to Thermax Ltd. of \$357,500. These advances were provided to the related parties to begin production of chillers and were repaid during the year ended March 31, 2013. There were no advances to related parties outstanding at March 31, 2013 and 2014, respectively.

Accounts Payable - At March 31, 2014 and 2013, the Company had net accounts payable to related parties totaling \$1,870,027 and \$2,107,128, respectively.

Purchases - For the years ended March 31, 2014 and 2013, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling \$6,594,516 and \$6,825,838, respectively. For the years ended March 31, 2014 and 2013, the Company had purchases of absorption chillers from Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. totaling \$76,000 and \$646,200, respectively.

Note 6 - Operating Leases

The Company conducts its operations in leased facilities in Michigan. The Company leases office space under a noncancelable operating lease that expires in December 2015. The Company has also leased office equipment and automobiles under noncancelable operating leases. The lease expense for the years ended March 31, 2014 and 2013 was \$75,973 and \$129,502, respectively.

Future minimum annual commitments under these operating leases are as follows:

<u>Years Ending March 31</u>	<u>Amount</u>
2015	\$ 74,097
2016	54,400
2017	3,374
Total	<u>\$ 131,871</u>

Note 7 - Warranty and Start up Costs

The Company has a policy to record provisions for start up costs and warranties (for sales before April 1, 2012 see revenue recognition policy in Note 1 for additional information) related to the sale of vapor absorption chillers under its Energy business segment. These provisions are recorded as and when the related sales income is recorded. These provisions are based on the estimates of likely expenses for start up of the chillers and warranty claims, considering the types of chillers, geographical location of the job sites, capacity of the chillers under consideration, and past performance data.

The Company adjusts these provisions as and when the chillers are started up and on expiration of the chiller warranties.

The Company has accrued \$104,354 and \$150,347 at March 31, 2014 and 2013, respectively, for estimated chiller start up costs. In addition, the Company has accrued \$86,250 and \$157,094 at March 31, 2014 and 2013, respectively, for estimated future warranty claims.

Note 8 - Line of Credit

The Company has available borrowings of \$500,000 under a line of credit agreement with a bank maturing July 27, 2014. Interest is payable monthly at a rate of 3.00 percent above LIBOR (an effective rate of 3.16 at March 31, 2014) and is secured by all assets of the Company. There were no borrowings outstanding under the line of credit agreement at March 31, 2014 and 2013.

Note 9 - Income Taxes

The components of the income tax provision included in the statement of operations are all attributable to continuing operations and are detailed as follows:

	<u>2014</u>	<u>2013</u>
Current income tax expense	\$ 223,643	\$ 44,871
Deferred income tax expense	19,900	37,100
Total income tax expense	<u>\$ 243,543</u>	<u>\$ 81,971</u>

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	<u>2014</u>	<u>2013</u>
Income tax expense-Computed at 34 percent of pretax income	\$ 230,006	\$ 86,047
State income taxes-Net of federal tax benefit	9,846	14,501
Nondeductible expenses and adjustments to prior year estimate-Net	3,691	(18,577)
Total income tax expense	<u>\$ 243,543</u>	<u>\$ 81,971</u>

THERMAX INC.

Notes to Financial Statements March 31, 2014 and 2013

The details of the net deferred tax asset are as follows:

	<u>2014</u>	<u>2013</u>
Deferred tax assets:		
Warranty reserve	\$ 29,400	\$ 53,400
Inventory reserve	24,200	41,300
Allowance for doubtful accounts	-	800
Section 263A	15,200	13,100
Accrued bonuses	20,500	8,500
Other	<u>19,700</u>	<u>14,900</u>
Gross deferred tax assets	109,000	132,000
Deferred tax liabilities - Depreciation	(8,000)	(11,100)
Net deferred tax asset	<u>\$ 101,000</u>	<u>\$ 120,900</u>

No valuation allowance has been recognized for the deferred tax assets.

The Company files income tax returns in U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2010. There are no pending or ongoing tax examinations.

Note 10 - Segment Information

The Company has two reportable segments, the Environment segment and the Energy segment.

The Environment segment is engaged in the distribution of ion exchange resins and the Energy segment is engaged in the distribution of absorption chillers and the sale of spares. The two segments consist of distinct product lines that are managed separately, as each has different marketing and distribution requirements.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1. All corporate expenses have been allocated to reportable segments based on revenues generated. For the years ended March 31, 2014 and 2013, the allocation was 88 percent and 63 percent to the Environment segment and 12 percent and 37 percent to the Energy segment, respectively. Segment profit is based on operating profit before income taxes.

Intersegment charges for administrative services are allocated by management.

The following is summarized information about profit or loss, assets, and other information for each reportable segment for the years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Environment Segment		
Revenue from external customers	\$ 9,664,821	\$ 7,744,697
Other revenue	122,209	109,358
Depreciation expense and loss on disposal	13,425	15,799
Segment pre tax profit	278,815	159,311
Segment assets	3,727,769	3,118,279
Segment liabilities	2,587,255	2,024,907
Energy Segment		
Revenue from external customers	1,254,935	4,470,673
Commission income	359,443	-
Other revenue	14,930	16,460
Depreciation expense and loss on disposal	1,841	9,329
Segment pretax profit (including commission)	397,671	93,769
Segment assets	82,727	925,947
Segment liabilities	406,178	959,751

The following are reconciliations from the segment information above the amounts reported in the accompanying financial statements for the years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Revenue by Country		
United States	\$ 9,749,266	\$ 9,622,245
South America	252,221	581,027
Canada	209,137	654,568
Other	1,205,714	1,483,348
Total revenue	<u>\$ 11,416,338</u>	<u>\$ 12,341,188</u>
Assets		
Total assets for reportable segments	\$ 3,810,496	\$ 4,044,226
Unallocated amounts	2,209,016	1,335,193
Total assets	<u>\$ 6,019,512</u>	<u>\$ 5,379,419</u>
Liabilities		
Total liabilities for reportable segments	\$ 2,993,433	\$ 2,984,658
Unallocated amounts	323,468	82,235
Total liabilities	<u>\$ 3,316,901</u>	<u>\$ 3,066,893</u>

Revenue is allocated based on the geographic location of the customers.

Revenue from one customer of the Environment segment represents approximately \$2,182,000 (19 percent) and \$1,784,000 (14 percent) of the Company's total revenue for the years ended March 31, 2014 and 2013, respectively. Revenue from one customer of the Energy segment represents approximately \$556,000 (5 percent) and \$1,900,000 (15 percent) of the Company's total revenue for the years ended March 31, 2014 and 2013, respectively.

Note 11 - 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 percent of an employee's deferral amount, not to exceed 4 percent of the employee's compensation. For the years ended March 31, 2014 and 2013, the Company made matching contributions totaling \$21,131 and \$21,490, respectively.

Note 12 - Contingencies and Settlements

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions, if any, will not materially affect the Company's financial statements.

THERMAX DO BRASIL – ENERGIA E EQUIPAMENTOS LTDA

Supervisory Board

Gopal Mahadevan
(Resigned on July 26, 2013)
Ashish Vaishnav
(Appointed on July 16, 2013)
Abhay Shah
(Appointed on July 16, 2013)

Registered Office

Av. Paulista, 37-04
andar-Edifício Pq
cultural Paulista
São 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.

AUDITOR'S 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, 2014 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, 2014, 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 23, 2014

THERMAX DO BRASIL – ENERGIA E EQUIPAMENTOS LTDA

Statement of Income for the year ended March 31, 2014

PARTICULARS	2014		2013	
	BRL	Rs.	BRL	Rs.
GROSS INCOMES				
Sale of services	132,991	3,507,733	132,923	3,565,846
	<u>132,991</u>	<u>3,507,733</u>	<u>132,923</u>	<u>3,565,846</u>
DEDUCTION FROM GROSS INCOMES				
Tax incident on sales	(24,179)	(637,747)	(23,672)	(635,043)
Gross profit	<u>108,811</u>	<u>2,869,986</u>	<u>109,251</u>	<u>2,930,803</u>
OPERATING EXPENSES				
General and administrative expenses	(47,910)	(1,263,665)	(47,600)	(1,276,933)
Financial (expenses) income	9,499	250,533	526	14,121
	<u>(38,411)</u>	<u>(1,013,132)</u>	<u>(47,074)</u>	<u>(1,262,812)</u>
Net Profit for the period	<u>70,400</u>	<u>1,856,854</u>	<u>62,177</u>	<u>1,667,992</u>
Taxes on income	<u>(3,274)</u>	<u>(86,355)</u>	<u>(3,246)</u>	<u>(87,074)</u>
Profit after tax	<u>67,126</u>	<u>1,770,498</u>	<u>58,932</u>	<u>1,580,917</u>

See the accompanying notes to the financial statements

Exchange Rate : As at 31 Mar 14 is 1 BRL = Rs. 26.38

Exchange Rate : As at 31 Mar 13 is 1 BRL = Rs. 26.83

Balance Sheets as at March 31, 2014

PARTICULARS	2014		2013	
	BRL	Rs.	BRL	Rs.
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1,087,130	28,673,927	1,087,130	29,163,692
Accumulated losses	(786,845)	(20,753,661)	(853,971)	(22,908,883)
Total Funds Employed	<u>300,285</u>	<u>7,920,266</u>	<u>233,159</u>	<u>6,254,809</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
Current Assets, Loans & Advances :				
Trade receivables	70,412	1,857,170	41,476	1,112,654
(-) Provision for doubtful accounts	-	-	-	-
Recoverable taxes	18,256	481,511	35,556	953,837
(-) Provision for losses	(10,941)	(288,568)	(10,941)	(293,497)
Cash & Bank Balances	239,116	6,306,877	183,611	4,925,596
	<u>316,843</u>	<u>8,356,989</u>	<u>249,702</u>	<u>6,698,589</u>
Less : Current Liabilities & Provisions :				
Accounts payable	-	-	-	-
Taxes payable	13,308	351,002	12,793	343,182
Other accounts payable	3,250	85,721	3,750	100,599
	<u>16,558</u>	<u>436,723</u>	<u>16,543</u>	<u>443,780</u>
Net Current Assets	<u>300,285</u>	<u>7,920,266</u>	<u>233,159</u>	<u>6,254,809</u>
Total Funds Applied	<u>300,285</u>	<u>7,920,266</u>	<u>233,159</u>	<u>6,254,809</u>

Statement of Changes in Quotaholders' Equity

	Capital		Accumulated losses		Total	
	BRL	Rs.	BRL	Rs.	BRL	Rs.
Balances at April 1, 2013	1,087,130	28,673,927	(853,971)	(22,524,159)	233,159	6,149,768
Net Profit for the period	-	-	67,126	1,770,498	67,126	1,770,498
Balances at March 31, 2014	1,087,130	28,673,927	(786,845)	(20,753,661)	300,285	7,920,266

Statement of Changes in Financial Position Year ended March 31, 2014

Sources	2014		2013	
	BRL	Rs.	BRL	Rs.
From Operations				
Net Profit for the period	67,126	1,770,498	58,932	1,580,918
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	-	-
Total sources	<u>67,126</u>	<u>1,770,498</u>	<u>58,932</u>	<u>1,580,918</u>
Applications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reduction in net working capital	<u>67,126</u>	<u>1,770,498</u>	<u>58,932</u>	<u>1,580,918</u>

Statement of variation in net working capital

Sources	March 31		March 31		Variation	
	2014	2014	2013	2013	2014	2014
	BRL	Rs.	BRL	Rs.	BRL	Rs.
Current Assets	316,843	8,356,989	249,702	6,698,589	67,141	1,770,894
Current Liabilities	16,558	436,723	16,543	443,780	(15)	(396)
Net working capital	<u>300,285</u>	<u>7,920,266</u>	<u>233,159</u>	<u>6,254,809</u>	<u>67,126</u>	<u>1,770,498</u>

See the accompanying notes to the financial statements

*Notes to the Financial Statements for the year ended
March 31, 2014*

1. Operational Context

The Company is a subsidiary of Thermax Ltd which in turn is a subsidiary of RDA Holdings Private Limited, 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

Description	2014 BRL
Accounts receivable	70.411,90
Net accounts receivable	<u>70.411,90</u>

5. Recoverable Taxes

Description	2014 BRL
IRPJ – 2005	89,28
CSLL – 2005	10.851,37
IRRF – Authorized	7.315,13
	<u>18.255,78</u>
Provision for losses	<u>(10.940,65)</u>
Net	<u>7.315,13</u>

The value of the recoverable taxes basically represents withholding taxes by the Customers. The possibility of setting off the recoverable taxes was authorized by Federal Authorities in May, 2013.

6. Taxes and Contributions payable

Description	2014 BRL
PIS	1.161,80
COFINS	5.351,30
ISS – SALES	3.520,59
TAXES ON INCOME – IRPJ E CSLL	3.274,03
TOTAL	<u>13.307,72</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 and the taxes that have not been paid are for the period September-March, 2014.

7. Other liabilities

Description	2014 BRL
Rent	250,00
Nova Mir - Auditoria	3.000,00
TOTAL	<u>3.250,00</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 from services, amounted to R\$ 132.990,55 as presented below:

Description	2014 BRL
Services Sales	132.990,55
Net sales	<u>132.990,55</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 service, amounted to R\$ 24.179,24, as presented below:

Description	2014 BRL
ISS - SALES	11.852,61
COFINS – SALES	10.132,28
PIS – SALES	2.194,35
TOTAL	<u>24.179,24</u>

11. Operating Expenses

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

Description	2014 BRL
Rents	2.750,00
Accounting Outsourcing	41.600,00
Auditory	3.000,00
Taxi	560,00
TOTAL	<u>47.910,00</u>

12. Financial (expenses) income

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

Description	2014 BRL
Interest Income	-0-
Finance Income	9.369,50
Other income	500,00
Bank Expenses	(176,93)
Other expenses – unrecoverable taxes	(193,99)
TOTAL	<u>9.498,58</u>

13. 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 the total amount of payment of R\$ 500,00 as levied by the Federal Authority is no longer required to be made in view of the notification for waiver of this payment received in April, 2013.

NOVAMIR AUDITORIA E SERVIÇOS CONTÁBEIS

CNPJ no. 04.933.947/0001-06

CRC- SP 2SP 024.744

São Paulo, Brazil

April, 23, 2014

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

Supervisor

H. P. Mohgaonkar

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

Executive Director

Ashish Vaishnav

General Manager

V. Balasubramanian

Bankers

Industrial and Commercial Bank of China

AUDITOR'S REPORT

ZZKS[2014]NO. 1175

To,

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

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 2013, 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

It is the responsibility of management to prepare and present the financial statements fairly. And the responsibilities include: i) Preparing the financial statements in conformity with the requirements of both the accounting standards and Accounting System for Business Enterprises, and to be presented fairly. ii) designing, implementing and maintaining internal misstatement, whether due to fraud or error.

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 2013 and the results of its operations and its cash flows for the year then ended.

Zhejiang Zhong Ming Certified Public Accountants Co., Ltd

Certified Public Accountant: Li Aizhong

Certified Public Accountant: Luo Bin

Jiaxing, China

Date: April 23, 2014

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principle and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principle and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Balance Sheet as at 31 December, 2013

PARTICULARS	2013		2012	
	RMB	RS	RMB	RS
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	989,475	10,101,190	3,610,190	31,869,103
Accounts receivable	16,252,326	165,914,029	14,118,491	124,631,572
Other receivables	614,401	6,272,196	1,558,708	13,759,560
Advance to suppliers	299,511	3,057,593	353,750	3,122,740
Inventories	16,236,475	165,752,215	7,644,287	67,480,263
Prepaid expenses	424,669	4,335,293	649,833	5,736,424
Allowance receivable	-	-	-	-
TOTAL CURRENT ASSETS	34,816,858	355,432,515	27,935,258	246,599,663
NON-CURRENT ASSETS				
Fixed Assets - cost	60,419,786	616,803,401	60,241,652	531,785,705
Less: Accumulated depreciation	21,891,016	223,477,341	17,933,258	158,306,583
Fixed Assets - Net book value	38,528,770	393,326,059	42,308,394	373,479,122
Intangible assets	6,054,351	61,806,641	6,177,125	54,528,834
Long-term deferred and prepaid expenses	6,938	70,830	10,670	94,193
TOTAL NON-CURRENT ASSETS	44,590,058	455,203,531	48,496,190	428,102,149
TOTAL ASSETS	79,406,916	810,636,045	76,431,448	674,701,812
LIABILITIES AND OWNER'S EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	12,000,000	122,503,593	12,300,000	108,578,766
Accounts payable	15,438,795	157,608,989	11,308,392	99,825,302
Advances from customers	9,705,025	99,075,039	3,410,214	30,103,807
Accrued Payroll	57,262	584,565	56,631	499,915
Taxes payable	(253,646)	(2,589,378)	1,301,801	11,491,703
Other amounts payables	275,606	2,813,562	341,045	3,010,593
Accrued expenses	9,088,532	92,781,480	6,788,003	59,921,379
TOTAL CURRENT LIABILITIES	46,311,574	472,777,850	35,506,086	313,431,465
OWNER'S EQUITY				
Paid in capital	95,039,017	970,218,424	95,039,017	838,960,911
Accumulated losses	(61,943,675)	(632,360,229)	(54,113,656)	(477,690,564)
TOTAL OWNER'S EQUITY	33,095,342	337,858,195	40,925,362	361,270,347
TOTAL LIABILITIES AND OWNER'S EQUITY	79,406,916	810,636,045	76,431,448	674,701,812

Statement of changes in Equity for the year ended 31 December, 2013

	Share Capital		Accumulated Losses		Total	
	2013	2013	2013	2013	2013	2013
	RMB	RS	RMB	RS	RMB	RS
Balances at 1 January 2013	95,039,017	970,218,424	(54,113,656)	(552,426,440)	40,925,361	417,791,984
Profit for the current period	-	-	(7,830,019)	(79,933,793)	(7,830,019)	(79,933,793)
Balances at 31 December 2013	95,039,017	970,218,424	(61,943,675)	(632,360,233)	33,095,342	337,858,191

Income Statement for the year ended 31 December, 2013

PARTICULARS	2013		2012	
	RMB	RS	RMB	RS
Revenue from main operations	59,484,413	607,254,523	80,136,845	707,411,359
Revenue from other operations	2,168,997	22,142,492	1,580,241	13,949,644
Less : Cost of main operations	48,750,387	497,674,799	69,152,060	610,442,709
Cost of other operations	855,558	8,734,075	752,664	6,644,175
Operation expenses	9,834,743	100,399,275	9,907,559	87,459,391
General and administrative expenses	9,451,397	96,485,840	10,203,327	90,070,295
Financial expenses	963,040	9,831,322	1,426,142	12,589,325
Loss from Operations	(8,201,715)	(83,728,297)	(9,724,665)	(85,844,891)
Add: Revenue from subsidies	243,295	2,483,713	231,295	2,041,769
Non-operating revenue	194,807	1,988,717	394,674	3,484,005
Less: Non-operating expenses	66,407	677,926	705,773	6,230,238
Loss before tax	(7,830,019)	(79,933,793)	(9,804,468)	(86,549,355)
Income tax	-	-	-	-
Net loss for the year	(7,830,019)	(79,933,793)	(9,804,468)	(86,549,355)

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2013 is 1 RMB = Rs 10.21

Exchange rate : as at 31 December 2012 is 1 RMB = Rs 8.83

Cash Flow Statement for the year ended 31 December, 2013

PARTICULARS	2013		2012	
	RMB	RS	RMB	RS
Cash Flows from Operating activities				
Cash received from sale of goods or rendering of services	70,872,537	723,511,698	89,171,765	787,167,498
Refund of taxes	1,494,293	15,254,693	3,309,974	29,218,935
Other cash received relating to operating activities	1,161,113	11,853,380	78,675	694,509
Cash paid for goods & services	(50,717,901)	(517,760,429)	(62,223,110)	(549,277,110)
Cash paid to & on behalf of employees	(12,326,666)	(125,838,407)	(14,041,774)	(123,954,350)
Other cash paid relating to operating activities	(9,031,536)	(92,199,631)	(8,363,021)	(73,824,917)
Net cash used in operating activities	1,451,840	14,821,305	7,932,510	70,024,565
Less : Payment of all types of taxes	2,692,738	27,489,170	2,037,482	17,985,956
Net cash used in operating activities	(1,240,897)	(12,667,865)	5,895,028	52,038,610
Cash Flows from Investing activities				
Net cash received from disposal of Fixed Assets, Intangible Assets and other long term assets	1,100	11,229	-	-
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	(292,661)	(2,987,667)	(377,077)	(3,328,664)
Net cash used in investing activities	(291,561)	(2,976,437)	(377,077)	(3,328,664)
Cash Flows from Financing activities				
Cash Received from investors	-	-	-	-
Cash Received from borrowings	24,300,000	248,069,776	29,800,000	263,060,750
Repayment of borrowings	(24,600,000)	(251,132,365)	(43,600,000)	(384,880,828)
Cash paid for distribution of dividends or profits and for interest expenses	(802,371)	(8,191,106)	(1,339,652)	(11,825,833)
Net cash received in financing activities	(1,102,371)	(11,253,696)	(15,139,652)	(133,645,912)
Effect of Foreign exchange rate changes on cash and cash equivalents	14,114	144,085	54,982	485,358
Net decrease in cash at banks and in hand	(2,620,715)	(26,753,913)	(9,566,719)	(84,450,609)
Cash at banks and in hand at beginning of year	3,610,190	36,855,109	13,176,909	116,319,714
Cash at banks and in hand at end of year	989,476	10,101,196	3,610,190	31,869,105

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended Dec.31, 2013

(Unless otherwise specified, all amounts are in RMB)

1. Company background

Thermax (Zhejiang) Cooling & Heating Engineering Company Limited (the "Company") is a wholly foreign owned enterprise established in Jiaying, Zhejiang Province in the People's Republic of China (PRC) by Thermax 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 USD13,470,000 and the paid-in capital is USD 13,470,000.

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

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.

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.

2.11 Intangible assets

- 1) Intangible assets are recorded at actual costs when obtained.
- 2) 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.
- 3) 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:

- (1) The seller has transferred the significant risks and rewards of ownership to the buyer;
- (2) 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;
- (3) It is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (4) 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:

- (1) 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.
- (2) 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.
- (3) 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%.

4. MAIN ITEMS OF THE FINANCIAL STATEMENTS

4.1 Cash and equivalents

Items	2013-12-31			2012-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand	-	-	27,128.89	-	-	45,053.53
RMB	-	-	27,128.89	-	-	27,435.27
USD	-	-	-	2,803.00	6.2855	17,618.26
Cash in bank	-	-	962,346.43	-	-	3,565,136.41
RMB	-	-	916,934.25	-	-	2,305,259.48
USD	11,896.39	6.0969	72,531.10	85,447.18	6.2855	537,078.25
EUR	0.03	8.4189	0.25	81,001.82	8.3176	673,740.74
AUD	1.79	5.4301	9.72	7,505.46	6.5363	49,057.94
Total	-	-	989,475.32	-	-	3,610,189.94

4.2 Accounts receivable

4.2.1 Age analysis

Account Age	2013-12-31			2012-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	10,139,526.09	55.95%	-	12,500,799.80	87.65%	-
1-2years	6,333,095.07	34.94%	890,895.00	1,350,691.30	9.47%	-
2-3years	1,414,600.00	7.81%	766,000.00	411,000.00	2.88%	144,000.00
Over 3 years	236,000.00	1.30%	214,000.00	-	-	-
Total	18,123,221.16	100%	1,870,895.00	14,262,491.10	100%	144,000.00

4.2.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	179,284.95	6.0969	1,093,082.42

4.3 Other receivable

Account Age	2013-12-31			2012-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	478,761.56	77.92%	-	1,465,050.41	93.99%	-
1~2years	74,000.00	12.04%	-	45,218.00	2.90%	-
2~3years	31,000.00	5.05%	-	19,799.59	1.27%	-
Over 3 years	30,639.59	4.99%	-	28,640.00	1.84%	-
Total	614,401.15	100%	-	1,558,708.00	100%	-

4.4 Accounts in advance

Account Age	2013-12-31			2012-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	299,510.51	100%	-	299,349.72	84.62%	-
1~2years	-	-	-	54,400.00	15.38%	-
Total	299,510.51	100%	-	353,749.72	100%	-

4.5 Inventory

Items	2013-12-31		2012-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	4,557,845.85	151,696.34	2,301,552.19	157,652.23
Finished goods	1,492,840.35	1,215,649.13	5,985,616.09	1,906,021.83
Work-in-progress	11,553,134.70	-	1,420,792.69	-
Total	17,603,820.90	1,367,345.47	9,707,960.97	2,063,674.06

4.6 Prepaid expenses

Items	Bal. B/Y	Increase in this year	Amortization in this year	Bal. E/Y
Tuition	146,832.00	404,600.00	387,232.03	164,199.97
Life Insurance	117,637.39	239,570.00	237,422.39	119,785.00
Property Insurance	17,267.69	41,701.22	41,593.40	17,375.51
House rent	53,630.02	234,424.60	164,745.84	123,308.78
Design	314,465.41	-	314,465.41	-
Total	649,832.51	920,295.82	1,145,459.07	424,669.26

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

4.7 Fixed assets and accumulated depreciation

Items	Bal. B/Y	Increase in this year	Decrease in this year	Bal. E/Y
I. Original value	60,241,651.55	232,734.99	54,600.98	60,419,785.56
Plant and buildings	33,303,687.15	-	-	33,303,687.15
Machinery	24,711,002.51	174,017.09	-	24,885,019.60
Electronic equipment	495,652.06	37,199.87	54,600.98	478,250.95
Office equipment	507,252.98	21,518.03	-	528,771.01
Furniture and others	1,224,056.85	-	-	1,224,056.85
II. Accumulated depreciation	17,933,257.58	4,005,230.45	47,472.15	21,891,015.88
Plant and buildings	6,732,268.72	1,498,934.82	-	8,231,203.54
Machinery	9,649,557.95	2,229,076.22	-	11,878,634.17
Electronic equipment	330,478.80	75,974.29	47,472.15	358,980.94
Office equipment	345,496.93	46,791.72	-	392,288.65
Furniture and others	875,455.18	154,453.40	-	1,029,908.58
III. Impairment of fix assets				
Plant and buildings	-	-	-	-
Machinery	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment	-	-	-	-
Furniture and others	-	-	-	-
IV Net value of fixed assets	42,308,393.97	-	-	38,528,769.68
Plant and buildings	26,571,418.43	-	-	25,072,483.61
Machinery	15,061,444.56	-	-	13,006,385.43
Electronic equipment	165,173.26	-	-	119,270.01
Office equipment	161,756.05	-	-	136,482.36
Furniture and others	348,601.67	-	-	194,148.27

4.8 Intangible assets

Items	Bal. B/Y	Increase in this year	Decrease in this year	Bal. E/Y
Land use right	6,154,655.15	-	139,088.28	6,015,566.87
Antivirus software	6,283.60	-	6,283.44	0.16
Office software	16,186.74	-	16,186.74	-
3D design software	-	49,925.81	11,142.34	38,783.47
Total	6,177,125.49	49,925.81	172,700.80	6,054,350.50

4.9 Long-term prepayments

Items	Bal. B/Y	Increase in this year	Amortization in this year	Bal. E/Y
Rental for optical	10,670.40	10,000.00	13,732.12	6,938.28
Total	10,670.40	10,000.00	13,732.12	6,938.28

4.10 Short-term loans

Bank Name	2013-12-31	2012-12-31
Citibank (china)	12,000,000.00	12,300,000.00
Total	12,000,000.00	12,300,000.00

Note: As of 31 December 2013, the bank loan borrowed from Citibank (china) Co., Ltd. ShangHai Branch with the amount of RMB 12,000,000 is supported by Thermax limited.

4.11 Accounts payable

4.11.1 Age analysis

Account age	2013-12-31		2012-12-31	
	Amount	%	Amount	%
Within 1 year	15,424,090.08	99.90%	11,128,391.75	98.41%
1~2years	14,704.99	0.1%	180,000.00	1.59%
Total	15,438,795.07	100.00%	11,308,391.75	100.00%

4.11.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	271,975.27	6.0969	1,658,206.03
EUR	30,419.00	8.4189	256,094.52
Total	-	-	1,914,300.55

4.12 Deposit received

4.12.1 Age analysis

Account age	2013-12-31		2012-12-31	
	Amount	%	Amount	%
Within 1 year	9,655,025.34	99.48%	3,405,214.00	99.85%
1~2years	50,000.00	0.52%	5,000.00	0.15%
Total	9,705,025.34	100.0%	3,410,214.00	100.00%

4.12.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	187,800.00	6.0969	1,144,997.82
AUD	15,200.00	5.4301	82,537.52
Total	-	-	1,227,535.34

4.13 Accrued payroll

Items	2013-12-31	2012-12-31
Payroll for Chinese employee	57,261.80	56,631.27
Total	57,261.80	56,631.27

4.14 Tax and other fees payable

Item	2013-12-31	2012-12-31
VAT	-554,252.63	979,340.24
Individual income tax	38,696.48	42,373.18
Land use tax	84,592.00	52,870.00
Stamp tax	1,796.92	2,473.43
Real estate tax payable	174,425.32	174,425.32
Water conservancy construction fund	1,095.99	4,963.00
Business tax	-	2,460.00
Local education surtax	-	7,149.31
urban maintenance and construction tax	-	25,022.57
Education surtax	-	10,723.96
Total	-253,645.92	1,301,801.01

4.15 Other payable

Account age	2013-12-31		2012-12-31	
	Amount	%	Amount	%
Within 1 year	174,232.20	63.22%	241,045.48	70.68%
1~2 years	1,374.00	0.50%	-	-
2~3 year	-	-	100,000.00	29.32%
Over 3 years	100,000.00	36.28%	-	-
Total	275,606.20	100.0%	341,045.48	100.00%

4.16 Accrued expenses

Item	2013-12-31	2012-12-31
Water Electricity Steam fee	53,036.69	19,448.19
Freight fee	60,849.06	186,225.68
Product warranty fee	3,507,598.75	2,932,750.58
Payroll	481,852.76	400,471.22
Material cost	92,390.63	218,002.56
Commission	2,156,933.97	1,663,723.55
Commission to employee	1,583,113.84	1,147,599.55
Entertainment expenses	166,477.60	5,000.00
interest	20,572.22	22,003.33
others	965,705.99	192,778.11
Total	9,088,531.51	6,788,002.77

4.17 Paid-in capital

Investor	Registered capital (USD)	Beg. Bal.		End. Bal.	
		USD	RMB Equivalent	USD	RMB Equivalent
Thermax Ltd.	13,470,000	13,470,000	95,039,017.37	13,470,000	95,039,017.37
Total	-	-	95,039,017.37	-	95,039,017.37

4.18 Undistributed profit

Item	Amount
Undistributed profits at beginning of the year	-54,113,655.61
Add : Net profit of this period	-7,830,019.47
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	-61,943,675.08

4.19 Revenue from main operations and cost of main operations

Items	Revenue from main operations		Cost of main operations	
	2013	2012	2013	2012
Domestic sales	38,755,128.22	44,245,211.99	32,376,990.10	37,837,331.63
Overseas sales	20,729,284.49	35,891,632.94	16,373,397.15	31,314,728.30
Total	59,484,412.71	80,136,844.93	48,750,387.25	69,152,059.93

4.20 Profit from other operations

Items	Revenue from main operations		Cost of main operations	
	2013	2012	2013	2012
Spares Materials sales	1,300,453.97	1,065,541.08	832,814.32	732,664.18
Scrap Material sales	194,487.44	-	-	-
Service revenue	674,055.39	514,700.00	22,743.59	20,000.00
Total	2,168,996.80	1,580,241.08	855,557.91	752,664.18

4.21. Operation expenses

Items	2013	2012
Salaries and welfare	2,856,144.51	2,906,860.31
Warranty and FOC	1,480,875.35	1,388,236.43
Business trip	783,630.98	939,484.61
Entertainment expenses	590,956.80	410,604.83
Consulting fee	2,158,576.64	1,444,927.30
House Rent	228,544.46	246,283.19
Transportation expenses	936,199.25	1,033,027.03
Exported fee	236,447.38	553,428.85
Office expenses	24,153.40	72,199.26
Exhibition expenses	201,280.35	460,840.80
Advertisement	85,400.00	58,111.97
Communication fee	65,136.77	67,404.06
Depreciation	15,092.52	27,419.18
Seminar	-	142,171.65
Others	172,304.14	156,559.39
Total	9,834,742.55	9,907,558.86

4.22 General and administrative expenses

Items	2013	2012
Salaries and welfare	3,974,681.37	3,863,610.63
Consulting expenses	486,252.42	484,910.87
Taxes	1,030,339.83	995,752.15
Depreciation	438,139.88	478,594.63
Car expenses	327,408.25	380,698.02
Maintain expense	132,316.52	69,755.00
House rent	257,500.00	296,433.82
Travel expenses	711,567.24	585,842.04
Amortization	174,553.50	185,252.76
Provision for obsolete stocks	-696,328.59	1,950,445.74
Insurance	173,796.47	177,380.76
Communication expenses	105,692.55	130,509.58
Office expenses	179,064.04	210,314.07
Entertainment expenses	145,943.12	168,102.59
Bad debt reserves	1,726,895.00	-74,121.68
Others	283,575.29	299,845.77
Total	9,451,396.89	10,203,326.75

4.23 Financial expenses

Items	2013	2012
Interest expense	802,370.54	1,293,012.75
Less: interest income	5,999.19	8,308.36
Exchange Loss	-14,114.02	-35,288.72
Others	180,782.71	176,725.97
Total	963,040.04	1,426,141.64

4.24 Revenue from subsidies

Items	2013	2012
Estate tax refund	227,295.32	227,295.31
Government subsidies	16,000.00	4,000.00
Total	243,295.32	231,295.31

4.25 Non-operating revenue

Items	2013	2012
Debt exemption	182,600.00	363,996.26
Others	12,207.38	30,678.17
Total	194,807.38	394,674.43

4.26 Non-operating expenses

Items	2013	2012
Disposal of fixed value property loss	6,028.83	13,964.88
Overdue payment	-	2,030.01
Others	60,378.31	689,777.79
Total	66,407.14	705,772.68

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 Holdings 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

1. Purchases of goods

Name of related parties	2013	2012
Thermax Ltd.	727,879.19	1,869,899.67
Thermax Inc	49,352.09	-
Thermax Europe Limited	33,350.90	-
Total	810,582.18	1,869,899.67

2. Sales of goods and services

Name of related parties	2013	2012
Thermax Inc	661,885.12	4,096,080.66
Thermax Europe Limited	4,406,026.40	6,627,894.35
Thermax Ltd.	6,362,447.82	5,208,990.97
Total	11,430,359.34	15,932,965.98

3. Amounts due from/to related parties

Name of related parties	Account	Amount
Thermax Ltd.	Accounts receivable	8,840.51
Thermax Ltd	Other receivable	3,645.00
Thermax Ltd.	Accounts payable	1,62,839.97
Thermax Inc	Accounts payable	16,856.53
Thermax Europe Limited	Accounts payable	16,669.42

THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD

7. CONTINGENT EVENTS

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

8. 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.

9. BANK GUARANTEE:

As at the balance sheet date, the Citi bank had opened the guarantee letter of RMB 3, 897,554 and USD 307, 075 for the company comprising of Advance & Performance Guarantee.

10. OTHERS

The Mark to Market figure of the company's forward FX contracts is USD-9,846.61 as of 2013-12-31.

**THERMAX (ZHEJIANG) COOLING &
HEATING ENGINEERING CO., LTD**

THERMAX NETHERLANDS B.V.

Board of Directors

Hemant Prabhakar Mohgaonkar
TMF Netherlands B.V.

Registered Office

Herikerbergweg 238, Luna
Arena, 1101 CM Amsterdam
Zuidoost, The Netherlands.

Auditors

Emst & Young Accountants LLB
Cross Towers
Antonio Vivaldistraat 150
1008 A B Amsterdam
The Netherlands

THERMAX NETHERLANDS B.V.

Amsterdam, The Netherlands

ANNUAL REPORT 2013/2014

THERMAX NETHERLANDS B.V.

Balance Sheet as at March 31, 2014

ASSETS	Note No	31 March 2014		31 March 2013	
		Euro	Rs.	Euro	Rs.
FIXED ASSETS:					
Financial fixed assets:					
Investment in subsidiary	1	<u>20,021,767</u>	<u>1,651,717,092</u>	<u>20,021,767</u>	<u>1,390,408,856</u>
		<u>20,021,767</u>	<u>1,651,717,092</u>	<u>20,021,767</u>	<u>1,390,408,856</u>
CURRENT ASSETS:					
Prepaid expenses		9,163	755,911	0	0
Cash at bank	2	<u>339,356</u>	<u>27,995,536</u>	<u>377,220</u>	<u>26,195,991</u>
		<u>348,519</u>	<u>28,751,448</u>	<u>377,220</u>	<u>26,195,991</u>
TOTAL ASSETS		<u><u>20,370,286</u></u>	<u><u>1,680,468,540</u></u>	<u><u>20,398,987</u></u>	<u><u>1,416,604,847</u></u>
SHAREHOLDER'S EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY:					
Share capital	3	20,500,000	1,691,169,435	20,500,000	1,423,619,681
Accumulated results		-116,390	-9,601,718	-78,907	-5,479,686
Result for the year		<u>-26,512</u>	<u>-2,187,136</u>	<u>-37,483</u>	<u>-2,603,002</u>
		<u>20,357,098</u>	<u>1,679,380,582</u>	<u>20,383,610</u>	<u>1,415,536,994</u>
CURRENT LIABILITIES:					
Accrued expenses	4	<u>13,188</u>	<u>1,087,958</u>	<u>15,377</u>	<u>1,067,854</u>
TOTAL LIABILITIES		<u><u>20,370,286</u></u>	<u><u>1,680,468,540</u></u>	<u><u>20,398,987</u></u>	<u><u>1,416,604,847</u></u>

Exchange Rate as on 31 March 2014 is 1 Euro = Rs.82.4961

Exchange Rate as on 31 March 2013 is 1 Euro = Rs.69.4449

Statement of Income and Expenses for the year ended March 31, 2014

OPERATIONAL INCOME AND EXPENSES:	Note No	04/01/13 - 3/31/2014		04/01/12 - 3/31/2013	
		Euro	Rs.	Euro	Rs.
Administrative expenses	5	<u>-26,512</u>	<u>-2,187,136</u>	<u>-37,483</u>	<u>-2,603,002</u>
Net result		<u>-26,512</u>	<u>-2,187,136</u>	<u>-37,483</u>	<u>-2,603,002</u>

Statement of Changes in Equity for the period ended March 31, 2014

	Issued share capital		Accumulated results		Result for the year		Total	
	Euro	Rs.	Euro	Rs.	Euro	Rs.	Euro	Rs.
Balance as at March 31, 2012	20,500,000	1,691,169,435	-	-	-78,907	-6,509,517	20,421,093	1,684,659,918
Allocation of result	-	-	-78,907	-6,509,517	78,907	6,509,517	-	-
Result for the period	-	-	-	-	-37,483	-3,092,200	-37,483	-3,092,200
Balance as at March 31, 2013	<u>20,500,000</u>	<u>1,691,169,435</u>	<u>-78,907</u>	<u>-6,509,517</u>	<u>-37,483</u>	<u>-3,092,200</u>	<u>20,383,610</u>	<u>1,681,567,717</u>
Allocation of result	-	-	-37,483	-3,092,200	37,483	3,092,200	-	-
Result for the period	-	-	-	-	-26,512	-2,187,136	-26,512	-2,187,136
Balance as at March 31, 2014	<u>20,500,000</u>	<u>1,691,169,435</u>	<u>-116,390</u>	<u>-9,601,718</u>	<u>-26,512</u>	<u>-2,187,136</u>	<u>20,357,098</u>	<u>1,679,380,582</u>

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. As at 31 March 2014 20,500,000 (2013: 20,500,000) shares were issued and fully paid up.

Notes to the Financial Statements March 31, 2014

General

Thermax Netherlands B.V. (hereinafter "The Company") is a limited liability company, having its statutory seat in Amsterdam and its business seat at Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, the Netherlands, was incorporated under the laws of the Netherlands on 5 November 2010. The Company is wholly owned by Thermax Limited registered in Chinchwad Pune, India.

The principal activity of the Company is to act as a holding company.

The Company has made use of the exemption allowed by Section 396, Paragraph 7, Part 9, Book 2 of the Dutch Civil Code in not presenting a Managing Directors report.

Accounting principles

(a) General

The accompanying accounts have been prepared in accordance with the provisions of EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in The Netherlands as issued by the Dutch Accounting Standards Board.

(b) Foreign currencies

All monetary assets and liabilities expressed in currencies other than EUR have been translated at the rates of exchange prevailing at the balance sheet date, whereas non monetary assets expressed in currencies other than EUR are translated at historical rates. All transactions in foreign currencies have been translated into EUR at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences, if any, have been recognised in the Profit and loss account.

(c) Financial fixed assets

Consolidation has not taken place, since the Company makes use of Section 408, Part 9, Book 2 of the Dutch Civil Code in filing the annual accounts of its ultimate parent company Thermax Limited, India with the Chamber of Commerce in Amsterdam.

Participating interests are stated at cost, less any permanent diminution in value.

(d) Cash at bank

Cash and cash equivalents include bank balances and are stated at face value.

(e) Other assets and liabilities

Unless otherwise indicated assets and liabilities are stated at face value.

(f) Determination of income

Income and expenses are recognised in the year to which they are related. Profit is only recognised when realised on balance sheet date. Losses originating before the end of the financial year are taken into account if they become known before preparation of the financial statements.

(g) Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit for commercial and profit for tax purposes. Deferred tax assets arising from available tax loss carry forwards are only recognized to the extent that recovery is reasonable certain.

(1) Investment in subsidiary

The investment in subsidiary is comprised as follows:

	Held in %	03/31/14	03/31/13
Thermax Denmark ApS	100%	20,021,767	20,021,767

On 8 November 2010 the Company subscribed for 74,920,000 newly issued shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 20,000,000.

On 22 June 2011 the Company acquired the remaining 80,000 shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 21,767.

As per 31 March 2014 the Company holds 100% of the issued share capital of Thermax Denmark ApS. The total amount involved was EUR 20,021,767.

(2) Cash at bank

The cash at bank is comprised as follows:

	03/31/14	03/31/13
Royal Bank of Scotland, EUR account	339,356	377,220

The Company maintains a EUR bank account with the Royal Bank of Scotland in Amsterdam of which the balance is available on demand.

(3) Shareholders' equity

The movement in the shareholders' equity is comprised as follows:

	Issued share capital	Accumulated results	Result for the year	Total
Balance as at March 31, 2012	20,500,000	-	(78,907)	20,421,093
Allocation of result	-	(78,907)	78,907	-
Result for the period	-	-	(37,483)	(37,483)
Balance as at March 31, 2013	20,500,000	(78,907)	(37,483)	20,383,610
Allocation of result	-	(37,483)	37,483	-
Result for the period	-	-	(26,512)	(26,512)
Balance as at March 31, 2014	20,500,000	(116,390)	(26,512)	20,357,098

The authorised share capital of the Company consists of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. As at 31 March 2014 20,500,000 (2013: 20,500,000) shares were issued and fully paid up.

(4) Accrued expenses

The accrued expenses are comprised as follows:

	03/31/14	03/31/13
Accrued tax advisory fees	4,988	-
Accrued audit fees	8,000	-
Accrued bank charges	200	-
Accrued general expenses	-	15,377
	<u>13,188</u>	<u>15,377</u>

(5) Administrative expenses

The administrative expenses are comprised as follows:

	04/01/13 - 03/31/14	04/01/12 - 03/31/13
Administration accounting fees	8,620	14,763
Tax advisory fees	2,488	8,458
Management fees	5,957	3,503
Audit fees	8,000	9,084
Bank charges	1,425	1,585
Chamber of Commerce fees	22	90
	<u>26,512</u>	<u>37,483</u>

Other notes

Employees

The Company does not employ any staff (2013: nil) and hence incurred no salary, related social security charges or pension costs in 2014 and 2013.

Managing directors

The Board of Directors consists of two members (2013: two) and does not have a Board of Supervisory Directors.

Amsterdam, May 26, 2014

Mr. H.P. Mohgaonkar

TMF Netherlands B.V.

Supplementary information March 31, 2014

Statutory provision of appropriation of result

In accordance with article 18 of the Articles of Association the result for the year is at the disposal of the General Meeting of Shareholders. Dutch law stipulates that distributions may only be made to the extent the Company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the Company will not be able to fulfill its financial obligations in the foreseeable future.

Proposed appropriation of result

The management proposesto carry forward the result for the period under review.

Post balance sheet events

No events have occurred since 31 March 2014 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Auditors' opinion

The auditors' report is presented on the next page.

INDEPENDENT AUDITORS' REPORT

To: the general meeting of shareholders of Thermax Netherlands B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 March 2014 of Thermax Netherlands B.V., Amsterdam, which comprise the balance sheet as at 31 March 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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 a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of

Thermax Netherlands B.V. as at 31 March 2014 and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 26 May 2014
Ernst & Young Accountants LLP
signed by S. van den Ham

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Registered Office

Industrivej Nord 13
DK-7400 Herning

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
6701 Esbjerg

Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2013 – 31 March 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2014 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2013 – 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 30 April 2014

Executive Board:

Hemant Prabhakar Mohgaonkar

Amitabha Mukhopadhyay

Independent auditors' report

To the shareholders of Thermax Denmark ApS

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of **Thermax Denmark ApS** for the financial year 1 April 2013 – 31 March 2014. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control

relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 March 2014 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 April 2013 – 31 March 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Esbjerg, 30 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab

John Lesbo
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

THERMAX DENMARK ApS

Management's review

Company details

Thermax Denmark ApS
Industrivej Nord 13
DK-7400 Herning

Registration No.: 33 25 57 48
Established: 29 October 2010
Registered office: Herning
Financial year: 1 April - 31 March

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
6701 Esbjerg

Annual meeting

Annual general meeting is to be held at 30 April 2014.

Financial highlights for the Group

DKKm	2013/14	2012/13	2010/12 17 mos
Key figures			
Revenue	479	388	535
Operating profit	16	16	19
Profit from financial income and expenses	-5	-6	-7
Profit before tax	11	10	12
Profit for the year	7	5	7
Non-current assets	199	193	200
Current assets	172	159	139
Total assets	372	352	339
Equity	167	159	156
Provisions	22	19	23
Non-current liabilities other than provisions	65	84	95
Current liabilities other than provisions	118	90	65
Cash flows from operating activities	10	11	13
Cash flows from investing activities	-20	-5	-203
Portion relating to investment in property, plant and equipment	-3	-5	-4
Cash flows from financing activities	-10	-2	216
Total cash flows	-20	4	26
Financial ratios			
Operating margin	3.3	4.0	3.6
Return on invested capital	6.0	6.3	5.1
Equity ratio	45.0	45.1	46.1
Return on equity	4.2	3.4	3.1
Average number of full-time employees	330	256	241

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

Operating review

Principal activities of the Company

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V. which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holdings Pvt Ltd, a company incorporated in India.

The main activity of the company is owning shares in the fully-owned daughter companies Danstoker A/S and the "Ejendomsanpartsselskabet Industrivej Nord 13" (estate company). All operational activities take place within these respective daughter companies.

Danstoker A/S is the parent company of Omnical Kessel- und Apparatebau GmbH. (Germany) and Boilerworks A/S.

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including also rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based biofuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

The activity of the "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease estate which also is the activity in the wholly owned subsidiary Boilerworks Properties ApS.

Development in activities and financial position

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. Seen against the background of the extreme market

conditions under which the Danstoker Group has been working, the results achieved are deemed satisfactory.

Profit for the year before tax of DKK 10,673 thousand and after tax of DKK 6,832 thousand respectively is deemed satisfactory by the Management.

Danstoker A/S

The decision-making processes have developed positively, and orders previously put on hold have been restarted. The level of activity has remained cautious on the minor boiler projects and within the industrial sector in general, but optimism is clearly returning to the markets again.

Danstoker has maintained a high level of activity within the field of biomass and has been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment oil- and gas-fired boilers, Danstoker has maintained and expanded its position in the primary markets.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the area of services has developed positively.

Danstoker has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

As per 15 April 2013, Danstoker A/S took over the assets and some of the employees previously employed with the bankruptcy estate of DP Clean Tech Europe A/S, domiciled in DK-Toender. The Company will continue under the name of Boilerworks A/S, as a subsidiary of Danstoker A/S. The main activities of Boilerworks A/S are service jobs on water tube boilers and the manufacture of economizers and high pressure boiler components of the water tube type.

Omnical Kessel- und Apparatebau GmbH

At Omnical, the very low price of gas has to some extent slowed down the activities in the budding biomass market in Germany. The biomass market in Germany, however, is only just coming into existence and right now – owing to the current gas price – we see the transformation to biomass only as an opportunity where today oil is used as fuel. In the relatively short term there is no doubt, however, that biomass-based energy has a future in Germany owing to the strong political desire and the CO2 discussion in general.

The development within special boilers is more or less at the same level as in the preceding years, but here we now see clear indications of optimism and willingness to invest again.

Services, especially within reconstruction and optimisation, have experienced a small positive development again this year.

To ensure the coming year's results, extensive studies will be carried out and a turnaround process will be initiated at Omnical during the first part of next financial year. Such action is to make Omnical more profitable.

Boilerworks A/S

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re-establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Boilerworks is highly active within the area of service, and the Company has been able to re-establish its position as one of the leading operators in Scandinavia within this segment.

The introduction of the Lean ideas and Lean processes will be initiated during the next financial year.

Ejendomsanpartsselskabet Industrivej Nord 13

In April 2013 the Company took over land and buildings from the bankrupt estate of Silverstone Europe Properties ApS through the newly founded subsidiary Boilerworks Properties ApS.

Future outlook

The overall volume of orders of the Thermax Denmark Group at the end of the financial year is again very high and absolutely satisfactory.

The improved order fulfilment in Thermax Denmark Group has resulted in significant improvements, and throughout the coming year, Thermax Denmark Group will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Thermax Denmark Group to create 3 profitable, strong and individually independent sales companies in Danstoker, Boilerworks and Omnical, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Thermax Denmark is not of the opinion that the Group is facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO2 will in the long term contribute to making our CO2-neutral products within biofuels even more relevant and will contribute to securing the Thermax Denmark Group's continued positive development.

Satisfactory results are expected for the financial year 2014/15.

Particular risks

The Management of the Group is not of the opinion that it is faced with special risks in the long term, neither in terms of its markets, nor otherwise.

Social Responsibility

With regard to §99a of the Financial Statements Act on policies regarding Social Responsibility including human rights and climate impact, it should be noted that the Thermax Denmark Group does not, so far, have such written policies.

However, it is the declared intention of the Group in every respect and at any time to run a decent and responsibility business, in compliance with all existing laws and regulations as well as with human rights.

Gender diversity

The Executive Board of Thermax Denmark ApS wants to give equal access to leadership positions for members of both sexes and believes that board members should be chosen for their overall competence.

Taking into account the Group's size and primary business area, the Thermax Denmark Group will accept a 100 %/0 % male-female balance in the Group's Executive Board. The actual male-female balance in the Group's Executive Board is 100 %/0 %.

Knowledge resources

The Thermax Denmark Group performs current development of processes and upgrading of employees.

Environmental conditions

The Thermax Denmark Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group. The Group companies have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

THERMAX DENMARK ApS

Consolidated financial statements and parent company financial statements for period 1 April 2013 - 31 March 2014

Accounting policies

The annual report of Thermax Denmark ApS for 2013/14 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Thermax Denmark ApS, and subsidiaries in which Thermax Denmark ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Contract work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, due to strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software rights are measured at cost less accumulated amortisation and impairment losses. Software rights are amortised on a straight-line basis over the expected useful life which has been fixed at three years.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development costs, software rights, licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30-50 years
Roofing tiles and paving stones	20 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Thermax Denmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, see Consolidated financial statements above.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

THERMAX DENMARK ApS

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In its capacity as the administrative company, Thermax Denmark ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating Profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating Profit} \times 100}{\text{Average Invested Capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Solvency ratio	$\frac{\text{Equity at the year end} \times 100}{\text{Total equity \& liabilities at the year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average Equity}}$

Consolidated financial statements and parent company financial statements for the period 1 April 2013 – 31 March 2014

Income Statement

	Notes	2013/14		2012/13		2013/14		2012/13	
		Consolidated		Consolidated		Parent Company		Parent Company	
		DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Revenue	1	479,099	5,293,868	387,717	3,622,977	0	0	0	0
Production costs	2	(408)	(4,510)	(324,961)	(3,036,561)	0	0	0	0
Gross profit		70,949	783,960	62,756	586,416	0	0	0	0
Distribution costs	2	(24,444)	(270,097)	(22,603)	(211,211)	0	0	0	0
Administrative expenses	2,3	(30,541)	(337,467)	(24,623)	(230,087)	(76)	(840)	(72)	(673)
Operating profit		15,964	176,396	15,530	145,118	(76)	(840)	(72)	(673)
Profits/losses from investments in subsidiaries	9	0	0	0	0	9,840	108,728	8,277	77,343
Financial income	4	2,087	23,061	2,566	23,978	242	2,674	0	0
Financial expenses	5	(7,378)	(81,524)	(8,200)	(76,624)	(4,124)	(45,569)	(3,857)	(36,041)
Profit before tax		10,673	117,933	9,896	92,472	5,882	(43,734)	4,348	(36,714)
Tax on profit for the year	6	(3,841)	(42,442)	(4,566)	(42,666)	950	10,497	982	9,176
Profit for the year		6,832	75,491	5,330	49,806	6,832	(33,237)	5,330	(27,538)
Proposed profit appropriation									
Reserve for net revaluation under the equity method		0	0	0	0	460	5,083	(10,192)	(95,238)
Retained earnings		6,832	75,491	5,330	49,806	6,372	70,408	15,522	145,044
		6,832	75,491	5,330	49,806	6,832	75,491	5,330	49,806

Balance sheet

	Notes	2013/14		2012/13		2013/14		2012/13	
		Consolidated		Consolidated		Parent Company		Parent Company	
		DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
ASSETS									
Non-current assets									
Intangible assets									
Goodwill		117,645	1,299,934	122,602	1,145,640	-	-	-	-
Licences, software		911	10,066	342	3,196	-	-	-	-
Development in progress		206	2,276	-	-	-	-	-	-
		118,762	1,312,276	122,944	1,148,836	-	-	-	-
Property, plant and equipment									
Land and buildings		64,053	707,762	60,335	563,794	-	-	-	-
Plant and machinery		13,873	153,292	7,575	70,784	-	-	-	-
Fixtures and fittings, tools and equipment		2,456	27,138	1,269	11,858	-	-	-	-
Property, plant and equipment under construction		-	-	1,146	10,709	-	-	-	-
		80,382	888,192	70,325	657,144	-	-	-	-
Investments									
Investments in subsidiaries		-	-	-	-	220,040	2,431,361	209,544	1,958,060
		-	-	-	-	220,040	2,431,361	209,544	1,958,060
Total non-current assets		199,144	2,200,468	193,269	1,805,980	220,040	2,431,361	209,544	1,958,060
Current assets									
Inventories									
Raw materials and consumables		18,633	205,888	17,648	164,910	-	-	-	-
Semi-finished goods		3,594	39,712	3,206	29,958	-	-	-	-
		22,227	245,600	20,854	194,868	-	-	-	-
Receivables									
Trade receivables		38,509	425,510	33,430	312,383	-	-	-	-
Work in progress (customer-specific orders)		86,535	956,180	67,236	628,279	-	-	-	-
Amounts owed by group companies		7,109	78,552	-	-	10,307	113,889	3,842	35,901
Corporation tax receivable		3,090	34,143	-	-	3,090	34,143	-	-
Other receivables		2,422	26,762	1,310	12,241	-	-	-	-
Prepayments		986	10,895	1,122	10,484	-	-	-	-
		138,651	1,532,043	103,098	963,388	13,397	148,032	3,842	35,901
Cash at bank and in hand		11,668	128,927	34,843	325,586	2,356	26,033	25,413	237,469
Total current assets		172,546	1,906,570	158,795	1,483,842	15,753	174,065	29,255	273,370
Total assets		371,690	4,107,038	352,064	3,289,822	235,793	2,605,426	238,799	2,231,430

THERMAX DENMARK ApS

Balance sheet

	Notes	2013/14		2012/13		2013/14		2012/13	
		Consolidated		Consolidated		Parent Company		Parent Company	
		DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
EQUITY AND LIABILITIES									
Equity		-							
Share capital		75,000	828,722	75,000	700,829	75,000	828,722	75,000	700,829
Net revaluation according to the equity method		-	-	-	-	1,115	12,320	-	-
Retained earnings		92,115	1,017,837	83,775	782,826	91,000	1,005,517	83,775	782,826
Total equity		167,115	1,846,559	1,58,775	1,483,655	167,115	1,846,559	1,58,775	1,483,655
Provisions									
Deferred tax		19,970	220,661	16,558	154,724	-	-	-	-
Other provisions		2,382	26,320	2,616	24,445	-	-	-	-
Total provisions		22,352	246,981	19,174	179,169	-	-	-	-
Liabilities other than provisions									
Non-current liabilities other than provisions									
Mortgage credit institutions		16,569	183,081	149	1,392	-	-	-	-
Banks		48,004	530,427	83,581	781,013	45,963	507,874	64,094	598,919
		64,573	713,508	83,730	782,405	45,963	507,874	64,094	598,919
Current liabilities other than provisions									
Current portion of non-current liabilities other than provisions		20,527	226,816	11,753	109,825	18,385	203,147	9,316	87,052
Bank loans		369	4,077	3,903	36,471	-	-	-	-
Prepayments received from customers		8,433	93,182	8,420	78,680	-	-	-	-
Trade payables		39,280	434,030	23,112	215,967	-	-	-	-
Amounts owed to group companies		2,944	32,530	-	-	1,594	17,613	-	-
Corporation tax		-	-	2,713	25,351	-	-	2,713	25,351
Other payables		46,097	509,355	40,484	378,298	2,736	30,232	3,901	36,452
		117,650	1,299,989	90,385	844,592	22,715	250,992	15,930	148,856
Total liabilities other than provisions		182,223	2,013,497	174,115	1,626,998	68,678	758,867	80,024	747,775
Total equity and liabilities		371,690	4,107,038	3,52,064	3,289,822	235,793	2,605,426	2,38,799	2,231,430
Contractual obligations and contingencies, etc.	16								
Mortgages and collateral	17								
Related party disclosures	18								
Exchange rate: as at 31 March 2014 is 1 DKK = Rs 11.0496									
Exchange rate: as at 31 March 2013 is 1 DKK = Rs 9.3444									

Cash flow statement, consolidated

	2013/14		2012/13	
	DKK'000	Rs. '000	DKK'000	Rs. '000
Net profit for the year before tax	10,673	117,933	9,896	92,472
Depreciation for the year and gains from sales of fixed assets	13,544	149,656	11,134	104,040
Changes in equity	1,612	17,812	(3,763)	(35,163)
Corporation tax paid	(6,393)	(70,640)	(1,224)	(11,438)
Cash flows from operations (operating activities) before changes in working capital	19,436	214,761	16,043	149,912
Change in inventories	(873)	(9,646)	2,269	21,202
Change in receivables	(32,463)	(358,704)	(15,050)	(140,633)
Change in provisions	(234)	(2,586)	(1,514)	(14,147)
Change in current liabilities	24,737	273,335	9,724	90,865
Cash flows from operating activities	10,603	117,159	11,472	107,199
Acquisition of activity	(15,509)	(171,369)	0	0
Acquisition of intangible asset	(1,240)	(13,702)	(142)	(1,327)
Acquisition of property, plant and equipment, net	(3,112)	(34,386)	(4,692)	(43,844)
Cash flows from investing activities	(19,861)	(219,457)	(4,834)	(45,171)
Repayment of long-term debt	(11,562)	(127,756)	(2,273)	(21,240)
Proceeds from loans	1,179	13,028	0	0
Cash flows from financing activities	(10,383)	(114,728)	(2,273)	(21,240)
Net cash flows for the year	(19,641)	(217,026)	4,365	40,788
Cash and cash equivalents at 1 April	30,940	341,876	26,575	248,327
Cash and cash equivalents at 31 March	11,299	124,850	30,940	289,115
Exchange rate: as at 31 March 2014 is 1 DKK = Rs 11.0496				
Exchange rate: as at 31 March 2013 is 1 DKK = Rs 9.3444				

Statement of Changes in Equity for the period 1st April 2013 to 31st March 2014
Consolidated

Particulars	Share capital		Retained earnings		Total	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Equity at 1st April 2013	75,000	828,722	83,775	925,683	158,775	1,754,405
Transferred, cf. profit appropriation	-	-	6,832	75,491	6,832	75,491
Foreign currency translation adjustments, foreign subsidiary	-	-	62	685	62	685
Change in value adjustments of hedging instruments	-	-	1,137	12,563	1,137	12,563
Change in value adjustments of hedging instruments in investments	-	-	465	5,138	465	5,138
Tax on changes in equity	-	-	(156)	(1,724)	(156)	(1,724)
Equity at 31 March 2014	75,000	828,722	92,115	1,017,837	167,115	1,846,559

Parent company

Particulars	Share capital		Reserve for net revaluation under the equity method		Retained earnings		Total	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Equity at 1st April 2013	75,000	828,722	-	-	83,775	925,683	158,775	1,754,405
Transferred, cf. profit appropriation	-	-	460	5,083	6,372	70,408	6,832	75,491
Foreign currency translation adjustments, foreign subsidiary	-	-	62	685	-	-	62	685
Change in value adjustments of hedging instruments	-	-	-	-	1,137	12,563	1,137	12,563
Change in value adjustments of hedging instruments in investments	-	-	465	5,138	-	-	465	5,138
Tax on changes in equity	-	-	128	1,414	-284	-3,138	-156	-1,724
Equity at 31 March 2014	75,000	828,722	1,115	12,320	91,000	1,005,517	167,115	1,846,559

The share capital comprises 75.000.000 shares of DKK 1 each. All shares rank equally.

THERMAX DENMARK ApS

Notes to the financial statements

1 Segment information

	Consolidated		Parent company	
	2013/14	2012/13	2013/14	2012/13
DKK'000				
Revenue - boilers etc.				
Europe	442,821	353,235	0	0
Outside Europe	36,278	34,482	0	0
	<u>479,099</u>	<u>387,717</u>	<u>0</u>	<u>0</u>

2 Employee relations

Wages and salaries	140,167	102,613	0	0
Pensions	10,299	8,312	0	0
Other social security costs	3,894	4,030	0	0
	<u>154,360</u>	<u>114,955</u>	<u>0</u>	<u>0</u>
Remuneration and pensions of the Executive Board	0	0	0	0
Average number of full-time employees	<u>330</u>	<u>256</u>	<u>0</u>	<u>0</u>

3 Fees paid to auditors appointed at the annual general meeting

Fee regarding statutory audit	473	335	19	21
Assurance engagements	36	71	6	6
Other assistance	375	347	43	39
	<u>884</u>	<u>753</u>	<u>68</u>	<u>66</u>

4 Financial income

Interest income from group enterprises	0	0	242	0
Other financial income	2,087	2,566	0	0
	<u>2,087</u>	<u>2,566</u>	<u>242</u>	<u>0</u>

5 Financial expenses

Interest expense for group enterprises	0	0	0	0
Other interest expense	7,378	8,200	4,124	3,857
	<u>7,378</u>	<u>8,200</u>	<u>4,124</u>	<u>3,857</u>

6 Tax on the profit for the year

Current tax for the year	591	5,687	-666	-1,826
Deferred tax adjustment for the year	3,406	-2,060	0	0
	<u>3,997</u>	<u>3,627</u>	<u>-666</u>	<u>-1,826</u>
Specified as follows:				
Tax on profit for the year	3,841	4,566	-950	-982
Tax on changes in equity	156	-939	284	-844
	<u>3,997</u>	<u>3,627</u>	<u>-666</u>	<u>-1,826</u>

7 Intangible assets

DKK'000	Goodwill	Licences, software	Development in progress	Total
Cost at 1 April 2013	139,453	685	0	140,138
Foreign currency translation adjustments	0	3	0	3
Additions	2,115	1,034	206	3,355
Cost at 31 March 2014	<u>141,568</u>	<u>1,722</u>	<u>206</u>	<u>143,496</u>
Impairment losses and amortisation at 1 April 2013	16,851	344	0	17,195
Foreign currency translation adjustments	0	2	0	2
Amortisation	7,072	465	0	7,537
Impairment losses and amortisation at 31 March 2014	<u>23,923</u>	<u>811</u>	<u>0</u>	<u>24,734</u>
Carrying amount at 31 March 2014	<u>117,645</u>	<u>911</u>	<u>206</u>	<u>118,762</u>

8 Property, plant and equipment Consolidated

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Plants and equipment under construction	Total
Cost at 1 April 2013	64,603	9,387	2,709	1,146	77,845
Foreign currency translation adjustments	65	6	5	0	76
Additions	5,625	8,349	2,132	0	16,106
Disposals	-40	-163	-632	0	-835
Transferred	0	1,146	0	-1,146	0
Cost at 31 March 2014	<u>70,253</u>	<u>18,725</u>	<u>4,214</u>	<u>0</u>	<u>93,192</u>
Impairment losses and depreciation at 1 April 2013	4,263	1,813	1,443	0	7,519
Foreign currency translation adjustments	12	4	2	0	18
Depreciation and impairment losses	1,965	3,182	854	0	6,001
Disposals	-40	-147	-541	0	-728
Impairment losses and depreciation at 31 March 2014	<u>6,200</u>	<u>4,852</u>	<u>1,758</u>	<u>0</u>	<u>12,810</u>
Carrying amount at 31 March 2014	<u>64,053</u>	<u>13,873</u>	<u>2,456</u>	<u>0</u>	<u>80,382</u>
Property, plant and equipment include finance leases with a carrying amount totaling	<u>0</u>	<u>0</u>	<u>1,102</u>	<u>0</u>	<u>1,102</u>

DKK'000	<u>Invest-ments in subsidiary</u>
9 Investments	
Cost at 1 April 2013	218,925
Additions	-
Cost at 31 March 2014	<u>218,925</u>
Value adjustments at 1 April 2013	-9,381
Foreign currency translation adjustments	62
Profits for the year	16,813
Received dividend	-
Change in value adjustments of hedging instruments in investments	593
Depreciation, goodwill	-6,972
Value adjustments at 31 March 2014	<u>1,115</u>
Carrying amount at 31 March 2014	<u>220,040</u>

DKK'000	Regis-tered office	Voting rights and owner-ship	Share capital	Equity	Profit/loss before tax	Profit/loss after tax
Danstoker A/S	Herning, Denmark	100 %	10,001	94,325	19,559	14,016
Ejendomsan-parts-selskabet Industri-vej Nord 13	Herning, Denmark	100 %	200	10,085	3,213	2,797

DKK'000	<u>2013/14</u>	<u>2012/13</u>
---------	----------------	----------------

10 Work in progress (customer-specific orders)

Consolidated

Work in progress	260,212	171,386
Payment on account	-173,677	-104,150
	<u>86,535</u>	<u>67,236</u>

11 Prepayments

Consolidated

Prepaid insurance premiums	331	313
Other prepaid costs	655	809
	<u>986</u>	<u>1,122</u>

12 Share capital

DKK'000	<u>Consolidated</u>		
	Share capital	Retained earnings	Total
Equity at 1 April 2013	75,000	83,775	158,775
Transferred, cf. profit appropriation	0	6,832	6,832
Foreign currency translation adjustments, foreign subsidiary	0	62	62
Change in value adjustments of hedging instruments	0	1,137	1,137
Change in value adjustments of hedging instruments in investments	0	465	465
Tax on changes in equity	0	-156	-156
Equity at 31 March 2014	<u>75,000</u>	<u>92,115</u>	<u>167,115</u>

12 Share capital

DKK'000	<u>Parent company</u>			
	Share capital	Reserve for net revaluation un-der the equity method	Retained earnings	Total
Equity at 1 April 2013	75,000	0	83,775	158,775
Transferred, cf. profit appropriation	0	460	6,372	6,832
Foreign currency translation adjustments, foreign subsidiary	0	62	0	62
Change in value adjustments of hedging instruments	0	0	1,137	1,137
Change in value adjustments of hedging instruments in investments	0	465	0	465
Tax on changes in equity	0	128	-284	156
Equity at 31 March 2014	<u>75,000</u>	<u>1115</u>	<u>91,000</u>	<u>167,115</u>

The share capital comprises 75,000,000 shares of DKK 1 each. All shares rank equally.

DKK'000	<u>2013/14</u>	<u>2012/13</u>
---------	----------------	----------------

13 Deferred tax

Consolidated

Deferred tax at 1 April 2013	16,558	18,597
Foreign currency translation adjustments	6	0
Deferred tax adjustment	3,406	-2,039
Deferred tax at 31 March 2014	<u>19,970</u>	<u>16,558</u>

Deferred tax relates to non-current assets and work in progress (advance on account).

14 Other provisions

Consolidated

Other provisions at 1 April 2013	2,616	4,130
Provision for the year	-234	-1,514
Other provisions at 31 March 2014	<u>2,382</u>	<u>2,616</u>

15 Mortgage credit institutions and banks

Consolidated

DKK'000	Total li-abilities at 31/3 2014	Repay-ment next year	Long-term portion	Outstan-ding debt after 5 years
Mortgage credit institutions	18,025	1,456	16,569	12,128
Banks	67,075	19,071	48,004	0
Total liabilities	<u>85,100</u>	<u>20,527</u>	<u>64,573</u>	<u>12,128</u>

Parent company

DKK'000	Total li-abilities at 31/3 2014	Repay-ment next year	Long-term portion	Outstan-ding debt after 5 years
Banks	64,348	18,385	45,963	0
Total liabilities	<u>64,348</u>	<u>18,385</u>	<u>45,963</u>	<u>0</u>

THERMAX DENMARK ApS

16 Contractual obligations and contingencies, etc.

Consolidated

Lease obligations (operating leases) falling due within three years total DKK 1,741 thousand, hereof DKK 597 thousand falling due 2014/15.

The Group has entered interest rate swap contracts concerning one loan amounted to totally DKK 13,348 thousand and another loan amounted to 8,750 tEUR, with a net position as of 31 March 2014 on total DKK -4,538 thousand.

Parent company

The parent company has entered an interest rate swap contract concerning one loan amounted to 8,750 tEUR, with a net position as of 31 March 2014 on DKK -2,237 thousand.

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

17 Mortgages and collateral

Consolidated

Land and buildings with a carrying amount of DKK 29,742 thousand out of a total carrying amount of land and buildings of DKK 64,053 thousand at 31 March 2014 have been provided as collateral for mortgages of DKK 17,861 thousand.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and

goodwill with a carrying amount of DKK 7,514 thousand has been provided as collateral for loan raised with credit institution.

Inventories, receivables, fixtures and fittings, tools and equipment and replacements in Omnical Kessel- und Apparatebau GmbH have been provided as collateral for debt to Sydbank, Flensburg (carrying amount at 31 March 2014: DKK 84,107 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 60,669 thousand (2012/13: DKK 63,069 thousand).

18 Related party disclosures

Thermax Denmark ApS' related parties comprise the following:

Parties exercising control

Thermax Netherlands B.V. holds the majority of the share capital in the Company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Thermax Netherlands B.V.

Herikerbergweg 238

1101 CM Amsterdam

The Netherlands

The consolidated financial statements of Thermax Ltd. are available at the Company's address or on the Company's website www.thermaxindia.com.

DANSTOKER A/S

Board of Directors

Hemant Prabhakar Mohgaonkar (Chairman)
Amitabha Mukhopadhyay (Vice Chairman)
Jan Enemark
Kalimili Chakravarthy
(Resigned on April 30, 2014)
Holger Michael Diechmann-Jepsen
Morten Friis Jensen

Executive Board

Jan Enemark
Knud Dürr

Registered Office

Industrivej Nord 13
DK-7400 Herning
Denmark

Auditors

KPMG
Statsautoriseret Revisions Partners LSKAL
Havengade 33
DK 6700 Esbjerg

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2013 – 31 March 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of the Company's operations for the financial year 1 April 2013 – 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 30 April 2014

Executive Board:

Jan Enemark Knud Dürr

Board of Directors:

Hemant Prabhakar Amitabha Mukhopadhyay Jan Enemark
Mohgaonkar Vice Chairman
Chairman

Kalimili Chakravarthy Holger Michael Diechmann Morten Friis Jensen
Jepsen (Elected by the employees)
(Elected by the employees)

Independent Auditor's Report

To the shareholders of Danstoker A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Danstoker A/S for the financial year 1 April 2013 – 31 March 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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 a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of its operations for the financial year 1 April 2013 – 31 March 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 30 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab

John E. Lesbo Birgitte Nygaard Jørgensen
State Authorised State Authorised
Public Accountant Public Accountant

DANSTOKER A/S

Management's review

Company details

Danstoker A/S
Industrivej Nord 13
DK-7400 Herning

Telephone: + 45 99 28 71 00
Fax: + 45 99 28 71 11
CVR no. 16 14 72 49
Established: 13 April 1992
Registered office: Herning
Financial year: 1 April – 31 March

Board of Directors

Hemant Prabhakar Mohgaonkar (Chairman)
Amitabha Mukhopadhyay (Vice Chairman)
Jan Enemark
Kalimili Chakravarthy
Holger Michael Diechmann Jepsen (Elected by the employees)
Morten Friis Jensen (Elected by the employees)

Executive Board

Jan Enemark
Knud Dürr

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK-6700 Esbjerg

Annual general meeting

The annual general meeting is to be held on 30 April 2014.

Financial highlights

DKKm	2013/14 (12 mos)	2012/13 (12 mos)	2010/12 (18 mos)	2009/10 (12 mos)	2008/09 (12 mos)
------	---------------------	---------------------	---------------------	---------------------	---------------------

Key figures

Gross profit	54	52	74	51	31
Ordinary operating profit/ loss	24	23	30	26	11
Profit/loss before tax	20	20	28	24	16
Profit/loss for the year	14	14	20	17	13

Total assets	159	138	140	137	121
Investment in property, plant and equipment	2	4	2	2	2
Equity	94	80	94	74	70

Financial ratios

Return on invested capital	22.3	24.8	33.4	23.9	9.0
Equity ratio	59.3	58.0	67.5	54.3	58.1
Return on equity	16.1	15.9	16.2	23.3	18.4

Average number of full-time employees	152	145	132	117	114
--	------------	------------	------------	------------	------------

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

Operating review

Principal activities of the Company

Danstoker A/S, which has its registered address in the municipality of Herning, is a fully-owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the Group is RDA Holdings Pvt. Ltd., Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Omnicall Kessel- und Apparatebau GmbH (Germany) and Boilerworks A/S.

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including also rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based bio fuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market.

Development during the year under review

The decision-making processes have developed positively, and orders previously put on hold have been restarted. The level of activity has remained cautious on the minor boiler projects and within the industrial sector in general, but optimism is clearly returning to the markets again.

Danstoker A/S has maintained a high level of activity within the field of biomass and has been able to maintain its position as the absolute market-leader within medium-sized biofuel boilers in Scandinavia.

Within the market segment oil- and gas-fired boilers, Danstoker A/S has maintained and expanded its position in the primary markets.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the area of services has developed positively.

Danstoker A/S has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

As per 15 April 2013, Danstoker A/S took over the assets and some of the employees previously employed with the bankruptcy estate of DP Clean Tech Europe A/S, domiciled in DK-Toender. The Company will continue under the name of Boilerworks A/S, as a subsidiary of Danstoker A/S. The main activities of Boilerworks A/S are service jobs on water tube boilers and the manufacture of economizers and high pressure boiler components of the water tube type.

At Omnicall, the very low price of gas has to some extent slowed down the activities in the budding biomass market in Germany. The biomass market in Germany, however, is only just coming into existence and right now – owing to the current gas price – we see the transformation to biomass only as an opportunity where today oil is used as fuel. In the relatively short term there is no doubt, however, that biomass-based energy has a future in Germany owing to the strong political desire and the CO2 discussion in general.

The development within special boilers is more or less at the same level as in the preceding years, but here we now see clear indications of optimism and willingness to invest again.

Services, especially within reconstruction and optimisation, have experienced a small positive development again this year.

To ensure the coming year's results, extensive studies will be carried out and a turnaround process will be initiated at Omnicall during the first part of next financial year. Such action is to make Omnicall more profitable.

This year, the Danstoker Group has achieved overall results that are lower than provided for in the budget. Seen against the background of the extreme market conditions under which the Danstoker Group has been working, the results achieved are deemed satisfactory.

Profit for the year before tax of DKK 19,559 thousand and after tax of DKK 14,016 thousand respectively is deemed satisfactory by the Management.

Environmental conditions

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is again very high and absolutely satisfactory.

The improved order fulfilment in Danstoker A/S has resulted in significant improvements, and throughout the coming year, Danstoker A/S will continue to focus on Lean optimisations, internal training and improvement of working processes.

It is the aim of the Danstoker Group to create 3 profitable, strong and individually independent sales companies in Danstoker, Boilerworks and Omnical, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Danstoker is not of the opinion that the Company is facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO2 will in the long term contribute to making our CO2 neutral products within biofuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2014/15.

Accounting policies

The annual report of Danstoker A/S for the period 1 April 2013 – 31 March 2014 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 86(4) and 112(1) of the Danish Financial Statements Act. The annual report of Danstoker A/S and related subsidiaries forms part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial income or financial expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month in question, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as currency hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

DANSTOKER A/S

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses and after deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carryforwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax repayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets – licenses, software

Licenses, software are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years.

Gains or losses in connection with the disposal of software are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement under other operating income or other operating expenses, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use.

Depreciation is provided on a straight-line basis over the expected useful lives and estimated residual values of the assets. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Assets with a cost of less than DKK 12 thousand per unit are recognised as costs in the income statement in the year of acquisition.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Danstoker A/S are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Work in process (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio

between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognised as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of a loss, realisation of investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities other than provisions are recognised at the proceeds received less the transaction costs paid at the date of borrowing. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when applying the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual obligation on finance leases.

The remaining liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating Profit} \times 100}{\text{Average Invested Capital}}$
Equity ratio	$\frac{\text{Equity at the year end} \times 100}{\text{Total equity and liabilities at the year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average Equity}}$

DANSTOKER A/S

Financial statements 1 April 2013 – 31 March 2014

Notes to the financial statements

1 Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

2 Financial expenses

DKK'000	2013/14	2012/13
Interest income from group enterprises	558	356
Other interest income, including foreign exchange gains, etc.	1,089	1,311
	<u>1,647</u>	<u>1,667</u>

3 Financial expenses

Interest expenses to group enterprises	338	92
Other interest expenses, including foreign exchange losses, etc.	1,435	1,971
	<u>1,773</u>	<u>2,063</u>

4 Tax on profit for the year

Current tax for the year	2,112	5,229
Deferred tax adjustment for the year	3,658	508
Adjustments of deferred tax due to changes in the tax rate	-227	0
	<u>5,543</u>	<u>5,737</u>

5 Intangible assets

DKK'000	Licences, software
Cost at 1 April 2013	619
Additions	0
Disposals	0
Cost at 31 March 2014	<u>619</u>
Impairment losses and amortisation at 1 April 2013	404
Amortisation	111
Amortisation assets disposed	0
Impairment losses and amortisation at 31 March 2014	<u>515</u>
Carrying amount at 31 March 2014	<u>104</u>

6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 April 2013	20,978	2,837	1,146	24,961
Additions	642	1,566	0	2,208
Disposals	-163	-632	0	-795
Transferred	1,146	0	-1,146	0
Cost at 31 March 2014	<u>22,603</u>	<u>3,771</u>	<u>0</u>	<u>26,374</u>
Impairment losses and depreciation at 1 April 2013	15,007	2,554	0	17,561
Depreciation	1,659	328	0	1,987
Depreciation, assets sold	-147	-541	0	-688
Impairment losses and depreciation at 31 March 2014	<u>16,519</u>	<u>2,341</u>	<u>0</u>	<u>18,860</u>
Carrying amount at 31 March 2014	6,084	1,430	0	7,514
Property, plant and equipment include finance leases with a carrying amount totalling	<u>0</u>	<u>1,102</u>	<u>0</u>	<u>1,102</u>

7 Investments

DKK'000	Investments in subsidiaries
Cost at 1 April 2013	5,591
Additions	10,687
Disposals	0
Cost at 31 March 2014	<u>16,278</u>
Value adjustments at 1 April 2013	29,452
Foreign currency translation adjustments	63
Net loss for the year	<u>-3,978</u>
Value adjustments at 31 March 2014	<u>25,537</u>
Carrying amount at 31 March 2014	<u>41,815</u>

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit/loss before tax	Profit/loss after tax
			DKK'000	DKK'000	DKK'000	DKK'000
Group enterprises						
Omnical Kessel- und Apparatebau GmbH	Dietz-hölzta, Germany	100%	1,865	37,083	-7,853	-5,710
Boilerworks A/S	Tønder	100%	500	4,732	2,262	1,732
				<u>41,815</u>	<u>-5,591</u>	<u>-3,978</u>

8 Work in progress (customer-specific orders)

DKK'000	2013/14	2012/13
Work in progress	137,241	86,007
Payments on account	-86,339	-42,046
Carrying amount at 31 March	<u>50,902</u>	<u>43,961</u>

9 Prepayments

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

10 Equity

DKK'000	Share capital	Revaluation reserve in subsidiary	Net revaluation according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 April 2013	10,001	20,462	8,990	40,793	0	80,246
Retained profit for the year	0	0	-3,978	17,994	0	14,016
Dividends	0	0	0	0	0	0
Foreign exchange adjustment of subsidiary	0	0	63	0	0	63
Equity at 31 March 2014	<u>10,001</u>	<u>20,462</u>	<u>5,075</u>	<u>58,787</u>	<u>0</u>	<u>94,325</u>

11 Deferred tax

DKK'000	2013/14	2012/13
Deferred tax at 1 April	7,669	7,161
Deferred tax adjustment	3,431	508
Deferred tax at 31 March	<u>11,100</u>	<u>7,669</u>

Deferred tax primarily relates to work in progress (advance on account).

12 Non-current liabilities other than provisions

DKK'000	Total liabilities at 1/4 2013	Total liabilities at 31/3 2014	Repay-ment next year	Long-term portion	Outstan-ding debt after 5 years
Bank loans	2,625	2,727	686	2,041	0

13 Employee relations

DKK'000	2013/14	2012/13
Wages and salaries	69,755	63,978
Pensions	4,884	4,526
Other social security costs	952	855
	<u>75,591</u>	<u>69,359</u>
Remuneration of the Executive Board	<u>2,911</u>	<u>2,436</u>
Remuneration of the Board of Directors	<u>60</u>	<u>60</u>
Average number of full-time employees	<u>152</u>	<u>145</u>

14 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 year total DKK 1,514 thousand, hereof DKK 524 thousand falling due 2014/15.

The Company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 22,727 thousand, of this DKK 4,132 thousand concerns 2014/15.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill with a carrying amount of DKK 7,514 thousand has been provided as collateral for loan raised with credit institution and for affiliated company's outstanding balances with credit institution.

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions, DKK 20,531 thousand (2012/13: DKK 19,195 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 19,783 thousand (2012/13: DKK 14,277 thousand). Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and advance payment guarantees and outstanding balances between group enterprises and credit institutions, At 31 March 2014, the guarantee commitment etc. amounted to DKK 40,886 thousand (2012/13: DKK 48,750 thousand).

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

15 Related party disclosures

Danstoker A/S' related parties comprise the following:

Parties exercising control

Thermax Denmark ApS holds the majority of the share capital in the Company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the voting rights or at least 5% of the share capital:

Thermax Denmark ApS
 Industrivej Nord 13
 7400 Herning

DANSTOKER A/S

Income statement

	Note	2013/14		2012/13	
		DKK'000	Rs. '000	DKK'000	Rs. '000
Gross profit	1	53,746	593,874	51,548	481,684
Sales and distribution costs		(14,913)	(164,783)	(13,988)	(130,709)
Administrative expenses		(15,170)	(167,623)	(14,251)	(133,167)
Operating profit		23,663	261,467	23,309	217,808
Loss on investments in subsidiaries	7	(3,978)	(43,955)	(3,331)	(31,126)
Financial income	2	1,647	18,199	1,667	15,577
Financial expenses	3	(1,773)	(19,591)	(2,063)	(19,277)
Profit before tax		19,559	216,120	19,582	182,982
Tax on profit for the year	4	(5,543)	(61,248)	(5,737)	(53,609)
Profit for the year		14,016	154,872	13,845	129,373
Proposed profit appropriation					
Interim dividends		0	0	22,350	208,847
Proposed dividends		0	0	0	0
Reserve for net revaluation under the equity method		(3,978)	(43,955)	(3,331)	(31,126)
Retained earnings		17,994	198,827	(5,174)	(48,348)
		14,016	154,872	13,845	129,373

Balance sheet

	2013/14		2012/13	
	DKK'000	Rs. '000	DKK'000	Rs. '000
ASSETS				
Non-current assets				
Intangible assets				
Licences, software	104	1,149	215	2,009
	104	1,149	215	2,009
Property, plant and equipment				
Plant and machinery	6,084	67,226	5,971	55,795
Fixtures and fittings, tools and equipment	1,430	15,801	283	2,644
Property, plant and equipment under construction	0	0	1,146	10,709
	7,514	83,027	7,400	69,148
Investments	41,815	462,040	35,043	327,455
Investments in subsidiaries	41,815	462,040	35,043	327,455
Total non-current assets	49,433	546,216	42,658	398,613
Current assets				
Inventories				
Raw materials and consumables	12,812	141,568	13,020	121,664
Semi-finished goods	3,594	39,712	3,206	29,958
	16,406	181,280	16,226	151,622
Receivables				
Trade receivables	19,949	220,429	22,787	212,931
Work in progress (customer-specific orders)	50,902	562,448	43,961	410,789
Amounts owed by group companies	12,981	143,435	8,872	82,903
Other receivables	353	3,901	259	2,420
Prepayments	1,932	21,348	2,146	20,053
	86,117	951,561	78,025	729,096
Cash at bank and in hand	7,227	79,856	1,384	12,933
Total current assets	109,750	1,212,697	95,635	893,650
Total assets	159,183	1,758,914	138,293	1,292,263

Balance sheet

	2013/14		2012/13	
	DKK'000	Rs. '000	DKK'000	Rs. '000
EQUITY AND LIABILITIES				
Equity				
Share capital	10,001	110,507	10,001	93,453
Revaluation reserve in subsidiary	20,462	226,098	20,462	191,205
Net revaluation according to the equity method	5,076	56,088	8,990	84,006
Retained earnings	58,786	649,564	40,793	381,186
Proposed dividends	0	0	0	0
Total equity	94,325	1,042,257	80,246	749,850
Provisions				
Deferred tax	11,100	122,651	7,669	71,662
Other provisions	810	8,950	790	7,382
Total provisions	11,910	131,601	8,459	79,044
Liabilities other than provisions				
Non-current liabilities				
Bank loans	2,041	22,552	1,625	15,185
	2,041	22,552	1,625	15,185
Current liabilities				
Current portion of non-current liabilities other than provisions	686	7,580	1,000	9,344
Bank loans	0	0	3,903	36,471
Prepayments received from customers	1,199	13,249	3,322	31,042
Trade payables	19,656	217,192	14,534	135,811
Amounts owed to group companies	14,233	157,269	10,025	93,677
Other payables	15,133	167,214	15,179	141,838
	50,907	562,504	47,963	448,185
Total liabilities other than provisions	52,948	5,85,056	49,588	4,63,369
Total equity and liabilities	159,183	1,758,914	138,293	1,292,263

Statement of Changes in Equity for the period 1 April 2013 to 31 March 2014

The share capital consists of 1 share at a nominal amount of DKK'000 10,001.

	Share capital		Revaluation reserve in subsidiary		Net revaluation according to the equity method		Retained Earnings		Proposed dividends		Total	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Equity at 1 April 2013	10,001	110,507	20,462	226,098	8,990	99,336	40,793	450,748	0	0	80,246	886,689
Retained profit for the year	0	0	0	0	(3,978)	(43,955)	17,994	198,827	0	0	14,016	154,872
Dividends	0	0	0	0	0	0	0	0	0	0	0	0
Foreign exchange adjustment of subsidiary	0	0	0	0	63	696	0	0	0	0	63	696
Equity at 31 March 2014	10,001	110,507	20,462	226,098	5,075	56,077	58,787	649,575	0	0	94,325	1,042,257

OMNICAL Kessel- und Apparatebau GmbH, Dietzhöhlztal

Board of Directors

Heribert Fasel
Jan Enemark
Kalimili Chakravarthy
(Resigned on April 30, 2014)

Registered Office

Omnical Kessel - und
Apparatebau GmbH
Hauptstrasse 156
D-35716 Dietzhöhlztal
Germany

Auditors

DAN REVISION GmbH
Alter Kirchenweg 85
D-24983 Flensburg -
Handewitt
Germany

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the OMNICAL Kessel- und Apparatebau GmbH, Dietzhöhlztal for the financial year from 1 April 2013 to 31 March 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § [Article] 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hamburg, 30 April 2014

DanRevision GmbH
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Siegel
Wirtschaftsprüfer

Balance sheet as of 31 March 2014

	3/31/2014		3/31/2013	
	EUR	Rs.	EUR	Rs.
A. ASSETS				
I. Intangible assets				
Software	26,196	2,161,029	16,921	1,175,077
II. Tangible assets				
1. Land and buildings	178,386	14,716,134	229,555	15,941,385
2. Technical equipment and machinery	197,584	16,299,890	215,266	14,949,101
3. Other equipment, factory and office equipment	103,547	8,542,235	132,260	9,184,805
	<u>479,517</u>	<u>39,558,260</u>	<u>577,081</u>	<u>40,075,291</u>
	<u>985,229</u>	<u>81,277,549</u>	<u>594,002</u>	<u>41,250,368</u>
B. CURRENT ASSETS				
I. Inventories				
1. Raw materials and supplies	580,416	47,882,004	621,305	43,146,456
2. Work in process	9,253,127	763,346,576	9,056,550	628,930,849
3. Prepayments	698,265	57,604,103	645,396	44,819,457
	<u>10,531,807</u>	<u>868,832,683</u>	<u>10,323,251</u>	<u>716,896,762</u>
II. Receivables and other assets				
1. Trade receivables	1,872,646	154,485,903	1,428,574	99,207,133
2. Receivables from affiliated companies	927,691	76,530,861	513,502	35,660,072
3. Other assets	190,488	15,714,474	42,346	2,940,731
	<u>2,990,824</u>	<u>246,731,238</u>	<u>1,984,422</u>	<u>137,807,936</u>
III. Cash on hand and bank balances	252,592	20,837,878	1,061,818	73,737,781
	<u>16,766,048</u>	<u>1,383,133,038</u>	<u>13,369,491</u>	<u>928,442,479</u>
C. PREPAID EXPENSES AND DEFERRED CHARGES	66,185	5,460,013	99,877	6,935,959
	<u>17,817,462</u>	<u>1,469,870,600</u>	<u>14,063,370</u>	<u>976,628,806</u>

Exchange rate: as at 31st Mar 14 is 1 Euro = Rs. 82.4960700

Exchange rate: as at 31st Mar 13 is 1 Euro = Rs. 69.44486250

EQUITY AND LIABILITIES

	3/31/2014		3/31/2013	
	EUR	Rs.	EUR	Rs.
A. EQUITY				
I. Subscribed capital	250,000	20,624,018	250,000	17,361,216
II. Capital reserve	1,530,000	126,218,987	500,000	34,722,431
III. Unappropriated retained loss carryforward (previous year earnings brought forward)	-536,756	-44,280,288	722,696	50,187,543
IV. Net loss for the year	-770,850	-63,592,083	-1,259,453	-87,462,513
	<u>472,394</u>	<u>38,970,634</u>	<u>213,244</u>	<u>14,808,677</u>
B. ACCRUALS				
Other accruals	2,769,062	228,436,749	2,386,460	165,727,353
	<u>2,769,062</u>	<u>228,436,749</u>	<u>2,386,460</u>	<u>165,727,353</u>
C. ACCOUNTS PAYABLE				
1. Bank loans and overdrafts	20,016	1,651,203	34,141	2,370,893
2. Customer advances	9,752,383	804,533,230	9,016,764	626,167,943
3. Trade payables	1,255,921	103,608,513	1,152,003	80,000,657
4. Amounts owed to group undertakings	21,084	1,739,319	1,192,397	82,805,872
5. Other liabilities	56,263	4,641,454	68,362	4,747,411
-- of which taxes EUR 54.958,82				
(prior year EUR 67.494,94) --				
	<u>11,105,665</u>	<u>916,173,719</u>	<u>11,463,667</u>	<u>796,092,776</u>
	<u>14,347,121</u>	<u>1,183,581,102</u>	<u>14,063,370</u>	<u>976,628,806</u>

OMNICAL Kessel- und Apparatebau GmbH, Dietzhölztal

Income statement for the period from 1 April 2013 to 31 March 2014

	1.4.2013 - 3/31/2014		1.4.2012 - 3/31/2013	
	EUR	Rs.	EUR	Rs.
1. Sales	24,565,791	2,026,581,181	19,650,788	1,364,646,239
2. Increase in finished goods	196,577	16,216,818	1,882,025	130,696,989
3. Other operating income	648,157	53,470,388	429,868	29,852,118
4. Cost of materials				
a) Cost of raw materials, supplies and merchandise	11,045,018	911,170,553	8,808,551	611,708,590
b) Cost of purchased services	6,689,442	551,852,714	5,134,616	356,572,722
	<u>17,734,460</u>	<u>1,463,023,267</u>	<u>13,943,167</u>	<u>968,281,312</u>
5. Personnel expenses				
a) Wages and salaries	5,381,272	443,933,769	5,197,748	360,956,865
b) Social security	1,101,200	90,844,700	1,086,822	75,474,211
	<u>6,482,472</u>	<u>534,778,469</u>	<u>6,284,570</u>	<u>436,431,077</u>
6. Amortization and depreciation of fixed intangible and tangible assets	157,048	12,955,876	148,081	10,283,471
7. Other operating expenses	1,731,353	142,829,850	2,474,503	171,841,555
8. Other interest and similar income	1,473	121,495	550	38,214
9. Interest and similar expenses	44,245	3,650,039	41,946	2,912,912
- of which to affiliated companies EUR 28.805,36 (prior year: EUR 35.132,00)				
10. Net operating income	-737,582	-60,847,619	-929,036	-64,516,766
11. Taxes on income	0	0	294,323	20,439,202
- resolution of deferred taxes EUR 0,00 (prior year supply of deferred tax assets: EUR 294.785,00)-				
12. Other taxes	33,268	2,744,464	36,094	2,506,545
13. Net loss	<u>-770,850</u>	<u>-63,592,083</u>	<u>-1,259,453</u>	<u>-87,462,513</u>

Development of fixed assets from 1 April 2013 to 31 March 2014

	Acquisition costs				Depreciation and amortization				Book value	
	4/1/2013 EUR	Additions EUR	Disposal EUR	3/31/2014 EUR	4/1/2013 EUR	Additions EUR	Disposal EUR	3/31/2014 EUR	3/31/2014 EUR	3/31/2013 EUR
I. Intangible assets										
Software	173,522.41	27,115.00	0.00	200,637.41	156,601.40	17,840.47	0.00	174,441.87	26,195.54	16,921.01
II. Tangible assets										
1. Land and buildings	674,570.59	0.00	0.00	674,570.59	445,016.03	51,168.68	0.00	496,184.71	178,385.88	229,554.56
2. Technical equipment and machinery	476,694.25	16,199.55	0.00	492,893.80	261,428.49	33,881.47	0.00	295,309.96	197,583.84	215,265.76
3. Other equipment, factory and office equipment	384,663.37	25,444.57	0.00	410,107.94	252,402.98	54,157.78	0.00	306,560.76	103,547.18	132,260.39
	<u>1,535,928.21</u>	<u>41,644.12</u>	<u>0.00</u>	<u>1,577,572.33</u>	<u>958,847.50</u>	<u>139,207.93</u>	<u>0.00</u>	<u>1,098,055.43</u>	<u>479,516.90</u>	<u>577,080.71</u>
	<u>1,709,450.62</u>	<u>68,759.12</u>	<u>0.00</u>	<u>1,778,209.74</u>	<u>1,115,448.90</u>	<u>157,048.40</u>	<u>0.00</u>	<u>1,272,497.30</u>	<u>505,712.44</u>	<u>594,001.72</u>

Notes to the financial statements for the fiscal year from 1 April 2013 to 31 March 2014

The annual financial statements for the fiscal year from 1 April 2013 to 31 March 2014 were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German GmbH law (GmbHG).

The financial statements were prepared in accordance with the regulations for medium-sized companies (§ 267 (2) HGB); the income statement follows the type of expenditure format (§ 275 (2) HGB).

I. Accounting and valuation policies

The accounting and valuation principles applied to the preceding annual financial statements are unchanged.

Acquired **intangible assets** and **fixed assets** are valued at purchase cost, less scheduled straight-line amortization corresponding to the useful life. The depreciation is calculated pro rata temporis.

Minor value assets with purchase costs up to EUR 150 are written off completely in the year they were acquired and were shown in additions and disposals in the development of fixed assets (§ 6 (2a) EstG). Minor value assets with purchase costs from EUR 150 to EUR 1.000 were written off straight-line over a period of five years.

Raw materials and supplies are shown at the balance sheet date at average purchase cost including incidental purchase costs in accordance to the principle of the lower of cost and market.

Inventory risks arising from the duration of storage or reduced usability are considered by appropriate devaluation.

Works in process are valued at cost of production in accordance to the principle of the lower of cost and market. The production costs include direct costs and capitalized indirect costs in accordance with tax regulations.

Prepayments are shown with their nominal value.

Receivables and **other assets** are shown at their nominal value. Foreseeable specific risks on receivables and other assets are reflected by bad debt provisions. Adequate account is taken of the general credit risk by applying an unchanged general provision.

Liquid funds are shown at their nominal value.

Prepaid expenses include payments made before the balance sheet date, as far as they represent expenses for a specific period thereafter.

The **subscribed capital** is shown at its nominal value.

Tax accruals and other accruals take account of all foreseeable risks and uncertain obligations and are set up at the amounts deemed necessary for the fulfillment in accordance with commercial prudence.

Liabilities are reported at their repayment amounts.

Receivables and liabilities in foreign currencies are valued at the spot exchange rate on the balance sheet date.

II. Notes to the balance sheet

1. Fixed assets

A statement of changes in fixed assets in the fiscal year 2013/2014 is shown in the appendix to the notes to the financial statements.

2. Receivables and other assets

All receivables and other assets are due within one year.

The receivables from affiliated companies relate to Thermax Europe Ltd., Pune, India amounting to TEUR 926 and to the shareholder Danstoker A/S, Herning, Denmark amounting to TEUR 500 I.

Prepaid expenses and deferred charges contain a disagio of TEUR 9 for a loan. They are amortized using the straight-line method corresponding to the term of the loan.

3. Capital reserve

In the financial year, the shareholder has decided to distribute an amount of TEUR 1.030 in the capital reserve of the Company.

4. Other accruals

Other accruals mainly contain amounts for outstanding invoices (TEUR 2.073), personnel costs (TEUR 287), costs on already settled contracts (TEUR 224) and for warranties (TEUR 161).

5. Liabilities

Accounts payable for bank loans and overdrafts are due within one year: TEUR 14 (2012/2013 TEUR 14).

Accounts payable for bank loans and overdrafts with a remaining term between one and five years: TEUR 6.

The total amount of accounts payable for bank loans and overdrafts are due within more than 5 years: EUR 0 k, prior year EUR 0 k.

All other liabilities are due within one year.

Security assignments regarding accounts payable to banks do exist for the warehouse, the machines, mobile fixtures and equipment, motor vehicles and for all replacements. Furthermore, there is a general assignment of receivables from third party debtors.

Amounts owed to group undertakings are against Thermax Limited, Pune, India (TEUR 19) and Thermax Limited, Bletchey, Great Britain (TEUR 2).

III. Notes to the income statement

The other operating income contains income relating to prior periods of TEUR 35 (2013/2013: TEUR 180). This income resulted from the release of accruals.

In the course of the fiscal year 2013/2014 the company generated revenue of TEUR 871 with the parent company. On the other side, material costs had a budget of TEUR 504, expenses for management fee of TEUR 28 and other expenses amounting to TEUR 125.

The sales revenue (TEUR 24.566) shares as follows:

Sale of boilers	TEUR 19.682
Service-Area	TEUR 4.884.

From the above mentioned revenue sales of TEUR 17.002 result from domestic business and TEUR 7.564 from foreign transactions.

IV. Other information

1. Contingent liabilities

For payments in advance received from customers guarantees of Sydbank, Flensburg, and Tryg Garanti, Ballerup/Denmark are issued. The guarantee credit line at Sydbank is secured by a chattel mortgage of the warehouse, the machines, the mobile plant and equipment, the vehicle fleet and furthermore by a global assignment of the receivables.

OMNICAL Kessel- und Apparatebau GmbH, Dietzhöfztal

2. Other financial commitments

Other financial commitments amount to TEUR 353 plus VAT. These commitments result from lease contracts for a bending machine, cutting machine, rotator, stapler and lease- and rent contracts for offices, vehicles and hard- and software. These contracts have a maximum residual until March 2018.

3. Average number of company staff

	2013/2014	2012/2013
Industriell workers	46	46
Administration employees	64	65
	<u>110</u>	<u>111</u>

4. Management of the company

Managing directors of the company:

Mr. Heribert Fasel, engineer, Duisburg

Mr. Jan Enemark, engineer, Herning/Denmark

Mr. Kalimili Chakravarthy, engineer, Chennai Tamilnadu/India

The declaration of the total remuneration of the management is omitted in accordance with § 286 (4) HGB.

5. Appropriation of earnings

The management proposes to carry forward the net loss of the year.

6. Shareholders

The sole shareholder of OMNICAL Kessel- und Apparatebau GmbH is Danstoker A/S, Herning, Denmark.

7. Consolidated financial statements

Thermax Denmark ApS, Denmark and Thermax Limited, India prepare consolidated financial statements, in which the financial statements of OMNICAL Kessel- und Apparatebau GmbH are included. The consolidated financial statements are published in the offices these companies.

Dietzhöfztal, 30 April 2014

OMNICAL Kessel - und Apparatebau GmbH

Heribert Fasel

Jan Enemark

Kalimili Chakravarthy

Ejendomsanpartsselskabet Industrivej Nord 13

Executive Board

Hemant Mohgaonkar
Amitabha Mukhopadhyay

Registered Office

Industrivej Nord 13
DK-7400 Herning
Denmark

Auditors

KPMG
Havengade 33
6701 Esbjerg
Denmark

Statement by the Board of Directors and the Executive Board

The Executive Board has today discussed and approved the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2013 – 31 March 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of its operations for the financial year 1 April 2013 – 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Herning, 30 April 2014

Executive Board:

Hemant Prabhakar Mohgaonkar Chairman	Amitabha Mukhopadhyay Vice Chairman
--	--

Independent Auditor's Report

To the shareholders of Ejendomsanpartsselskabet Industrivej Nord 13

Independent auditors' report on the financial statements

We have audited the financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2013 – 31 March 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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 a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of its operations for the financial year 1 April 2013 – 31 March 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 30 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab

John E. Lesbo
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

Ejendomsanpartsselskabet Industrivej Nord 13

Management's review

Company details

Ejendomsanpartsselskabet Industrivej Nord 13
Industrivej Nord 13
DK-7400 Herning

Reg. no.: 13 96 64 43
Established: 9 January 1990
Registered office: Herning
Financial year: 1 April – 31 March

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK-6701 Esbjerg

Annual general meeting

Annual General meeting is to be held on 30 April 2014.

Operating review

Principal activity

The Company's principal activity is to own and lease out property.

The Company is a fully-owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the Group is RDA Holdings Pvt. Ltd., Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Development in activities and financial matters

In April 2013 the Company took over land and buildings from the bankrupt estate of Silverstone Europe Properties ApS through the newly founded subsidiary Boilerworks Properties ApS.

Management considers the profit for the year, DKK 2,797 thousand as satisfying.

Future outlook

Satisfactory results are expected for the financial year 2014/15.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Financial statements for the period 1 April 2013 – 31 March 2014

Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2013/14 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Consolidated financial statements have not been prepared as the same is not required as per section 110 and 112 (1) of the Danish Financial Statements Act. The annual report of Ejendomsanpartsselskabet Industrivej Nord and related subsidiary forms part of the consolidated financial statements of the Danish Parent Company, Thermax Denmark ApS.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Other external expenses

Other external expenses comprise administrative expenses.

Gross profit

Revenue and other external costs are summed up in gross profit in compliance with Section 32 in the Danish Financial Statements Act.

Profit/loss from investments in subsidiaries

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

Provision has been made for deferred tax on revaluation of investment properties to the extent that the sale hereof at carrying amount will give rise to tax liabilities. The amount has been deducted from the fair value reserve of investment assets.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses and revalued at fair value if any significant changes in the value of land and buildings are recognised. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less expected residual value at the end of the useful life plus any revaluation.

Depreciation is provided on a straight-line basis over the expected economic lives of the assets. The expected economic lives are as follows:

Buildings up to 50 years.

In connection with significant changes in the value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. The revaluation is recognised directly in equity. The revaluation is depreciated over the rest economic lives of the assets.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Ejendomsanpartsselskabet Industrivej Nord ApS are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

Impairment of non-current assets

The carrying amount of property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company is made.

Joint taxation contribution payable and receivable is recognised in the balance sheet under Balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Ejendomsanpartsselskabet Industrivej Nord 13

Income statement

	Note	2013/14		2012/13	
		DKK'000	Rs. '000	DKK'000	Rs. '000
Gross profit		4,068	44,950	4,021	37,574
Impairment losses and depreciation	4	(907)	(10,022)	(828)	(7,737)
Operating profit		3,161	34,928	3,193	29,837
Profit on investments in subsidiary	5	1,334	14,740	0	0
Financial income	1	97	1,072	205	1,916
Financial expenses	2	(1,379)	(15,237)	(1,527)	(14,269)
Profit before tax		3,213	35,502	1,871	17,483
Tax on profit for the year	3	(416)	(4,597)	(468)	(4,373)
Profit for the year		2,797	30,906	1,403	13,110
Proposed profit appropriation					
Reserve for net revaluation under the equity method		1,334	14,740	0	0
Retained earnings		1,463	16,166	1,403	13,110
		<u>2,797</u>	<u>30,906</u>	<u>1,403</u>	<u>13,110</u>

Balance sheet

		2013/14		2012/13	
		DKK'000	Rs. '000	DKK'000	Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment					
Land and buildings	4	29,742	328,638	29,575	276,360
Investments	5				
Investments in subsidiary		2,334	25,790	0	0
		<u>2,334</u>	<u>25,790</u>	<u>0</u>	<u>0</u>
Total non-current assets		32,076	354,428	29,575	276,360
Current assets					
Receivables					
Amounts owed by group enterprises		2,339	25,845	2,919	27,276
Cash at bank and in hand		23	254	130	1,215
Total current assets		<u>2,362</u>	<u>26,099</u>	<u>3,049</u>	<u>28,491</u>
Total assets		<u>34,438</u>	<u>380,527</u>	<u>32,624</u>	<u>304,851</u>
EQUITY AND LIABILITIES					
Equity					
Share capital		200	2,210	200	1,869
Reserve for revaluation of land and buildings		3,182	35,160	2,938	27,454
Reserve for net revaluation under the equity method		1,334	14,740	0	0
Retained earnings		5,369	59,325	3,557	33,238
Total equity		<u>10,085</u>	<u>111,436</u>	<u>6,695</u>	<u>62,561</u>
Provisions					
Deferred tax		2,186	24,154	2,189	20,455
Total provisions		<u>2,186</u>	<u>24,154</u>	<u>2,189</u>	<u>20,455</u>
Liabilities					
Non-current liabilities other than provisions					
Mortgage credit institutions		16,487	182,175	17,862	166,909
		<u>16,487</u>	<u>182,175</u>	<u>17,862</u>	<u>166,909</u>
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions		1,374	0	1,333	12,456

Balance sheet

	2013/14		2012/13	
	DKK'000	Rs. '000	DKK'000	Rs. '000
Amounts owed to group enterprises	753	8,320	462	4,317
Other payables	2,520	27,845	3,059	28,584
Deferred income	1,033	11,414	1,024	9,569
	<u>5,680</u>	<u>62,762</u>	<u>5,878</u>	<u>54,926</u>
Total liabilities	22,167	244,937	23,740	221,836
	<u>34,438</u>	<u>380,527</u>	<u>32,624</u>	<u>304,851</u>
Charges, collateral and contingencies, etc.	8			
Related party - ownership	9			

Ejendomsanpartsselskabet Industrivej Nord 13

Financial statements 1 April 2013 – 31 March 2014

Notes to the financial statements

1 Financial income

	2013/14	2012/13
DKK'000		
Interest income, group enterprises	95	92
Other interest income	2	113
	<u>97</u>	<u>205</u>

2 Financial expenses

Interest expense, group enterprises	0	90
Other interest expenses	1,379	1,437
	<u>1,379</u>	<u>1,527</u>

3 Tax on profit for the year

Joint taxation contribution for the year	175	189
Adjustment of deferred tax	295	279
Adjustments of deferred tax due to changes in the tax rate	-54	0
	<u>416</u>	<u>468</u>

4 Property, plant and equipment

	Land and buildings
DKK'000	
Cost at 1 April 2013	39,970
Additions	1,075
Disposals	-40
Cost at 31 March 2014	41,005
Revaluations at 1 April 2013/ 31 March 2014	4,080
Impairment losses and depreciation at 1 April 2013	-14,476
Impairment losses and depreciation for the year	-907
Impairment losses and depreciation, disposals	40
Impairment losses and depreciation at 31 March 2014	-15,343
Carrying amount at 31 March 2014	<u>29,742</u>

6 Equity

DKK'000	1/4 2013	Revaluation after tax on interest rate swap	Adjustment of revaluation of pro-erty, plant and equip-ment after tax due to changes in the tax rate	Proposed profit appropriation	31/3 2014
Share capital	200	0	0	0	200
Reserve for revaluation of land and buildings	2,938	0	244	0	3,182
Reserve for net revaluation under the equity method	0	0	0	1,334	1,334
Retained earnings	5,632	0	0	1,463	7,095
Market statement, interest rate swap (retained earnings)	-2,075	349	0	0	-1,726
	<u>6,695</u>	<u>349</u>	<u>244</u>	<u>2,797</u>	<u>10,085</u>

7 Non-current liabilities other than provisions

DKK'000	Total debt 1/4 2013	Total debt 31/3 2014	Repay-ment, next year	long-term protion	Outstan-ding debt after 5 years
Mortgage credit institutions	19,195	17,861	1,374	16,487	12,128

5 Investments

DKK'000	2013/14
Cost at 1 April 2013	0
Additions	1,000
Cost at 31. marts 2014	1,000
Value adjustments at 1 April 2013	0
Net profit for the year	1,334
Value adjustments at 31 March 2014	1,334
Carrying amount at 31 March 2014	<u>2,334</u>

Name	Rights and owner-ship	Share capital	Equity	Profit after tax	Car-rying amount
Group enterprises					
Boilerworks Properties ApS, Herning, Den-mark	100 %	80	2,334	1,334	2,334

8 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 29,742 thousand at 31 March 2014 have been provided as collateral for bank loans of DKK 16,487 thousand.

The Company has provided guarantees and provided collateral in land and buildings, nom. DKK 26,000 thousand for all balances between bank and group-related company to their bank. At 31 March 2014, balances amounted to DKK 1,625 thousand. (2012/13: DKK 2,670 thousand)

The Company has provided guarantees whereby for all balances between bank and group related company to their bank. At 31 March 2014 balances amounted to DKK 0 thousand, and guarantees issued by credit institutions amounted to DKK 6,494 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 41,612 thousand. (2012/13: DKK 35,937 thousand)

The Company has entered an interest rate swap contract concerning on loan amounted to DKK 13,348 thousand, with a net position as of 31 March 2014 on DKK -2,301 thousand. (2012/13: DKK -2,766 thousand).

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

9 Related party - ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the voting rights or at least 5% of the share capital:

Thermax Denmark ApS
 Industrivej Nord 13
 DK - 7400 Herning

Statement of Changes in Equity for the period 1st April 2013 to 31st March 2014

	1/4 2013		Revaluation after tax on interest rate swap		Adjustment of revaluation of property, plant and equipment after tax due to changes in the tax rate		Proposed profit appropriation		31/3 2014	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Share capital	200	2,210	0	0	0	0	0	0	200	2,210
Reserve for revaluation of land and buildings	2,938	32,464	0	0	244	2,696	0	0	3,182	35,160
Reserve for net revaluation under the equity method	0	0	0	0	0	0	1,334	14,740	1,334	14,740
Retained earnings	5,632	62,232	0	0	0	0	1,463	16,166	7,095	78,397
Market statement, interest rate swap (retained earnings)	(2,075)	(22,928)	349	3,856	0	0	0	0	(1,726)	(19,072)
	<u>6,695</u>	<u>73,977</u>	<u>349</u>	<u>3,856</u>	<u>244</u>	<u>2,696</u>	<u>2,797</u>	<u>30,906</u>	<u>10,085</u>	<u>111,436</u>

Rifox-Hans Richter GmbH Herstellung von Spezialarmaturen, Bremen

Board of Directors

Mundt Holger - Managing Director
Jan Enemark
Abhay Shah
Rabindranath Pillai
(Appointed w.e.f. 19.03.2014)
Shardul Kshirsagar
(Resigned w.e.f. 19.03.2014)

Registered Office

Bertha-von-suttner-str. 9
28207 Bremen, Germany
HRB3148

Auditors

**JFS Treuhand &
Revision Jendroschek Feindler Scholz**
Stefen Rauber
Parkallee 5
28209 Bremen, Germany
PR 121

Auditor's Report

To Rifox-Hans Richter GmbH Spezialarmaturen

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, for the financial year from April 01, 2013 to March 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account

in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.

Bremen, April 16, 2014

Rauber
(Wirtschaftsprüfer)
(German Public Auditor)

Balance sheet as at 31. March 2014

ASSETS

	2013-14		2012-13	
	EUR	Rs. '000	EUR	Rs. '000
A. Fixed assets				
I. Intangible fixed assets				
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	1.50	0	3,235.50	225
II. Tangible fixed assets				
1. Land, land rights and buildings, including buildings on third-party land	12,953.50	1,069	14,314.50	994
2. Other equipment, operating and office equipment	109,954.46	9,071	133,502.84	9,271
	<u>122,907.96</u>	<u>10,139</u>	<u>147,817.34</u>	<u>10,265</u>
B. Current assets				
I. Inventories				
1. Orders in progress	102,000.00	8,415	102,000.00	7,083
2. Finished goods and merchandise	1,145,902.18	94,532	1,183,324.77	82,176
3. Payments received on account of orders	-106,602.07	-8,794	-106,602.07	-7,403
	<u>1,141,300.11</u>	<u>94,153</u>	<u>1,178,722.70</u>	<u>81,856</u>
II. Receivables and other assets				
1. Trade receivables	347,179.82	28,641	405,175.61	28,137
- of which due after more than one year EUR 1.357,71 (EUR 24.297,35)				
	<u>1,118.21</u>	<u>92</u>	<u>3,398.64</u>	<u>236</u>
2. Other assets	348,298.03	28,733	408,574.25	28,373
III. Cash-in-hand, central bank balances, bank balances and cheques	101,387.74	8,364	120,810.88	8,390
C. Prepaid expenses	5,421.00	447	4,752.22	330
	<u>1,719,316.34</u>	<u>141,837</u>	<u>1,863,912.89</u>	<u>129,439</u>

Exchange rate: as at 31st Mar 14 is 1 Euro = Rs. 82.4960700

Exchange rate: as at 31st Mar 13 is 1 Euro = Rs. 69.44486250

EQUITY AND LIABILITIES

	2013-14		2012-13	
	EUR	Rs. '000	EUR	Rs. '000
A. Equity				
I. Subscribed capital	716,469.00	59,106	383,469.00	26,630
II. Retained profits brought forward	209,226.89	17,260	401,680.22	27,895
III. Net loss for the financial year	-388,859.94	-32,079	-192,453.33	-13,365
B. Special reserve for investment grants and subsidies	0.00	0	333,000.00	23,125
C. Provisions				
1. Other provisions	129,237.35	10,662	128,575.15	8,929
D. Liabilities				
1. Liabilities to banks	28,000.00	2,310	0.00	0
- of which due within one year EUR 28,000.00 (EUR 0,00)				
2. Trade payables	348,601.95	28,758	226,640.16	15,739
- of which due within one year EUR 348,601,95 (EUR 226,640,16)				
3. Other liabilities	676,641.09	55,820	583,001.69	40,486
	<u>1,053,243.04</u>	<u>86,888</u>	<u>809,641.85</u>	<u>56,225</u>
- of which taxes EUR 31,600,46 (EUR 45,219,49)				
- of which due within one year EUR 251,715,42 (EUR 116,076,02)				
	<u>1,719,316.34</u>	<u>141,837</u>	<u>1,863,912.89</u>	<u>129,439</u>

Rifox-Hans Richter GmbH Herstellung von Spezialarmaturen, Bremen

Income Statement for the financial year from April 1, 2013 to March 31, 2014

	2013-14		2012-13	
	EUR	Rs. '000	EUR	Rs. '000
1. Sales	2,740,906.55	226,114	3,117,416.32	216,489
2. Decrease in finished goods inventories and work in progress	37,422.59	3,087	185,096.90	12,854
3. Increase in orders in progress	0.00	0	102,000.00	7,083
4. Gross revenue for the period	2,703,483.96	223,027	3,034,319.42	210,718
5. Other operating income				
a) Ordinary operating income				
aa) Other ordinary income	15,324.87	1,264	8,800.91	611
b) Income from reversal of global valuation allowance on receivables	911.00	75	0.00	0
c) Other income from ordinary activities	15,862.84	1,309	8,635.00	600
	32,098.71	2,648	17,435.91	1,211
6. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	725,865.02	59,881	742,923.13	51,592
b) Cost of purchased services	84,529.61	6,973	94,770.83	6,581
	810,394.63	66,854	837,693.96	58,174
7. Personnel expenses				
a) Wages and salaries	1,484,366.25	122,454	1,499,723.06	104,148
b) Social security, post-employment and other employee benefit costs	265,836.04	21,930	298,257.48	20,712
	1,750,202.29	144,385	1,797,980.54	124,861
8. Depreciation, amortisation and write-downs				
a) Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	36,047.87	2,974	39,993.97	2,777
9. Other operating expenses				
a) Ordinary operating expenses				
aa) Occupancy costs	112,534.47	9,284	113,041.82	7,850
ab) Insurance premiums, fees and contributions	20,376.89	1,681	23,676.66	1,644
ac) Cost of third-party repairs and maintenance	31,022.52	2,559	7,181.74	499
ad) Vehicle fleet expenses	34,835.83	2,874	27,138.11	1,885
ae) Advertising expenses	36,798.79	3,036	74,643.83	5,184
af) Selling and distribution expenses	122,287.08	10,088	186,540.21	12,954
ag) Miscellaneous other operating expenses	121,100.11	9,990	110,982.88	7,707
		0		0
b) Losses on disposal of fixed assets	2,361.50	195	0.00	0
		0		0
c) Losses on write-downs or on disposal of current assets and transfers to valuation allowances on receivables	19,736.39	1,628	1,675.23	116
d) Miscellaneous other ordinary operating expenses	202.40	17	352.40	24
	501,255.98	41,352	545,232.88	37,864
10. Other interest and similar income	0.00	0	2,483.91	172
11. Interest and similar expenses	26,305.24	2,170	25,791.22	1,791
12. Result from ordinary activities	-388,623.34	-32,060	-192,453.33	-13,365
13. Taxes on income	-0.40	0	0.00	0
14. Other taxes	237.00	20	0.00	0
	236.60	20	0.00	0
15. Net loss for the financial year	388,859.94	32,079	192,453.33	13,365

Notes to the Financial Statements for the financial year 01.04.2013-31.03.2014

1. General statements

The annual accounts of the Rifox-Hans Richter GmbH Spezialarmaturen were produced on the basis of the accounting regulations in the German Commercial Code (HGB).

Additionally to these regulations the German Limited Liability Companies Act had to be applied. The total expenditure format was applied to the profit and loss account.

According to the size classes in § 267 (1) HGB the company is a small limited company.

The easing of restrictions for small limited companies according to § 274a and § 288 HGB were partly applied.

2. Statements on accounting and valuation including tax-based measures

The accounting and valuation methods of the previous year were maintained without change.

Fixed assets were listed at purchase prices reduced by planned depreciation.

The planned depreciation was made using the straight-line method or the declining-value method. The expected life-spans of the assets were estimated using the depreciation-Index in line with the taxrules.

Mobile assets with a value of less than Euro 410,00 were written off immediately.

Stocks were listed at acquisition or production costs. If necessary the lower value on the key balance sheet date was used.

Trade receivables and other assets were valued considering all recognizable risks.

Cash balance and bank accounts were listed at cash value.

To cover the general credit risk and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for all recognizable risks and uncertain liabilities. All recognizable risks were accounted for.

3. Affiliation notes

The company determined by notarized contract of 17.01.2013 the increase of the subscribed capital from 383.469,00 € to 716.469,00 €. The recording in the commercial register was carried out on 04.11.2013.

The development of the fixed assets is attached as appendix.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

4. Miscellaneous statements

During the business year 01.04.2013-31.03.2014 the appointed managing directors were:

Mr. Holger Mundt, Germany

Mr. Shardul Kshirsagar, India until 19.03.2014

Mr. Jan Enemark Jensen, Denmark

Mr. Abhay Ramanlal Shah, India

Mr. Rabindranath Pillai, India since 19.03.2014

5. Proposal for the use of the annual result

The annual accounts were produced before appropriation of net income.

The management proposes the general assembly to submit for new account the annual loss for the year 2013/2014 of -388.859,94 € and the accumulated retained earnings of 209.226,89 €.

Bremen, April 10, 2014

Fixed Asset Movement Schedule to March 31, 2014

	Book value April 1, 2013 EUR	Additions EUR	Reclassifi-cations EUR	Disposals EUR	Depreciation EUR	Write-up EUR	Book value March 31, 2014 EUR
I. Intangible fixed assets							
Concessions, industrial property and similar rights and assets and licences in such rights and assets	3.235,50	0,00	0,00	0,00	3.234,00	0,00	1,50
	3.235,50	0,00	0,00	0,00	3.234,00	0,00	1,50
II. Tangible fixed assets							
1. Land, similar rights and buildings including buildings on third party land	14.314,50	0,00	0,00	0,00	1.361,00	0,00	12.953,50
2. Other equipment, factory and office equipment	133.502,84	10.265,99	2.361,50	0,00	31.452,87	0,00	109.954,46
	147.817,34	10.265,99	2.361,50	0,00	32.813,87	0,00	122.907,96
	151.052,84	10.265,99	2.361,50	0,00	36.047,87	0,00	122.909,46

THERMAX SDN. BHD.

Board of Directors

Unnikrishnan Damodaran
Kaustubh Pathak

Registered Office

3rd Floor, South wing,
Bangunan Getah Asli,
148 Jalan Ampang,
Kuala Lumpur, 59100, Malaysia

Auditors

Morison Anuarul Azizan Chew
Chartered Accountants
18 Jalan 1/64, Off Jalan Kolam Air,
Jalan Ipon, 51200 Kuala Lumpur

Bankers

City Bank, Malaysia

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 March 2014.

Principal Activities

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

There have been no significant changes in the nature of these activities during the financial year.

Results

Net profit for the financial year RM 28,100

In the opinion of the Directors, the results of the operations of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company for the current financial year.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions made during the financial year under review.

Issue of Shares and Debentures

There were no issues of shares and debentures during the financial year under review.

Directors

The Directors who served since the date of last report are as follows:

Unnikrishnan Damodaran
Kaustubh Arun Pathak

Directors' Interests

None of the Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the current financial year.

Directors' Benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Statutory Information

- (a) Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied

themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements misleading;
 - (iii) any amount stated in the financial statements misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Company for the financial year was not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Immediate Holding Company

The immediate holding company is Thermax Limited, a company incorporated in India.

Ultimate Holding Company

The ultimate holding company is RDA Holdings Private Limited, a company incorporated in India.

Staff Information

The total number of staff of the Company (excluding Directors) at the end of the financial year was 2 (period ended 2013: 4).

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

Unnikrishnan Damodaran

Kaustubh Arun Pathak

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Unnikrishnan Damodaran and Kaustubh Arun Pathak, being the Directors of Thermax SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 9 to 17 are drawn up in accordance with the Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2014 and of their financial performance and cash flows of the Company for the financial year then ended.

Signed in accordance with a resolution of the Directors.

Unnikrishnan Damodaran

Kaustubh Arun Pathak

Date: 30 April, 2014

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Unnikrishnan Damodaran, being the Director primarily responsible for the financial management of Thermax SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 9 to 17 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Unnikrishnan Damodaran at Kuala Lumpur in the Federal Territory this 30 April 2014.

Unnikrishnan Damodaran

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF THERMAX SDN. BHD.

(Company No.: 944923-K)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Sdn. Bhd., which comprise the balance sheet as at 31 March 2014, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 17.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Private Entity Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Company as of 31 March 2014 and of their financial performance and cash flows for the year then ended in accordance with Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is solely made to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

Morison Anuarul Azizan Chew

Firm Number: AF 001977

Chartered Accountants

Kuala Lumpur

Date: 30 April, 2014

Sathiea Seelean A/L Manickam

Approved Number: 1729/05/14 (J/PH)

Partner of Firm

THERMAX SDN. BHD.

Balance Sheet As at 31 March 2014

	Notes	2014		2013	
		RM	Rs.	RM	Rs.
ASSETS					
Current assets					
Other receivables	3	25,941	476,287	12,156	213,379
Amount owing by immediate Holding Company	4	192,830	3,540,437	266,863	4,684,343
Tax Recoverable		862	15,827	1,991	34,949
Cash & Bank Balance		328,292	6,027,574	239,341	4,201,240
		<u>547,925</u>	<u>10,060,125</u>	<u>520,351</u>	<u>9,133,910</u>
Current Liabilities					
Other Payables	5	19,765	362,893	17,041	299,127
Amount owing to Director	6	-	-	3,250	57,048
		<u>19,765</u>	<u>362,893</u>	<u>20,291</u>	<u>356,175</u>
Net Current assets / (liabilities)		<u>528,160</u>	<u>9,697,231</u>	<u>500,060</u>	<u>8,777,735</u>
Financed By:					
Share Capital	7	500,002	9,180,239	500,002	8,776,717
Retained Profits		28,158	516,992	58	1,018
Shareholder's Funds		<u>528,160</u>	<u>9,697,231</u>	<u>500,060</u>	<u>8,777,735</u>

Approved by the Board of Directors on 30 April 2014 and signed on its behalf by:

Unnikrishnan Damodaran
Director

Kaustubh Arun Pathak
Director

Statement of Changes in Equity for the financial year ended 31 March 2014

	Share Capital		(Accumulated losses) / Retained Profits		Total	
	RM	Rs.	RM	Rs.	RM	Rs.
At 1st June 2012	2	37	(11,574)	(212,503)	(11,572)	(212,467)
Issue of shares during the financial period	500,000	9,180,202	-	-	500,000	9,180,202
Net Profit for the financial period	-	-	11,632	213,568	11,632	213,568
Balances as at 31st March 2013	<u>500,002</u>	<u>9,180,239</u>	<u>58</u>	<u>1,065</u>	<u>500,060</u>	<u>9,181,304</u>
At 1st April 2013	500,002	9,180,239	58	1,065	500,060	9,181,304
Net Profit for the financial year	-	-	28,100	515,927	28,100	515,927
At 31st March 2014	<u>500,002</u>	<u>9,180,239</u>	<u>28,158</u>	<u>516,992</u>	<u>528,160</u>	<u>9,697,231</u>

Income Statement for the financial year ended 31 March 2014

	Notes	01.04.13 to 31.03.14		01.06.12 to 31.03.13	
		RM	Rs.	RM	Rs.
Other Operating income		1,119,989	20,563,451	1,004,470	17,631,827
Administrative Expenses		1,078,197	19,796,133	989,929	17,376,584
Profit Before Taxation	8	41,792	767,318	14,541	255,243
Taxation	9	13,692	251,391	2,909	51,063
Net Profit for the year / period		<u>28,100</u>	<u>515,927</u>	<u>11,632</u>	<u>204,181</u>

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2014 is 1 RM = Rs 18.36

Exchange Rate : as at 31 March 2013 is 1 RM = Rs 17.55

Cash Flow Statement for the financial year ended 31 March 2014

	01.04.13 to 31.03.14		01.06.12 to 31.03.13	
	RM	Rs.	RM	Rs.
Cash flows from operating activities				
Profit before taxation	41,792	767,318	14,541	255,243
(Increase)/ Decrease in working capital				
Other receivables	(11,915)	(218,764)	(12,156)	(213,379)
Amount owing by immediate holding company	74,033	1,359,276	(266,863)	(4,684,343)
Other Payables	2,724	50,014	5,467	95,964
Amount Owing to Director	(2,560)	(47,003)	3,250	57,048
Cash used in operating activities	<u>104,074</u>	<u>1,910,841</u>	<u>(255,761)</u>	<u>(4,489,466)</u>
Tax Paid	<u>(15,123)</u>	<u>(277,664)</u>	<u>(4,900)</u>	<u>(86,011)</u>
Net Cash used in operating activities	<u>88,951</u>	<u>1,633,176</u>	<u>(260,661)</u>	<u>(4,575,477)</u>
Cash flows from financing activities				
Issue of shares	-	-	500,000	8,776,682
Net cash inflow from financing activities	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>8,776,682</u>
Net Increase in cash and cash equivalents	88,951	1,633,176	239,339	4,201,204
Cash and cash equivalents at beginning of financial period	239,341	4,394,398	2	35
Cash and cash equivalents at end of financial period	<u>328,292</u>	<u>6,027,574</u>	<u>239,341</u>	<u>4,201,240</u>
Cash and cash equivalents made up of:				
Cash & Bank Balances	<u>328,292</u>	<u>6,027,574</u>	<u>239,341</u>	<u>4,201,240</u>

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Corporate Information

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

The Company is a private limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia.

The Company qualifies as a private entity under the Private Entity Reporting Standards approved by the Malaysian Accounting Standards Board.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with the Private Entity Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

(b) Other receivables

Other receivables are carried at anticipated realisable value. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(d) Other payables

Other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(e) Income tax

Income tax on the profit or loss for the financial period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

(f) Financial instruments

Financial instruments carried on the balance sheet represent payables. Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

3. Other Receivables

	2014 RM	2013 RM
Other receivables	7,041	5,478
Deposit	12,600	378
Prepayments	6,300	6,300
	<u>25,941</u>	<u>12,156</u>

4. Amount Owning By Immediate Holding Company

- (a) The immediate holding company is Thermax Limited, a company incorporated in India.
- (b) This represents account receivables towards normal business transactions.

5. Other Payables

	2014 RM	2013 RM
Other payable	4,700	-
Accruals	15,065	17,041
	<u>19,765</u>	<u>17,041</u>

6. Amount Owning to a Director

This represents account payable towards expenses reimbursement.

7. Share Capital

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	500,002	500,002	500,002	500,002

8. Net Profit Before Taxation

Net profit for the financial year/period is derived after charging:

	1.4.2013 to 31.3.2014 RM	1.6.2012 to 31.3.2013 RM
Auditors' remuneration	5,000	5,000
Directors' remuneration	106,041	179,527
Rental:		
- Office	75,600	29,938
- Others	1,430	910
Realised loss on foreign exchange	31,685	9,417

9. Taxation

	1.4.2013 to 31.3.2014 RM	1.6.2012 to 31.3.2013 RM
Tax expense for the financial year/period:		
- Current tax provision	10,485	2,909
- Under provision in prior period	3,207	-
	<u>13,692</u>	<u>2,909</u>

Income tax is calculated at the statutory rate of 25% on chargeable income of the estimated assessable profit for the financial year/period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	1.4.2013 to 31.3.2014 RM	1.6.2012 to 31.3.2013 RM
Profit before taxation	41,792	14,541
Taxation on statutory tax rate of 25% (period ended 2013: 25%)	10,448	3,635
Expenses not deductible for tax purposes	37	-
Under provision of taxation in prior year	3,207	-
Tax incentive obtained from differential tax rate of 20% (period ended 2013: 20%)	-	(726)
Tax expense for the financial year/period	<u>13,692</u>	<u>2,909</u>

10. Staff Information

	2014 RM	2013 RM
Staff costs (excluding Directors)	<u>500,148</u>	<u>449,212</u>

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM3,276 (period ended 2013: RM1,911).

The total number of staff of the Company (excluding Directors) at the end of the financial year was 2 (period ended 2013: 4).

THERMAX SDN. BHD.

11. Ultimate Holding Company

The ultimate holding company is RDA Holdings Private Limited, a company incorporated in India.

12. Financial Instruments

(a) Financial risk management objectives and policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, liquidity and cash flow risk.

(b) Credit risk

The Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Company is the carrying amount of the financial assets shown in the balance sheet.

(c) Liquidity and cash flow risk

The Company maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

(d) Fair values

The carrying amounts of cash and cash equivalents, receivables, and payables approximate their respective fair values due to the relatively short term nature of these financial instruments.

14. Comparative Figures

The comparative figures of the Income Statement, Statement of Changes in Equity and Statement of Cash Flow are for the financial period from 1 June 2012 to 31 March 2013. As they reflect the results for less than 12 months, they are not comparable to the current financial year's results.

15. Date of Authorisation for Issue

The financial statements of the Company for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 30 April 2014.

BOILERWORKS A/S

Board of Directors

Hemant Prabhakar Mohgaonkar
(Chairman)

Kalimili Chakravarthy
(Resigned on April 30, 2014)

Jan Enemark

Registered Office

Papegojevej

DK-6270

Tønder

Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Havnegade 33

DK 6700 Esbjerg

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Boilerworks A/S for the financial year from the establishment of the Company 12 April 2013 31 March 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of the Company's operations for the financial year from the establishment of the Company 12 April 2013 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

We recommend that the annual report be approved at the annual general meeting.

Tønder, 30 April 2014

Executive Board:

Jan Enemark

Board of Directors:

Hemant Prabhakar
Mohgaonkar
Chairman

Kalimili Chakravarthy

Jan Enemark
Vice Chairman

Independent Auditor's Report

To the shareholder of Boilerworks A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Boilerworks A/S for the financial year from the establishment of the Company 12 April 2013 31 March 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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 a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of its operations for the financial year from the establishment of the Company 12 April 2013 31 March 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 30 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab

John E. Lesbo
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

BOILERWORKS A/S

Management's review

Company details

Boilerworks A/S
Papegøjevej 7
DK 6270 Tønder

Telephone: +45 73 64 48 50
Fax: +45 75 64 48 51

CVR no.: 35 22 67 88
Established: 12. april 2013
Established: 12 April 2013
Registered office: Tønder
Financial year: 1 April 2013 31 March 2014
First financial year: 12 April 2013 31 March 2014

Board of Directors

Hemant Prabhakar Mohgaonkar (Chairman)
Kalimili Chakravarthy (Vice Chairman)
Jan Enemark

Executive Board

Jan Enemark

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK 6700 Esbjerg

Annual General Meeting

The annual general meeting is to be held on 30 April 2014 at the Company's address.

Operating review

Principal activities of the Company

Boilerworks A/S, which has its registered address in the Danish municipality of Tønder, is a fully owned subsidiary of Danstoker A/S. The ultimate parent company of the Group is RDA Holdings Pvt. Ltd., Pune, India, which holds the majority in the listed company Thermax Ltd., Pune, India. This is the first financial year after taking over the activities from the bankruptcy estate of DP Clean Tech Europe A/S on 15 April 2013. The Company's first financial year runs from 12 April 2013 until 31 March 2014.

Boilerworks A/S designs, produces and supplies high pressure boilers and components to power stations, waste fuelled and biomass fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

The Company has succeeded in re establishing its previous position as one of the leading manufacturers of components for high pressures and temperatures for the most advanced pressurized systems.

Development in activities and financial position

Boilerworks is highly active within the area of service, and the Company has been able to re establish its position as one of the leading operators in Scandinavia within this segment.

The introduction of the Lean ideas and Lean processes will be initiated during the next financial year.

Overall, the results achieved by Boilerworks this year are slightly lower than provided for in the budget. In view of the extreme start up conditions under which the Company has been operating, the results achieved are deemed to be satisfactory.

The profit for the year before tax is DKK 2.261 thousand and after tax DKK 1.731 thousand.

Future outlook

Boilerworks' total volume of orders at the end of the financial year is satisfactory.

Boilerworks will focus on the Lean concept, the optimization process in general and the order fulfilment process in particular.

The aim is to generate a profitable, strong and independent enterprise at Boilerworks. The Management will work to maintain an attractive work place with competent employees, based on competitive products sold to professional co operation partners and customers in selected markets where such products are delivered in the quality and at the time and prices agreed.

Moreover, Boilerworks aims at achieving optimal utilization of the production facilities.

The Management of Boilerworks is not of the opinion that the Company is facing special risks in the long term, neither in its markets nor otherwise.

The growing, necessary global political focus on CO2 will in the long term contribute to making our CO2 neutral products within biofuels even more relevant and will contribute to securing Boilerworks' continued positive development.

Satisfactory results are expected for the financial year 2014/15.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

The annual report of Boilerworks A/S for 2013/14 has been prepared in accordance with the provisions applying to reporting class C medium sized enterprises under the Danish Financial Statements Act.

Cash flow statements have not been prepared as the same are not required as per section 86(4) of the Danish Financial Statements Act. The cash flow of Boilerworks A/S forms part of the consolidated cash flow in the consolidated financial statements of the Danish parent company Thermax Denmark ApS.

The financial statements are prepared for the first time.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit or loss from ordinary activities

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carryforwards receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight line basis over a maximum amortisation period of 20 years, as it relates to strategically acquired enterprises with strong market positions and long term earnings profiles.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining patent period, and licences are amortised over the licence period.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually 3 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self constructed assets comprises direct and indirect costs of materials, components, suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs (gross profit), sales/distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future

BOILERWORKS A/S

lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation, either as a set off against tax on future income or as a set off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 12 April 2013 – 31 March 2014

Income Statement for the period 12 April 2013 to 31 March 2014

	2013/14		Opening balance	
	DKK'000	Rs. '000	DKK'000	Rs. '000
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	2,015	22,265	0	0
Patents and licences	613	6,773	0	0
Development in progress	206	2,276	0	0
	<u>2,834</u>	<u>31,315</u>	<u>0</u>	<u>0</u>
Property, plant and equipment				
Plant and machinery	6,314	69,767	0	0
Fixtures and fittings, tools and equipment	260	2,873	0	0
	<u>6,574</u>	<u>72,640</u>	<u>0</u>	<u>0</u>
Total non-current assets	9,408	103,955	0	0
Current assets				
Inventories				
Raw materials and consumables	1,491	16,475	0	0
	<u>1,491</u>	<u>16,475</u>	<u>0</u>	<u>0</u>
Receivables				
Trade receivables	4,576	50,563	0	0
Work in progress (customer-specific orders)	11,018	121,745	0	0
Amounts owed by group enterprises	1,594	17,613	0	0
Other receivables	158	1,746	0	0
Prepayments	87	961	0	0
	<u>17,433</u>	<u>192,628</u>	<u>0</u>	<u>0</u>
Cash at bank and in hand	69	762	3,000	33,149
Total current assets	18,993	209,866	3,000	33,149
Total assets	28,401	313,821	3,000	33,149
EQUITY AND LIABILITIES				
Equity				
Share capital	500	5,525	500	5,525
Contributed premium	2,500	27,624	2,500	27,624
Retained earnings	1,731	19,127	0	0
Total equity	4,731	52,276	3,000	33,149
Provisions				
Deferred tax	2,124	23,469	0	0
Other provisions	370	4,088	0	0
Total provisions	2,494	27,558	0	0
Liabilities other than provisions				
Current liabilities				
Bank loans	369	4,077	0	0
Trade payables	3,908	43,182	0	0
Amounts owed to group enterprises	11,245	124,253	0	0
Other payables	5,654	62,475	0	0
	<u>21,176</u>	<u>233,987</u>	<u>0</u>	<u>0</u>
Total equity and liabilities	28,401	313,821	3,000	33,149
Employee relations	9			
Charges, collateral and contingencies	10			
Related party disclosures	11			

	Note	12/4 2013 -31/3 2014	
		DKK'000	Rs. '000
Gross profit	1	11,542	127,535
Sales and distribution costs		(1,102)	(12,177)
Administrative expenses		<u>(7,762)</u>	<u>(85,767)</u>
Operating profit		2,678	29,591
Financial income		3	33
Financial expenses	2	<u>(420)</u>	<u>(4,641)</u>
Profit before tax		2,261	24,983
Tax on profit for the year	3	<u>(530)</u>	<u>(5,856)</u>
Profit for the year		1,731	19,127
Proposed profit appropriation			
Proposed dividends		0	0
Retained earnings		<u>1,731</u>	<u>19,127</u>
		<u>1,731</u>	<u>19,127</u>

Statement of Changes in Equity for the period 12 April 2013 to 31 March 2014

	Capital		Contributed Premium		Retained earnings		Total	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Paid at establishment 12 April 2013	500	5,525	2,500	27,624	0	0	3,000	33,149
Retained from profit for the year	0	0	0	0	1,731	19,127	1,731	19,127
Equity at 31 March 2014	500	5,525	2,500	27,624	1,731	19,127	4,731	52,276

BOILERWORKS A/S

Financial statements for the period 12 April 2013 31 March 2014

Notes to the financial statements

1 Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

2 Financial expenses

	12/4 2013	31/3 2014
DKK'000		
Interest expense to group enterprises	263	
Other interest expenses, including foreign exchange losses, etc.	157	
	<u>420</u>	

3 Tax on profit for the year

Specified as follows:

Deferred tax adjustment for the year	2,124
Joint taxable contribution	-1,594
	<u>530</u>

4 Intangible assets

DKK'000	Goodwill	Patents and licences	Development in progress	Total
Cost at 12 April 2013	0	0	0	0
Additions during the year	2,115	832	206	3,153
Cost at 31 March 2014	2,115	832	206	3,153
Impairment losses and depreciation at 12 April 2013	0	0	0	0
Depreciation	100	219	0	319
Impairment losses and depreciation at 31 March 2014	100	219	0	319
Carrying amount at 31 March 2014	<u>2,015</u>	<u>613</u>	<u>206</u>	<u>2,834</u>

5 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 12 April 2013	0	0	0
Additions during the year	7,586	376	7,962
Cost at 31 March 2014	7,586	376	7,962
Impairment losses and depreciation at 12 April 2013	0	0	0
Depreciation	1,272	116	1,388
Impairment losses and depreciation at 31 March 2014	1,272	116	1,388
Carrying amount at 31 March 2014	<u>6,314</u>	<u>260</u>	<u>6,574</u>

6 Work in progress (customer specific orders)

DKK'000	2013/14
Work in progress	32,783
Payments on account	-21,765
	<u>11,018</u>

7 Equity

DKK'000	Share capital	Contributed premium	Retained earnings	Total
Paid at establishment 12 April 2013	500	2,500	0	3,000
Retained from profit for the year	0	0	1,731	1,731
Equity at 31 March 2014	<u>500</u>	<u>2,500</u>	<u>1,731</u>	<u>4,731</u>

The contributed capital consists of 1 share at a nominal value of DKK 500.000.

8 Deferred tax

DKK'000	2013/14
Deferred tax at 12 April 2013	0
Deferred tax adjustment	2,124
Deferred tax at 31 March 2014	<u>2,124</u>

9 Employee relations

DKK'000	2013/14
Wages and salaries	30,074
Pensions	1,600
Other social security costs	157
	<u>31,831</u>
Remuneration of the the Executive Board and the Board of Directors	0
Average number of full time employees	67

10 Charges, collateral and contingencies

Lease obligations (operating leases) falling due within 3 years total DKK 227 thousand, here of DKK 73 thousand falling due 2014/15.

Advance payment guarantees issued by guarantee insurers amount to DKK 4,002 thousand.

The Company has entered into lease contract that is non terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 9,180 thousand, of this DKK 2,040 thousand concerns 2014/15.

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

11 Related party disclosures

Boilerworks A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Danstoker A/S
Industrivej Nord 13
7400 Herning

THERMAX BOILERWORKS PROPERTIES ApS

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Registered Office

Boilerworks Properties APS
Industrivej Nord 13
DK - 7400 Herning

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK 6701 Esbjerg

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Boilerworks Properties ApS for the financial year from the establishment of the Company 12 April 2013 – 31 March 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of the Company's operations for the financial year from the establishment of the Company 12 April 2013 – 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Herning, 30 April 2014

Executive Board:

Hemant Prabhakar Mohgaonkar

Amitabha Mukhopadhyay

INDEPENDENT AUDITORS' REPORT

To the shareholders of Boilerworks Properties ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Boilerworks Properties ApS for the financial year from the establishment of the Company 12 April 2013 – 31 March 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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 a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2014 and of the results of its operations for the financial year from the establishment of the Company 12 April 2013 – 31 March 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

John E. Lesbo
State Authorised
Public Accountant

Birgitte Nygaard Jørgensen
State Authorised
Public Accountant

THERMAX BOILERWORKS PROPERTIES ApS

Management's review

Company details

Boilerworks Properties ApS
Industrivej Nord 13
DK-7400 Herning

Reg. no.: 35 22 67 61
Established: 12 April 2013
Registered office: Herning
Financial year: 12 April 2013 – 31 March 2014

Executive Board

Hemant Prabhakar Mohgaonkar
Amitabha Mukhopadhyay

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK 6700 Esbjerg

Annual General Meeting

Annual general meeting is to be held on 30 April 2014.

Operating review

Principal activity

The Company's principal activity is to own and lease out the property Papegojevej 7, DK-6270 Tønder.

The Company is a fully-owned subsidiary of Ejendomsanpartsselskabet Industrivej Nord 13. The ultimate parent company of the Group is RDA Holdings Pvt. Ltd., Pune, India.

Development in activities and financial matters

The company is newly established on 12 April 2013. In April 2013 the Company took over land and buildings from the bankrupt estate of Silverstone Europe Properties ApS. The management considers profit for the year, DKK 1,334 thousand as satisfying.

Future outlook

Satisfactory results are expected for the financial year 2014/15.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Accounting policies

The annual report of Boilerworks Properties ApS for 2013/14 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The financial statements are prepared for the first time.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Income statement

Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Other external expenses

Other external expenses comprise administrative expenses.

Gross profit

Revenue and other external costs are summed up in gross profit in compliance with the Danish Financial Statements Act section 32.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The Danish parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation. Land is not depreciated. In connection with significant changes in the value of land and buildings, revaluation at or write-down to fair value is made.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected economic lives of the assets. The expected economic lives are as follows:

Buildings up to 30 years.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation.

Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Receivables

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company is made.

Joint taxation contribution payable and receivable is recognised in the balance sheet under balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

THERMAX BOILERWORKS PROPERTIES ApS

Financial statements for the period 12 April 2013 – 31 March 2014

	2013/14		Opening balance 12/4 2013	
	DKK'000	Rs. '000	DKK'000	Rs. '000
ASSETS				
Non-current assets				
Property, plant and equipment				
Land and buildings	4,392	48,530	0	0
Total non-current assets	4,392	48,530	0	0
Current assets				
Receivables				
Amount owed by group enterprises	2,123	23,458	0	0
Deferred tax assets	2	22	0	0
	2,125	23,480	0	0
Cash at bank and in hand	89	983	1,000	11,050
Total current assets	2,214	24,464	1,000	11,050
Total assets	6,606	72,994	1,000	11,050
EQUITY AND LIABILITIES				
Equity				
Share capital	80	884	80	884
Contributed premium	920	10,166	920	10,166
Retained earnings	1,334	14,740	0	0
Total equity	2,334	25,790	1,000	11,050
Liabilities				
Current liabilities other than provisions				
Amounts owed to group companies	4,110	45,414	0	0
Other payables	162	1,790	0	0
Total liabilities	4,272	47,204	0	0
Total equity and liabilities	6,606	72,994	1,000	11,050
Charges, collateral and contingencies	6			
Related party disclosures	7			

Income Statement for the period 12 April 2013 to 31 March 2014

	Note	2013/14	
		DKK'000	Rs. '000
Gross profit		1,954	21,591
Impairment losses and depreciation	4	(158)	(1,746)
Operating profit		1,796	19,845
Financial income	1	41	453
Financial expenses	2	(58)	(641)
Profit before tax		1,779	19,657
Tax on profit for the year	3	(445)	(4,917)
Profit for the year		1,334	14,740
Proposed profit appropriation			
Retained earnings		1,334	14,740
		<u>1,334</u>	<u>14,740</u>

Statement of Changes in Equity for the period 12 April 2013 to 31 March 2014

	Capital		Contributed premium		Retained earnings		Total	
	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000	DKK'000	Rs. '000
Equity paid at establishment at 12 April 2013	80	884	920	10,166	0	0	1,000	11,050
Retained profit for the year	0	0	0	0	1,334	14,740	1,334	14,740
	80	884	920	10,166	1,334	14,740	2,334	25,790

Financial statements for the period 12 April 2013 31 March 2014

Notes to the financial statements

1 Financial income

DKK'000	2013/14
Interest income, group enterprises	41
Total financial income	41

2 Financial expenses

Interest expense, group enterprises	58
Total financial expenses	58

3 Tax on profit for the year

Joint taxation contribution for the year	447
Adjustment of deferred tax assets	-2
	445

4 Property, plant and equipment

DKK'000	Land and buildings
Cost at 12 April 2013	0
Additions	4,550
Cost at 31 March 2014	4,550
Impairment losses and depreciation at 12 April 2013	0
Impairment losses and depreciation for the year	-158
Impairment losses and depreciation at 31 March 2014	-158
Carrying amount at 31 March 2014	4,392

5 Equity

DKK'000	Share capital	Con-tributed premium	Retained earnings	Total
Equity paid at establishment at 12 April 2013	80	920	0	1,000
Retained profit for the year	0	0	1,334	1,334
	80	920	1,334	2,334

6 Charges, collateral and contingencies etc.

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

7 Related party - ownership

The following shareholders are registered in the Company's register at shareholders as holding at least 5 % of the voting rights or at least 5 % of the share capital:

Ejendomsanpartsselskabet Industrivej Nord 13
Industrivej Nord 13
DK - 7400 Herning

THERMAX SPX ENERGY TECHNOLOGIES LTD

Board of Directors

Pheroj Pudumjee
Chairman
Eugene Lowe*
Torsten Andersch*
(Alternate to Eugene Lowe)
Ravinder Advani*
(appointed w.e.f October 15, 2013)
Vivek Dhir
(appointed w.e.f January 14, 2014)

Managers

Mahesh Kulkarni
Ravi Shewade

Company Secretary

Mahesh Kakade

Registered Office

Thermax House,
14, Mumbai – Pune Road,
Wakdewadi,
Pune - 411003
India

Corporate Office

4th Floor, Energy House, D-II Block, Plot No. 38&39,
MIDC, Chinchwad, Pune 411019

Auditors

B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10, Prabhat Road,
Pune 411004

Bankers

Corporation Bank
Axis Bank

Directors' Report

Dear Shareholder,

Your Directors present the Fifth Annual Report and the audited accounts of the company for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	(Rs.in lacs)	
	2013-14	2012-13
Total income	1783.18	1632.69
Profit/(Loss) before depreciation	(38.54)	(230.82)
Depreciation	6.40	12.10
Profit/(Loss) before tax	(44.94)	(242.92)
Provision for taxation (incl. deferred tax)	-	-
Profit after tax	(44.94)	(242.92)

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 helps power plants meet the stringent emission norms and improve thermal efficiencies in the boiler island by supplying products like electrostatic precipitators (ESP), bag houses, rotary air pre-heaters (RAPHs). In addition to above products the JV has been offering air cooled condensers [ACC] based on SPX technologies for all sizes of thermal power plants. Thermax's expertise will help in facilitating and integrating energy and environment aspects of the business.

PERFORMANCE

During the year, your company earned a total income of Rs. 1783.18 lakh as against Rs. 1632.69 lakh in the previous year. Loss after tax was Rs. 44.94 lakh as against previous year's loss after tax of Rs. 242.92 lakh. During the year, the company commissioned its first ACC order; this order involves design, engineering, manufacturing, supply, supervision of installation, erection and commissioning of ACC for a 50 MW thermal power plant.

Your company also has completed the supply of its second ACC order. This order involves design, engineering, manufacturing and supply, supervision of installation, erection and commissioning at JK Cement for two unit of thermal power plant.

The company has received the certification for the Quality Management System, which has been approved by Lloyd's Register Quality Assurance for the Quality Management System Standard: ISO 9001:2008. The Quality Management System is applicable to: the design, development, engineering, management of manufacturing, installation, commissioning, supply of spare parts, modernisation & revamp of air cooled condensers, electrostatic precipitators and air pre-heaters for power plants.

SHARE CAPITAL

The company was incorporated with an authorised share capital of Rs. 50 crore. The present paid-up and issued share capital of the company is Rs. 20 crore held by its Joint Venture partner's 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 2013-14, your directors do not recommend any dividend.

FUTURE PLANS

In the quest for operational excellence, your company is organizing people and technical systems to achieve the highest level of operating performance. In accordance with the requirement, the company will also evaluate implementation of Enterprise Resource Planning [ERP].

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

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

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

1. Particulars of Employees

None of the employees are covered by the provision contained in Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, Statement under Section 217 (2A) is not annexed.

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. 1.8 of Note No. 22 - Notes to Accounts.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

DIRECTORS

Robert Bartels and M.S. Unnikrishnan have stepped down from the directorship of your company with effect from July 18, 2013 and October 15, 2013, respectively. The

Board places on record its appreciation for the valuable guidance provided by them during their tenure.

Vivek Dhir who was appointed as an Alternate Director for Dr. Robert Bartels, effective from May 03, 2013 has ceased to be an Alternate Director with effect from July 18, 2013.

Ravinder Advani and Vivek Dhir have been inducted on the Board of your Company as Additional Directors with effect from October 15, 2013 and January 14, 2014 respectively. Both Directors hold 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 proposing them as the Directors of the company with necessary resolutions appointing Mr. Advani and Mr. Dhir as directors has been set out in the Notice of the ensuing Annual General Meeting for approval from the shareholders.

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

MANAGER

Shailesh C. Wani ceased as a Manager of the company with effect from September 30, 2013. The Board has placed on record its appreciation for the valuable services rendered by Mr. Wani during his tenure as Chief Executive Officer and Manager of the Company.

Mahesh Kulkarni and Ravi Shewade were appointed as 'Managers' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, w.e.f. October 15, 2013. Your Board has approved appointments of Mr. Kulkarni and Mr. Shewade as 'Managers' of the company for a period from October 15, 2013 to October 14, 2016 subject to approval of the shareholders.

BOARD COMMITTEES

Presently, the Board has constituted two committees:

1. Audit Committee

The committee presently comprises four members - Pheroze Pudumjee, Eugene Lowe, Ravinder Advani and Vivek Dhir.

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:

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

2. Remuneration Committee

The committee presently comprises two members – Pheroze Pudumjee and Eugene Lowe.

The terms of reference of this committee is to review and approve remuneration of managerial personnel appointed under the Companies Act, 1956.

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, 2014, 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 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 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. Your directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Pune
April 29, 2014

Pheroze Pudumjee
Chairman

THERMAX SPX ENERGY TECHNOLOGIES LTD

Independent Auditor's Report

To the Members of Thermax SPX Energy Technologies Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Thermax SPX Energy Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.
8. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B.K.Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Prasad V. Paranjape

Membership Number

No. 04729C

Pune, 29th April, 2014

Annexure referred to in paragraph 7 under the heading “Report on other legal and regulatory requirements” of our report of even date

- | | |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.</p> <p>(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.</p> <p>(ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of Inventories are not, on facts, applicable to the Company and hence no comments have been offered there under.</p> <p>(iii) 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 Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.</p> <p>(v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.</p> <p>(vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.</p> <p>(vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.</p> <p>(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</p> <p>(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> | <p>(c) As at 31st March 2014, according to the records of the Company and the information and explanation given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty and Cess matters that have not been deposited.</p> <p>(x) The Company's accumulated losses for the year have not exceeded fifty per cent of its net worth. However, the Company has incurred cash losses in current and immediately preceding financial year.</p> <p>(xi) Based on the information & explanations given to us, the Company has no dues to financial institution or bank</p> <p>(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xvi) The Company has not taken any term loan during the year.</p> <p>(xvii) 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 investment.</p> <p>(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>(xix) The Company has not issued any debenture during the year.</p> <p>(xx) The Company has not raised any money through public issue during the year.</p> <p>(xxi) 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, neither noticed nor reported during the year, nor have we been informed of such case by the Management.</p> |
|---|--|

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership Number
No. 04729C

Place: Pune
Date: April 29th, 2014

THERMAX SPX ENERGY TECHNOLOGIES LTD

Balance Sheet as at March 31, 2014

Particulars	Note No	Amount Rs.	Amount Rs.
		As at March 31,2014	As at March 31,2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	20,00,00,000	20,00,00,000
b. Reserves and surplus	2	(8,25,38,419)	(7,80,44,114)
		<u>11,74,61,581</u>	<u>12,19,55,886</u>
2. Non-current liabilities			
a. Other Long-term liabilities	3	2,39,937	13,01,760
b. Long-term provisions	4	-	-
		<u>2,39,937</u>	<u>13,01,760</u>
3. Current liabilities			
a. Trade payables	5	2,33,63,216	1,92,24,625
b. Other current liabilities	6	15,22,477	2,04,80,673
c. Short-term provisions	7	2,67,18,053	1,79,11,587
		<u>5,16,03,746</u>	<u>5,76,16,885</u>
TOTAL		<u><u>16,93,05,264</u></u>	<u><u>18,08,74,531</u></u>
II ASSETS			
1. Non-current assets			
a. Fixed assets	8		
i. Tangible assets		5,08,294	15,20,470
ii. Intangible assets		64,610	2,48,184
b. Deferred Tax Asset (net)	9	-	-
c. Long-term loans and advances	10	95,03,031	80,63,917
d. Other non-current assets	11	-	-
		<u>1,00,75,935</u>	<u>98,32,571</u>
2. Current assets			
a. Current investments	12	1,45,87,706	4,19,00,393
b. Trade receivables	13	3,15,91,165	2,43,23,919
c. Cash and bank balances	14	10,97,31,336	10,13,51,042
d. Short-term loans and advances	15	1,42,359	2,33,517
e. Other current assets	16	31,76,763	32,33,088
		<u>15,92,29,329</u>	<u>17,10,41,959</u>
TOTAL		<u><u>16,93,05,264</u></u>	<u><u>18,08,74,531</u></u>
Notes to the financial statements	22		

The accompanying notes are an integral part of the financial statements.

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Amount Rs.	Amount Rs.
		Current Year	Previous Year
I Revenues from operations	17	16,71,72,916	15,15,35,930
II Other income	18	1,11,45,107	1,26,27,858
III Total Revenue (I+II)		<u>17,83,18,023</u>	<u>16,41,63,789</u>
IV Expenses :			
Cost of Traded Goods	19	12,71,94,236	13,27,90,305
Employee benefits	20	2,92,40,277	2,75,16,057
Finance costs		-	-
Depreciation and amortisation		6,40,013	12,09,535
Other expenses	21	2,57,37,802	2,69,40,040
Total Expenses		<u>18,28,12,328</u>	<u>18,84,55,937</u>
V Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(44,94,305)	(2,42,92,149)
VI Exceptional items		-	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(44,94,305)	(2,42,92,149)
VIII Extraordinary Items		-	-
IX Profit / (Loss) before tax (VII- VIII)		<u>(44,94,305)</u>	<u>(2,42,92,149)</u>
X Tax expense:			
1. Current tax		-	-
2. Deferred tax		-	-
XI Profit / (Loss) for the period from continuing operations (IX-X)		<u>(44,94,305)</u>	<u>(2,42,92,149)</u>
XII Profit / (Loss) for the period		<u>(44,94,305)</u>	<u>(2,42,92,149)</u>
XIII Earning per equity share (Refer note no 1.15 of Notes 22)			
1. Basic & Diluted		(0.22)	(1.21)
2. Face Value		10	10
Notes to the financial statements	22		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For B.K.Khare & Co.
Chartered Accountants
Firm Registration No 105102W

For and on behalf of the Board

Pheroj Pudemjee
Director

Ravinder Advani
Director

Torsten Andersch
Director

Prasad V. Paranjape
Partner
Membership No. 047296

Mahesh Kulkarni
Manager

Ravi Shewade
Manager

Mahesh Kakade
Company Secretary

Pune: 29th April, 2014

Pune: 29th April, 2014

Notes to Financial Statements

Particulars	Amount Rs.	Amount Rs.
	As at March 31,2014	As at March 31,2013
Note 1		
Share capital		
Equity Share Capital		
Authorised		
5 00 00 000 (Previous Year: 5 00 00 000) Equity Shares of Rs 10 each fully paid.	<u>50 00 00 000</u>	<u>50 00 00 000</u>
Issued and fully paid - up		
2 00 00 000 (Previous Year: 2 00 00 000) Equity Shares of Rs 10 each fully paid - up	<u>20 00 00 000</u>	<u>20 00 00 000</u>

a) Reconciliation of shares at the beginning and at the end of the reporting period :

	March 2014		March 2013	
	Nos	Amount Rs	Nos	Amount Rs
At the beginning of the period	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the period	<u>2,00,00,000</u>	<u>20,00,00,000</u>	<u>2,00,00,000</u>	<u>20,00,00,000</u>

b) Term / rights attached to equity shares :

The Company has only one class of equity shares having at par value of Rs 10 per share. Each holder of equity shares is entitled to vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates :

51% of the equity shares are held by Thermax Ltd, holding company.

d) Details of share holding more than 5% shares in the Company :

	March 2014	March 2013
Equity share of Rs 10 each fully paid up -		
- Thermax Limited (along with 6 nominee shareholders)	<u>51%</u>	<u>51%</u>
- SPX Netherlands B.V. (along with 1 nominee shareholder)	<u>49%</u>	<u>49%</u>

Note 2

Reserves and Surplus

Balance in Profit and Loss account :

Per Last Balance Sheet	(7,80,44,114)	(5,37,51,965)
Profit / (Loss) for the year	<u>(44,94,305)</u>	<u>(2,42,92,149)</u>
TOTAL	<u>(8,25,38,419)</u>	<u>(7,80,44,114)</u>

Note 8

Fixed assets

(Refer Note No. 1.1 c & d)

Asset Block	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on 1st April 2013	Additions during the Year	Deductions / adjustments during the year	Balance as on 31st March 2014	Upto 31st March 2013	Depreciation for the year	Deductions / adjustments during the year	Total as on 31st March 2014	As at 31st March 2014	As at 31st March 2013
Tangible Assets :										
Computers	19,80,242	-	-	19,80,242	17,03,967	1,80,110	-	18,84,077	96,165	2,76,275
Office Equipments	58,135	-	-	58,135	40,546	14,683	-	55,230	2,905	17,589
Furniture & Fixtures	41,963	-	-	41,963	29,850	10,015	-	39,865	2,098	12,113
Vehicles	18,13,011	-	10,59,265	7,53,746	5,98,518	2,51,630	5,03,528	3,46,620	4,07,126	12,14,493
Intangible Assets :										
Software	7,95,434	-	-	7,95,434	5,47,250	1,83,575	-	7,30,824	64,610	2,48,184
Total	46,88,785	-	10,59,265	36,29,520	29,20,131	6,40,013	5,03,528	30,56,616	5,72,904	17,68,654
Previous year	46,88,785	-	-	46,88,785	17,10,596	12,09,535	-	29,20,131		

Particulars	Amount Rs.	Amount Rs.
	As at March 31,2014	As at March 31,2013
Note 3		
Other Long-term liabilities		
Trade payables	2 39 937	12,33,765
(Refer Note 1.5 of Notes 22)		
Others	-	67,995
TOTAL	<u>2 39 937</u>	<u>13,01,760</u>

Note 4

Long-term provisions

Long Term Employee Benefits	-	-
Provision for Warranty	-	-
Provision for Liquidated damages	-	-
TOTAL	<u>-</u>	<u>-</u>

Note 5

Trade payables

Trade payables	2,33,63,216	1,92,24,625
(Refer Note 1.5 of Notes 22)	-	-
TOTAL	<u>2,33,63,216</u>	<u>1,92,24,625</u>

Note 6

Other current liabilities

Contracts in Progress	5,50,000	-
(Refer Note 1.10 of Notes 22)		
Customer Advances	3,13 200	1,53,50,000
Other Liabilities	6,59,277	51,30,673
TOTAL	<u>15,22,477</u>	<u>2,04,80,673</u>

Note 7

Short-term provisions

Short Term Employee Benefits	49,39,681	53,59,785
Gratuity Current Liability	2,90,931	3,71,920
(Refer Note No. 1.2 of Notes 22)		
Provision for Liquidated damages	66,86,200	32,29,200
Provision for Warranty	1,11,46,600	61,58,200
(Refer Note 1.4 of Notes 22)		
Others	36,54,641	27,92,482
TOTAL	<u>2,67,18,053</u>	<u>1,79,11,587</u>

THERMAX SPX ENERGY TECHNOLOGIES LTD

Notes to Financial Statements

Particulars	Amount Rs.	Amount Rs.
	As at March 31,2014	As at March 31,2013
Note 9		
Deferred Tax Asset (net)		
Deferred Tax Liabilities on Unabsorbed Depreciation	1,18,464	1,94,957
Less: - Deferred Tax Assets on Business Loss (Recognised to the extent of Deferred Tax Liabilities)	(1,18,464)	(1,94,957)
TOTAL	-	-

Note 10		
Long-term loans and advances		
Unsecured, considered good		
Security Deposits	30,45,000	30,42,000
Advances to Staff and Workers	2,22,750	2,61,750
Balances with Central Excise & Customs account	60,19,701	44,88,529
Other loans and advances	2,15,580	2,71,638
TOTAL	95,03,031	80,63,917

Note 11		
Other non-current assets		
Long Term Trade Receivables		
Unsecured Considered good	-	-
Others	-	-
TOTAL	-	-

Note 12		
Current Investments		
Investments in Mutual Funds		
(i) 50,092.758 (Previous Year Nil) units of ICICI Prudential Liquid Fund Daily dividend plan - Dividend re-investment	50,11,991	-
(ii) 8892.106 (Previous Year Nil) units of UTI Floating Rate Fund STP Daily dividend plan - Dividend re-investment	95,75,715	-
(iii) Nil (Previous Year 4 18 774 units of Birla Ultra Short Term Fund Daily dividend plan - Dividend re-investment)	-	4,19,00,393
TOTAL	1,45,87,706	4,19,00,393

Aggregate value of quoted investments		
- Cost	1,45,87,706	4,19,00,393
- Market value (NAV)	1,45,88,012	4,19,00,393

Note 13		
Trade Receivables		
Unsecured trade receivable outstanding for a period exceeding six month		
Considered good	1,00,39,454	66,357
Considered doubtful	-	-
Less : Provided for	-	-
Other trade receivable	2,15,51,712	2,42,57,563
TOTAL	3,15,91,165	2,43,23,919

Note 14		
Cash and bank balances		
Balances with banks		
- In Current Account	17,31,336	1,99,60,040
- Deposit with more than 12 month in maturity	-	-
- Deposit others	10,80,00,000	8,13,91,002
Cash on hand	-	-
TOTAL	10,97,31,336	10,13,51,042

Particulars	Amount Rs.	Amount Rs.
	As at March 31,2014	As at March 31,2013
Note 15		
Short-term loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	-	-
Advances to Suppliers	-	-
Security Deposits	-	-
Advances to Staff and Workers	39,000	1,19,150
Others	1,03,359	1,14,367
TOTAL	1,42,359	2,33,517

Note 16		
Other current assets		
Contracts in Progress	-	-
Balance in Central Excise & Customs Accounts	-	-
Interest accrued but not due	1,92,227	12,18,121
Advance Payment of Income Tax & TDS	29,84,536	20,14,967
Other current assets	-	-
TOTAL	31,76,763	32,33,088

Note 17		
Revenue from operations		
A. Sales		
(i) Domestic	15,91,43,060	14,06,01,573
Add : Closing Contracts in Progress	-	-
Less : Opening Contracts in Progress	-	-
	15,91,43,060	14,06,01,573
(ii) Exports	-	-
(i) + (ii)	15,91,43,060	14,06,01,573
B. Sale of services	77,30,000	1,01,58,250
C. Other operating revenues		
Commission	-	-
Exchange Difference Income	-	-
Miscellaneous Income	2,99,856	7,76,107
	2,99,856	7,76,107
D. Less: Excise duty	-	-
TOTAL (A + B + C - D)	16,71,72,916	15,15,35,930

Note 18		
Other income		
Interest Income (Gross of Tax Deducted at Source) (Tax Deducted at Source Rs. 8 16 174 Previous Year 7 62 088)	81,61,719	76,20,920
Dividend on current investments	29,83,388	26,35,344
Net gain/loss on sale of current investments	-	15,48,200
Excess Provision written back	-	8,23,394
TOTAL	1,11,45,107	1,26,27,858

Note 19		
Cost of Traded Goods		
Cost of Traded Goods		
Opening Stocks	-	-
Add: Purchases (Trading purchases)	12,71,94,236	13,27,90,305
	12,71,94,236	13,27,90,305
Less: Closing Stocks	-	-
TOTAL	12,71,94,236	13,27,90,305

Notes to Financial Statements

	<u>Amount Rs.</u>	<u>Amount Rs.</u>
	As at March 31,2014	As at March 31,2013
Note 20		
Employee Benefits Expense		
Salaries and wages	2,59,77,631	2,43,21,071
Contribution to provident and other funds	25,69,866	24,52,553
Gratuity	2,02,329	1,78,464
(Refer Note no.1.2 of Notes 22)		
Staff welfare expenses	4,90,451	5,63,969
TOTAL	<u>2,92,40,277</u>	<u>2,75,16,057</u>
Note 21		
Other Expenses		
Power and Fuel	8,65,541	9,54,035
Drawing, Design and Technical Service Charges	8,58,883	6,790
Site Expenses and Contract Labour Charges	2,67,731	4,55,533
Rent and Service Charges	-	33,000
Freight Outward	-	-
Lease Rentals	56,33,334	56,19,282
Repairs and Maintenance:	-	-
Building	6,22,533	4,93,714
Plant and Machinery	-	-
Others	27,562	26,878
Communication	4,45,986	5,63,414
Traveling and Conveyance	26,49,223	30,60,705
Advertising and Exhibition Expenses	4,60,443	-
Bank Charges	6,150	17,171
Legal & Professional Charges	4,55,210	81,25,830
(Refer Note No. 1.6 of Notes 22)		
Printing and Stationery	85,204	1,41,057
Liquidated Damages	34,57,000	-
Warranty Expenses	49,88,400	28,30,000
Royalty	37,91,882	35,37,500
Other Selling and Distribution Expenses	1,69,327	-
Rates and taxes, excluding taxes on income.	9,367	-
Net gain or loss on foreign currency transaction and translation	1,50,346	2,89,519
Loss on Assets sold/discarded (net)	1,20,739	-
Miscellaneous Expenses	6,72,941	7,85,612
TOTAL	<u>2,57,37,802</u>	<u>2,69,40,040</u>

Note 22

1.1 Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions 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 33.33% pro-rata basis.
- 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.

THERMAX SPX ENERGY TECHNOLOGIES LTD

Notes to Financial Statements

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

- i. Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation using projected unit credit method.
- ii. 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.
- iii. Current service cost, interest cost and actuarial gains and losses are charged to profit and loss account.
- iv. Past service cost/effect of any curtailment or settlement is charged/credited to the profit and loss statement, 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 statement.

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

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.

The carrying amount of deferred tax assets is reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

k) Warranty Cost

The Company has a policy to record provisions for warranties related to the sales. These provisions are recorded as and when the related sales income is recorded. These provisions are based on the estimates of likely expenses for warranty claims of the job sites, capacity of the product under consideration.

l) 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.

1.2 Defined benefit Plans for employees (AS 15)

As per Actuarial valuation as on March 31,2014 and recognized in financial statements in respect of Gratuity scheme :

(Amounts in Rupees)

Sr. No.	Particulars	2013-14	2012-13	2011-12
1	Components of Employer Expense			
a)	Current Service Cost	365,190	364,050	367,268
b)	Interest Cost	99,439	86,163	18,106
c)	Expected Return On plan assets	(81,018)	(53,042)	(33,439)
d)	Net Actuarial (gain) / loss recognised in the year	(181,282)	(218,707)	52,721
e)	Past Service Cost	-	-	-
f)	Expenses Recognised in the statement of Profit & Loss	202,329	178,464	404,656
2	Net Assets / (Liability) recognized in Balance Sheet as at 31st March 2014			
a)	Present Value Of Obligation	1526333	1,242,986	652,895
b)	Fair Value Of Plan Assets	1,235,402	871,066	505,819
c)	Liability (assets)	290,931	371,920	147,076
d)	Unrecognised Past Service Cost	-	-	-
e)	Liability / (asset) recognised in the Balance Sheet	290,931	371,920	147,076
3	Changes in Gratuity Obligation during the year			
a)	Present Value Of obligation Beginning Of The Period	1,242,986	652,895	226,328
b)	Acquisition Adjustment	-	360,785	-

Notes to Financial Statements

(Amounts in Rupees)

Sr. No.	Particulars	2013-14	2012-13	2011-12
c)	Interest Cost	99,439	86,163	18,106
d)	Current Service Cost	365,190	364,050	367,268
e)	Past Service Cost	-	-	-
f)	Benefits Paid	-	-	-
g)	Actuarial (gain) loss on Obligation	(181,282)	(220,907)	41,193
h)	Present Value Of obligation End Of The Period	1,526,333	1,242,986	652,895
4	Changes in the fair value of Plan Assets			
a)	Fair value of plan Assets Beginning Of The Period	871,066	505,819	259,174
b)	Expected Return On plan assets	81,018	53,042	33,439
c)	Contributions	283,318	314,405	224,734
d)	Benefits Paid	-	-	-
e)	Actuarial gain / (Loss) Plan Assets		(2,200)	(11,528)
f)	Fair value of plan Assets End Of The Period	1,235,402	871,066	505,819
5	Actual Return On Plan Assets	81,018	50,842	21,911
6	Assumptions			
a)	Discount Rate	8%	8%	8.50%
b)	Expected Rate of Return	8%	8%	9%
c)	Employee Turnover	9%	10%	5%
d)	Future salary increase	7%	7%	10%
7	Gratuity			
	Present Value of Obligation	1,526,333	1,242,986	6,52,895
	Plan Assets	1,235,402	871,066	5,05,819
	Surplus/(Deficit)	(290931)	(371920)	(1,47,076)
	Experience Adjustment on Plan Liabilities	181,106	(74244)	(81,641)
	Experience Adjustment on Plan Assets	-	(2,200)	(11,528)
8	Amounts for current year and previous year are as follows			
	Present Value of Obligation	1,526,333	12,42,986	6,52,895
	Plan Assets	1,235,402	8,71,066	5,05,819
	Surplus/(Deficit)	(290931)	(3,71,920)	(1,47,076)
	Experience Adjustment on Plan Liabilities	181,106	(74,244)	(81,641)
	Experience Adjustment on Plan Assets	-	(2,200)	(11,528)
	Classified as Current	290,931	(3,71,920)	(1,47,076)
	Total	290,931	(3,71,920)	(1,47,076)
9	Defined Contribution Plans amount recognized in the statement of Profit and Loss			
	Provident fund and other Funds paid	25,69,866	24,52,553	19,50,478
10	Major Category of Plan Assets as a % of total Plan Assets			
	Government Securities (Central & State)	100%	100%	100%
	Total	100%	100%	100%
11	Expected Contribution to the Funds in next year	14-15	13-14	12-13
	Gratuity	303,150	283,318	314,405
	Provident Fund	1,032,480	964,935	919,258

Note: Being Company is incorporated in the FY 09-10; Actuarial valuation data is not available for past four years.

1.3 Contingent Liabilities not provided for

Nil

1.4 Warranty Movement

During the year movement in warranty provision is as follows:-

Particulars	2013-14 Rupees	2012-13 Rupees
Opening Balance	61,58,200	33,28,200
Addition during the year	49,88,400	28,30,000
Utilisation during the year	Nil	Nil
Closing Balance	1,11,46,600	61,58,200

1.5 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.

Rs. In Lakhs

S. No.	Particular	2013-14			2012-13		
		Principal	Interest	Total	Principal	Interest	Total
a	Total outstanding dues to Micro Small and Medium enterprises	Nil	Nil	Nil	Nil	Nil	Nil
b	Principal amount and interest due thereon remaining unpaid as at end of the year	Nil	Nil	Nil	Nil	Nil	Nil
c	Amount of interest paid in terms of section 16 of MSMED Act, along with the amount of the payment made to supplier beyond appointed day	106.80	0.46	107.26	Nil	Nil	Nil
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	Nil	Nil	Nil	Nil	Nil	Nil
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	Nil	Nil	Nil	Nil	Nil	Nil

1.6 Legal & Professional charges includes Audit Fee :

Particulars	2013-14 Rs	2012-13 Rs
i. Audit Fees	50,000	50,000
ii. Tax Audit Fees	10,000	10,000
iii. VAT Audit Fees	10,000	10,000

Above figures are exclusive of service tax.

1.7 Consumption of Traded Goods etc.

THERMAX SPX ENERGY TECHNOLOGIES LTD

Notes to Financial Statements

Particulars	Unit	2013 – 14 Rupees	2012 – 13 Rupees
Fabricated Items	Numerous	9,12,26,836	9,59,60,500
Mechanical / Electrical bought-out items	Numerous	3,59,67,400	3,68,29,805
Total		12,71,94,236	13,27,90,305

1.8. Transactions in foreign currency (on accrual basis)

Particulars	2013-14	2012-13
	Rs	Rs
Earnings in Foreign Currency		
Reimbursement of expenses	6,01,806	4,64,718
Sales Commission	Nil	Nil
Expenditure in foreign currency		
Foreign Travel Expenses	99,221	Nil
Drawing, Designing, Engineering & Professional Services	Nil	67,59,422
Royalty	37,91,882	35,37,500
Total Expenditure	38,91,103	1,02,96,922

1.9. Value of Imports (on CIF basis)

Particulars	2013-14 Rupees	2012-13 Rupees
Raw Material	Nil	43,62,669

1.10 Contracts In Progress (CIP)

Particular	2013-14 Rupees	2012-13 Rupees
a) Aggregate amount recognised as Contract Revenue (RR) for the year	16,57,30,000	15,07,59,823
b) In respect of Contract in Progress as on 31st March		
1) Aggregate amount of cost incurred and recognised profits (less recognised losses) (Including amounts carried forward from previous years)	77,30,000	Nil
2) Amount of Customer Advance Received	9,90,000	Nil
3) Amount of Retentions	8,28,000	Nil
c) Gross amount due from customers for contract work	43,04,565	Nil
d) Gross amount due to customers for contract work	3,13,200	Nil

1.11. 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.

1.12. Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided for Rs. NIL (Previous Year Rs Nil).

1.13. 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.

1.14. 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

Thermax Instrumentation Limited

Thermax Sustainable Energy Solutions Limited

Thermax Onsite Energy Solutions Ltd.

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)

Danstoker A/S (Denmark)

Omnical Kessel- und Apparatebau GmbH (Germany)

Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)

Rifox- Hans Richter GmbH (Germany)

Thermax SDN BHD. (Malaysia)

Boilerworks A/S (Denmark)

Boilerworks Properties ApS (Denmark)

Fellow Joint Venture Subsidiary

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

Party having substantial interest:

SPX Netherlands BV

Balcke Durr GmbH

SPX Evaporating Cooling, Kansas City (USA)

SPX Cooling Technologies, Belgium

b) Key Management Personnel

Mr. Mahesh Kulkarni – Manager

Mr. Ravi Shewade – Manager

Notes to Financial Statements

c) Transactions with the Related Parties

Particulars	2013 – 14 (Amount rupees)			2012 – 13 (Amount Rupees)	
	Holding Company	Fellow subsidiaries – domestic	Companies having substantial Interest	Total	Total
Sales					
Thermax Ltd.	15,86,00,060	-	-	15,86,00,060	13,46,58,250
Thermax Instrumentation Ltd.	-	82,80,000	-	82,80,000	85,00,000
Office Lease Rent paid	60,84,000	-	-	60,84,000	60,84,000
Royalty (SPX Cooling Technologies Belgium)	-	-	37,91,882	37,91,882	35,37,500
Receiving of Services :					
- Balcke Durr GmbH	-	-	NIL	NIL	67,59,422
Reimbursement of Expenses claimed (Net) :					
- Thermax Ltd (holding company)	20,59,342	-	-	20,59,342	14,70,845
- SPX Cooling Technologies, USA	-	-	(6,01,806)	(6,01,806)	(4,64,718)
- Thermax Instrumentation Ltd	-	-	-	-	(6,00,002)
-Thermax Babcock & Wilcox Energy Solutions Pvt Ltd.	-	4,60,443	-	4,60,443	-
Advances received during the year (net)					
Thermax Ltd.	-	-	-	-	1,53,50,000
Thermax Instrumentation Ltd.	-	9,90,000	-	9,90,000	-
Creditors balances outstanding					
- Thermax Ltd	1,82,25,428	-	-	1,82,25,428	2,77,88,910
- Thermax Instrumentation Ltd.	-	3,13,200	-	3,13,200	-
- Balcke Durr GmbH	-	-	-	-	24,44,100
Debtors Balances Outstanding					
- Thermax Ltd (holding company)	2,49,89,465	-	-	2,49,89,465	2,04,37,383
- SPX Cooling Technologies, USA	-	-	1,47,298	1,47,298	4,64,718
- Thermax Instrumentation Ltd.	-	58,31,366	-	58,31,366	34,21,818
Deposit Given (Thermax Ltd.)	30,42,000	-	-	30,42,000	30,42,000

1.15 Earning Per Share (EPS)

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

Particulars	2013-14 Rs	2012-13 Rs
Net Profit/(Loss) available for shareholders	(44,94,305)	(2,42,92,149)
Weighted average number of Equity Shares of Rs. 10 each	2,00,00,000	2,00,00,000
Basic and diluted earning per share (face value of Rs 10 each)	(0.22)	(1.21)
Face Value of Share	10	10

1.16. Previous year's figures have been regrouped wherever necessary to conform to this year's classification and to comply with Revised Schedule VI requirements.

As per our report of even date
For B.K.Khare & Co.
 Chartered Accountants
 Firm Registration No 105102W

Prasad V. Paranjape
 Partner
 Membership No. 047296

Pune: 29th April, 2014

For and on behalf of the Board

Pheroze Pudemjee
 Director

Mahesh Kulkarni
 Manager

Pune: 29th April, 2014

Ravinder Advani
 Director

Ravi Shewade
 Manager

Torsten Andersch
 Director

Mahesh Kakade
 Company Secretary

THERMAX SPX ENERGY TECHNOLOGIES LTD

Cash Flow Statement for the year

Particulars	Rupees 2013-14	Rupees 2012-13
A Cash flow from Operating Activities		
Net Profit / (Loss) before tax	(44,94,305)	(2,42,92,149)
Add: Adjustments for		
Depreciation	6,40,013	12,09,535
Provision for Employee Benefits		
(Profit) / Loss on Sale of Assets	1,20,739	-
Other Income :		
Interest received	(81,61,719)	(76,20,920)
Dividend Received	(29,83,388)	(26,35,344)
Net gain on sale of current investments	-	(15,48,200)
Less: Adjustments for		
Operating profit before working capital changes	(1,48,78,660)	(3,48,87,078)
Adjustments for		
Trade Receivables	(72,67,246)	(41,37,796)
Other Non current assets	-	(1,41,50,011)
Advances to suppliers	-	-
Other Short term Loans & advances	91,158	7,28,759
Long term Loans & advances	(14,39,114)	(18,77,394)
Other Current Assets	56,325	(27,58,229)
Trade payables	41,38,591	1,04,33,512
Short Term Provisions	88,06,466	31,84,373
Advances from customer	-	-
Contract in Progress	-	-
Other Current Liabilities	(1,89,58,196)	53,43,362
Other Long term liabilities	(10,61,823)	6,38,790
Long term Provisions		
Cash generated from operations	(3,05,12,499)	(3,74,81,712)
Direct taxes paid	-	-
Net cash flow from operating activities (A)	(3,05,12,499)	(3,74,81,712)
B Cash flow from Investing activities		
Sale of Tangible Assets	4,34,998	-
Purchase investments	(4,37,51,137)	(7,16,83,544)
Proceeds from Sale / Redemption of investments	7,10,63,824	9,35,48,203
Interest received	81,61,719	76,20,920
Dividend Received	29,83,388	26,35,344
Net Cash Flow from Investing activities (B)	3,88,92,793	3,21,20,923
C Cash flow from Financing Activities		
Proceeds from issue of Share Capital/ application	-	-
Net cash Flow from Financing activities (C)	-	-
Net (decrease)/increase in cash & cash equivalents (A + B + C)	83,80,294	(53,60,789)
Opening cash & bank balances	10,13,51,042	10,67,11,831
Closing cash & bank balances	10,97,31,336	10,13,51,042
Balance in Current Account	17,31,336	1,99,60,040
Fixed Deposits Less than 12 months	10,80,00,000	8,13,91,002

As per our report of even date

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

Prasad V. Paranjape
Partner
Membership No. 047296

Pune: 29th April, 2014

For and on behalf of the Board

Pheroj Pudumjee
Director

Mahesh Kulkarni
Manager

Pune: 29th April, 2014

Ravinder Advani
Director

Ravi Shewade
Manager

Torsten Andersch
Director

Mahesh Kakade
Company Secretary

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Board of Directors

Meher Pudumjee-Chairperson
M. S. Unnikrishnan
Joseph Randall Data
RavinderAdvani
Rodney Carlson
D. Paul Scavuzzo
Amitabha Mukhopadhyay
(Appointed on 20.11.2013)

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 – 400020.

Chief Executive Officer

Deepak Chopra

Corporate Office

Survey No. 152/153, PMT Complex, Behind PCMC
Office Building, Old Mumbai Pune Road,
Pimpri, Pune – 411 018.

Bankers

ICICI Bank Ltd.
State Bank of India

Company Secretary

SatishThombre

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their Fourth Annual Report with the audited accounts of your Company for the year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	(Rs. in lacs)	
	2013-2014	2012-2013
Total income	1654	174
Profit/(Loss) before depreciation & amortisation	(4062)	(2538)
Depreciation & Amortisation	(1248)	(499)
Profit/(Loss) before tax	(5310)	(3037)
Provision for taxation (incl. deferred tax)	Nil	Nil
Profit/ (Loss) after tax	(5310)	(3037)

PERFORMANCE

Your company continued to develop and absorb design and manufacturing know-how and capability. During the year, it continued to work on standard designs for 660 MW and 800 MW boilers firing Indian coals in support of bids for upcoming project opportunities. It also continued to actively pursue opportunities focussing on boiler island bids.

The manufacturing facility at Shirwal was completed within budget and manufacturing operations commenced during the year.

The company received a job work order from one of the promoters which is in process.

The market continues to be difficult with projects being deferred or taking longer time for full release and fewer appropriate bidding opportunities. Yet, the company has continued to strive to position itself within the Indian utility boiler market by qualifying for upcoming bidding opportunities and building relationships with potential partners. For this phase, staffing is complete and headcount is maintained, pending release of further work for execution.

SHARE CAPITAL

During the year under review, the company has issued 113516735 (One hundred thirteen million and five hundred sixteen thousand and seven thirty five) equity shares of Rs. 10/- each to the joint venture partners, Thermax Limited and Babcock & Wilcox India Holdings, Inc. in the ratio 51: 49 respectively. With this issue, the present paid-up share capital is Rs. 385,00,00,000 (Rupees Three hundred eighty five crore only).

FINANCE

The company had been sanctioned a rupee term loan of Rs. 218.5 crore from ICICI Bank Ltd. and another Rs. 218.5 crore from the State Bank of India (for a total of Rs. 437 crore), of which, Rs. 427.19 crore have been drawn as on March 31, 2014.

The company has declared commercial operation of its manufacturing plant and the first phase is expected to be completed at a cost of Rs. 769 crore.

DIVIDEND

While the company has commenced manufacturing operations, there are accumulated losses. Therefore, your directors are unable to recommend any dividend for the period ended March 31, 2014.

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

Mr. Gopal Mahadevan has stepped down from the directorship of your company with effect from July 26, 2013. The Board places on record its appreciation for the valuable guidance provided by him during his tenure.

Amitabha Mukhopadhyay has been inducted on the Board of your Company as an Additional Director with effect from November 20, 2013. He holds the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956. The requisite notice, with necessary deposit has been received pursuant to Section 160 of the Companies Act, 2013, proposing him as the Director of the Company. Necessary resolution appointing Mr. Mukhopadhyay 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 Companies Act, 1956 and the Company's Articles of Association, Meher Pudumjee and M. S. Unnikrishnan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as directors

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

BOARD COMMITTEES

Presently, the Board has following three Committees:

1. Audit & Risk Committee

The Committee comprises Amitabha Mukhopadhyay, Joseph Randall Data, Ravinder Advani and Rodney Carlson as the Members.

The Committee met four times during the financial year 2013-14 on May 16, 2013, July 9, 2013, November 20, 2013 and March 10, 2014. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

2. Finance Committee

The committee comprises four members. Amitabha Mukhopadhyay, Joseph Randall Data, Ravinder Advani and Rodney Carlson. The committee met twice during the year on May 16, 2013 and January 30, 2014.

3. Remuneration Committee

During the year, your company constituted the Remuneration Committee of the Board. The committee comprises four members -- Amitabha Mukhopadhyay, Joseph Randall Data, Ravinder Advani and Rodney Carlson. The terms of reference of the committee are to review and approve remuneration of the managerial personnel appointed under the Act, from time to time.

The committee met once during the financial year 2013- 14 on July 9, 2013

MANAGER

Deepak Chopra, Chief Executive Officer has been appointed as the 'Manager' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, with remuneration for a period of two years w.e.f. July 9, 2013. The said appointment was reviewed and recommended by the Remuneration Committee and subsequently, the shareholders at an extra- ordinary general meeting held on July 9, 2013 also approved the same.

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, 2014, 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; and
- (iv) The financial statements have been prepared on a going concern basis.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, retire as statutory auditors of the Company in the ensuing Annual General Meeting of the Company and are eligible for reappointment.

ACKNOWLEDGEMENTS

Your directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the Company by its employees, bankers, strategic partners and all the stakeholders. Your 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 30, 2014

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, 2014

A. CONSERVATION OF ENERGY

The Company has ensured that equipment purchased for the manufacturing plant, such as compressors, pumps, furnaces, overhead lights and welding equipment etc., have inbuilt provision for energy savings. The Company commenced manufacturing in December 2013 and is in the process of taking initiatives for conservation of energy.

B. TECHNOLOGY ABSORPTION

a) Research and Development (R&D)

This is not applicable as the Company has not yet set up or undertaken an R&D initiative.

b) Technology absorption, adaptation and innovation

During the year under review, a number of employees actively interacted with Babcock & Wilcox Power Generation Co. as part of the technology

transfer arrangements. The Engineering Groups worked on standard plant design firing Indian coals. The technology and skills transferred will be fully absorbed upon completion of manufacturing, supply, erection & commissioning of the first set of such boilers. Therefore, full absorption is expected to take place after receipt and execution 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 procurement of capital assets and salaries for seconded employees amounting to Rs. 1,340 lacs..

For and on behalf of the Board of Directors

Place: Pune

Date: April 30, 2014

Meher Pudumjee

Chairperson

Independent Auditor's Report

To the Members of Babcock & Wilcox Energy Solutions Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 Company'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act

in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014;**
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company 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 Order.
8. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - d. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B.K.Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Place: Pune,

Date: April 30th, 2014

Prasad V. Paranjape

Partner

Membership Number

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Annexure referred to in paragraph 7 under the heading “Report on other legal and regulatory requirements” of our report of even date

- (i) (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 & the discrepancies noticed have been properly dealt with in the books of account.
- (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.
- (ii) (a) The inventory of the Company 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.
- (iii) The Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 we have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v) According to information and explanations given to us, we are of the opinion that there are no contracts or agreements with the parties referred to in section 301 of the Act. Accordingly, the provision of clause 4 (v) (a) & (b) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company, hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.
- (ix) (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) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the company, and the information and explanations given to us, there are no disputed dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess that have not been deposited.
- (x) As the company is in existence for less than five years, para 4 (x) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of accumulated losses is not, on facts, applicable to the company and hence no comments have been offered there under.
- (xi) Based on our audit procedures and according to 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.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion and according to the information & explanation given to us the Company is not a dealer or trader in, securities, debentures and other investments. However, in respect of transactions relating to investment in certain securities, the company has maintained proper records of transactions & contracts during the year and timely entries have been made there in. Further, such securities have been held by the company in its own name.
- (xv) Based on the information and explanations given to us, in our opinion, the Company has not given any counter guarantees/ corporate guarantees for loans taken by its associate companies.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) 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 investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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 significant instant 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's Registration Number 105102W

Prasad V. Paranjape
Partner
Membership No.: 047296

Place: Pune
Date: April 30th, 2014

Balance Sheet as at March 31, 2014

Profit and loss statement for the year ended March 31, 2014

Particulars	Note No	Notes Ref	Rs in Lakh	Rs in Lakh
			As at March 31,2014	As at March 31,2013
I. EQUITY AND LIABILITIES				
1. Shareholders' funds				
a. Share capital	1		38,500.00	27,148.33
b. Reserves and surplus	2		(11,173.65)	(5,863.93)
			<u>27,326.35</u>	<u>21,284.40</u>
2. Non-current liabilities				
a. Long-term borrowings	3	24(5)	42,719.35	30,123.57
b. Deferred tax liabilities (Net)		24(10)	-	-
c. Other Long-term liabilities	4		2,830.37	3,418.79
d. Long-term provisions	5		68.87	1.00
			<u>45,618.59</u>	<u>33,543.36</u>
3. Current liabilities				
a. Trade payables	6		2,178.85	-
b. Other current liabilities	7		750.61	595.81
c. Short-term provisions	8		191.71	371.03
			<u>3,121.17</u>	<u>966.84</u>
TOTAL			<u><u>76,066.11</u></u>	<u><u>55,794.60</u></u>
II ASSETS				
1. Non-current assets				
a. Fixed assets	9			
i. Tangible assets			58,063.79	4,816.17
ii. Intangible assets			2,584.57	2,847.14
iii. Capital work-in-progress			-	42,604.21
b. Long-term loans and advances	10		247.81	1,213.36
c. Other non-current assets	11		3,267.63	1,254.48
			<u>64,163.79</u>	<u>52,735.36</u>
2. Current assets				
a. Current investments	12		7,039.59	2,717.37
b. Inventories	13	24(k)& 24(2d)	652.56	-
c. Trade receivables	14		21.99	-
d. Cash and cash equivalents	15		2,549.44	152.07
e. Short-term loans and advances	16		7.72	2.41
f. Other current assets	17		1,631.01	187.39
			<u>11,902.31</u>	<u>3,059.24</u>
TOTAL			<u><u>76,066.11</u></u>	<u><u>55,794.60</u></u>

Notes to the financial statements 24

The accompanying notes are an integral part of the financial statements.

Particulars	Note No	Notes Ref	Rs in Lakh	Rs in Lakh
			Year ended March 31, 2014	Year ended March 31, 2013
I Revenues from operations	18	24 (2i)	1,582.59	4.37
II Other income	19		71.74	169.85
III Total Revenue (I+II)			<u>1,654.33</u>	<u>174.22</u>
IV Expenses :				
Cost of materials consumed	20	24 (2)	1,102.87	-
Employee benefits	21		2,036.86	1,684.78
Finance costs	22		1,026.50	1.13
Depreciation and amortisation			1,248.21	498.69
Other expenses	23		1,549.61	1,026.26
Total Expenses			<u>6,964.05</u>	<u>3,210.86</u>
V Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)			<u>(5,309.72)</u>	<u>(3,036.64)</u>
VI Exceptional items			-	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)			<u>(5,309.72)</u>	<u>(3,036.64)</u>
VIII Extraordinary Items			-	-
IX Profit before tax (VII- VIII)			<u>(5,309.72)</u>	<u>(3,036.64)</u>
X Tax expense:				
1. Current tax			-	-
2. Deferred tax			-	-
XI Profit / (Loss) for the period from continuing operations (VII-VIII)			<u>(5,309.72)</u>	<u>(3,036.64)</u>
XII Profit (Loss) for the period (XI + XIV)			<u><u>(5,309.72)</u></u>	<u><u>(3,036.64)</u></u>
XIII Earnings per equity share:				
1. Basic		24(14)	(1.76)	(1.26)
2. Diluted		24(14)	(1.76)	(1.26)
Notes to the financial statements	24			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For B. K. Khare & Co. Amitabha Mukhopadhyay Ravinder Advani
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Deepak Chopra Satish Thombre
Partner Chief Executive Officer Company Secretary
Membership No. 047296

Pune, 30th April 2014 Pune, 30th April 2014

As per our report of even date

For B. K. Khare & Co. Amitabha Mukhopadhyay Ravinder Advani
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape Deepak Chopra Satish Thombre
Partner Chief Executive Officer Company Secretary
Membership No. 047296

Pune, 30th April 2014 Pune, 30th April 2014

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Cash Flow Statement for the year

Particulars	Rs in Lakh Year ended March 31, 2014	Rs in Lakh Year ended March 31, 2013
A. Cash Flow from Operating Activities		
Profit before taxation	(5,309.72)	(3,036.64)
Adjustment for :		
Depreciation & Amortisation	1,248.21	498.69
Dividend / Interest / Brokerage Income	(69.02)	(48.76)
Interest Paid	751.13	-
Preliminary Expenses	14.35	9.50
Unrealised foreign currency losses	38.19	-
Operating profit before working capital changes	(3,326.87)	(2,577.21)
Changes in Working Capital:		
Increase / (Decrease) in trade payables	2,178.85	-
Increase / (Decrease) in provisions	(179.32)	111.61
Increase / (Decrease) in other current liabilities	116.55	(7,748.60)
Increase / (Decrease) in other long term liabilities	(588.42)	(1,553.32)
Increase / (Decrease) in long term provisions	67.87	(110.08)
Increase / (Decrease) in trade receivables	(21.99)	-
Increase / (Decrease) in inventories	(652.56)	-
Increase / (Decrease) in loans & advances	1,065.65	(2.35)
Increase / (Decrease) in other current assets	(1,443.62)	(97.09)
Increase / (Decrease) in Non-current assets	(713.15)	(885.68)
Net Cash generated from operating activities	(3,497.01)	(12,862.72)
B. Cash flow from Investing Activities		
Purchase of tangible / intangible assets incl WIP & Capital Advances	(11,734.38)	(20,410.10)
(Purchase)/sale of current investments	(4,322.22)	36.94
Deposit in DSRA A/C	(1,300.00)	-
Interest received	0.54	-
Dividends received	68.48	48.76
Net cash from investing activities	(17,287.58)	(20,324.39)
C. Cash flow from Financing Activities		
Interest paid	(751.13)	-
Proceeds from Long Term Borrowings	12,595.78	30,073.54
Proceeds from issue of shares net of share issue expenses	11,351.67	3,000.00
Preliminary Expenses	(14.35)	(9.50)
Net Cash used in financing activities	23,181.97	33,064.04
Net increase in Cash and Cash equivalents (A + B +C)	2,397.37	(123.07)
Cash and Cash equivalents at the beginning of the year	152.07	275.14
Cash and Cash equivalents at the end of the year	2,549.44	152.07
Cash and Cash equivalents comprise of :		
Cash on Hand	-	-
Cheques on Hand	-	-
Balances with Banks in Current Accounts / Deposits	2,549.44	152.07
Total	2,549.44	152.07

As per our report of even date

For B. K. Khare & Co.	Amitabha Mukhopadhyay	Ravinder Advani
Chartered Accountants	Director	Director
Firm Registration No. 105102W		
Prasad V. Paranjape	Deepak Chopra	Satish Thombre
Partner	Chief Executive Officer	Company Secretary
Membership No. 047296		
Pune, 30th April 2014	Pune, 30th April 2014	

Notes to Financial Statements

Particulars	Rs in Lakh As at March 31,2014	Rs in Lakh As at March 31,2013
Note 1		
Share capital		
Authorised 400,000,000 Equity Shares of Rs 10	40,000.00	40,000.00
Each (Previous Year : 400,000,000 Equity Shares of Rs. 10/- each)		
Issued, Subscribed and Paid Up	38,500.00	27,148.33
38,50,00,000 (Previous Year: 27,14,83,265) Equity fully paid up Shares of Rs 10 each (Out of the above 19,63,50,000 (Previous Year 13,84,56,465) Equity Shares of Rs 10 each are held by Thermax Ltd, Holding Company)		
	<u>38,500.00</u>	<u>27,148.33</u>
a) Reconciliation of the shares at the beginning and at the end of the reporting period.		
Equity Shares	March 2014	March 2013
	Nos	Rs Lacs
At the beginning of the period	271483265	27,148.33
Issued during the period	113516735	11,351.67
Outstanding at the end of the period	385000000	38,500.00
	241483265	24,148.33
	30000000	3,000.00
	271483265	27,148.33
b) Term/rights attached to equity shares		
The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates. 51% of the equity shares are held by its holding company, Thermax Limited. (19,63,50,000 (Previous Year 13,84,56,465)Equity Shares of Rs 10 each are held by Thermax Ltd, Holding Company.)		
d) Details of Share holding more than 5% shares in the Company.		
	March 2014	March 2013
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	51%	51%
Babcock & Wilcox India Holdings INC	49%	49%
Note 2		
Reserves and Surplus		
Surplus/(Deficit)		
Per Last Balance Sheet	(5,863.93)	(2,827.29)
Profit / (Loss) for the period	(5,309.72)	(3,036.64)
TOTAL	<u>(11,173.65)</u>	<u>(5,863.93)</u>

Particulars	Notes Ref	Rs in Lakh As at March 31,2014	Rs in Lakh As at March 31,2013
Note 3			
Long-Term Borrowings			
Secured Long Term Borrowings :			
Term loans			
From banks.			
ICICI Bank	24(5)	10,125.00	6,625.00
State Bank of India	24(5)	21,416.00	13,005.67
Buyer's Credit - ICICI Bank	24(5)	11,178.35	10,536.62
TOTAL		<u>42,719.35</u>	<u>30,123.57</u>

Notes to Financial Statements

Particulars	Notes Ref	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
Note 4			
Other Long-term liabilities			
Others (Creditors for Capital Goods)		2,830.37	3,418.79
TOTAL		2,830.37	3,418.79
Note 5			
Long-term provisions			
Long Term Employee Benefits for Gratuity	24(6)	28.22	-
Long Term Employee Benefits for Superannuation		33.53	1.00
Long-term provisions others		7.13	-
TOTAL		68.87	1.00
Note 6			
Trade payables			
Trade payables	24(8)	2,178.85	-
TOTAL		2,178.85	-

Note 9

Fixed assets

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 1.4.2013	Additions During the Year-13-14	Deductions During The Year 13-14	Total Cost as on 31.03.2014	Upto 31st March 2013	Deductions During the Year 13-14	Provisions During the Year 13-14	Total As On 31.03.2014	As on 31 st March 2014	As on 31 st March 2013
Tangible Assets										
Land - Leasehold	4,548.59	-	-	4,548.59	110.06	-	47.73	157.79	4,390.79	4,438.53
Building		24,829.17	-	24,829.17	-	-	222.55	222.55	24,606.62	-
Plant & Machinery		28,788.26	-	28,788.26	-	-	466.81	466.81	28,321.45	-
Furniture and Fixtures	28.74	127.24	-	155.98	18.70	-	21.73	40.43	115.55	10.03
Office Equip, Computer, Software	431.92	372.18	-	804.09	173.56	-	145.01	318.57	485.53	258.36
Vehicles	124.34	46.66	-	171.00	15.10	-	12.14	27.24	143.77	109.24
Total	5,133.58	54,163.51	-	59,297.09	317.42	-	915.97	1,233.39	58,063.78	4,816.16
Previous Year	4,961.65	171.93	-	5,133.58	143.85	-	173.57	317.42	4,816.17	4,817.79
Intangible Assets										
Technical Knowhow *	3,665.05	69.67	-	3,734.72	817.91	-	332.24	1,150.15	2,584.57	2,847.14
Total	8,798.63	54,233.18	-	63,031.81	1,135.33	-	1,248.21	2,383.54	60,648.35	7,663.30
Previous Year	8,433.82	364.81	-	8,798.63	636.64	-	498.69	1,135.33	-	42,604.21
CWIP	-	-	-	-	-	-	-	-	-	-

*Technical Know How has remaining useful life of 7years & balance carrying value of Rs. 2584.57 lacs.

Particulars	Notes Ref	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
Note 10			
Long-term loans and advances			
Unsecured, considered good			
Capital Advances		105.41	1,071.06
Security Deposits		142.39	142.30
TOTAL		247.81	1,213.36
Note 11			
Other non-current assets			
Balance in Central Excise & Customs Accounts		1,467.01	810.62
VAT Set off		500.62	443.86
Fixed Deposit with more then 12 month in maturity	15	1,300.00	-
TOTAL		3,267.63	1,254.48

Particulars	Notes Ref	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
Note 7			
Other current liabilities			
Interest accrued but not due on borrowings		275.37	167.14
Customer Advances		132.13	-
Payable to Bank (Forwards)		3,401.85	-
Less :Forward Contract Receivable		(3,089.66)	328.21
Other Liabilities		30.92	100.46
TOTAL		750.61	595.81
Note 8			
Short-term provisions			
Short term Employee Benefits		191.71	351.38
Short-term provisions others		-	19.65
TOTAL		191.71	371.03

Particulars	Notes Ref	Rs in Lakh	Rs in Lakh
		As at March 31,2014	As at March 31,2013
Note 12			
Current Investments			
Investments in Mutual Funds (refer note below)		7,039.59	2,717.37
TOTAL		7,039.59	2,717.37
Note :			
As at 31st March 2014			
Name of Investment		Units	Cost Rs in Laacs
UTI Floating Rate Mutual Fund		6,53,704	7,039.59
As at 31st March 2013			
Name of Investment		Units	Cost Rs in Laacs
Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend Scheme - Reinvestment		27,15,878	2,717.37

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Notes to Financial Statements

Particulars	Notes Ref	Rs in Lakh		Particulars	Notes Ref	Rs in Lakh	
		As at March 31,2014	As at March 31,2013			As at March 31,2014	As at March 31,2013
Note 13				Note 20			
Inventories				Cost of Material consumed			
Raw materials	24(2d)	576.30	-	Consumption of raw materials and components			
Goods in Transit	24(2d)	76.27	-	Opening Stocks		-	-
TOTAL		652.56	-	Add: Purchases (Other than Trading purchases)	24 (2c)	1,755.43	-
						1,755.43	-
Note 14				Less: Closing Stocks		652.56	-
Trade Receivables				TOTAL		1,102.87	-
Unsecured trade receivable outstanding for a period exceeding six month		-	-				
Considered good		21.99	-	Note 21			
TOTAL		21.99	-	Employee Benefits Expense			
				Salaries and wages		1,811.09	1,529.53
Note 15				Contribution to provident and other funds	24 (6)	122.63	119.67
Cash and cash equivalents				Gratuity	24 (6)	39.45	0.91
Balances with banks				Staff welfare expenses		63.69	34.67
Deposit with more than 12 month in maturity		1,300.00	-	TOTAL		2,036.86	1,684.78
Deposit others		2,300.00	-				
Balances in current accounts		249.44	152.07	Note 22			
		3,849.44	152.07	Finance Costs			
Less : Deposit with more than 12 month in maturity disclosed under Other non-current assets	11	1,300.00	-	Interest expense	24 (2j)	1,026.50	1.13
TOTAL		2,549.44	152.07	TOTAL		1,026.50	1.13
Note 16				Note 23			
Short-term loans and advances				Other Expenses			
Advances recoverable in cash or in kind		5.86	-	Consumption of stores and spare parts		176.73	14.80
Advances to Staff and Workers		1.86	2.41	Electricity Expenses		98.46	49.67
TOTAL		7.72	2.41	Drawing, Design and Technical Service Charges		8.95	17.31
				Site Expenses and Contract Labour Charges		169.85	-
Note 17				Rent and Service Charges		238.69	192.82
Other current assets				Rates and taxes, excluding taxes on income.		94.68	-
Contracts in Progress		1,549.86	-	Insurance		14.55	0.87
Unamortised Premium on Forwards		81.17	187.39	Repairs and Maintenance:		-	-
TOTAL		1,631.03	187.39	Building		72.01	28.43
				Plant and Machinery		16.31	3.41
Note 18				Repairs and Maintenance:Others		47.90	20.01
Revenue from operations				Communication		16.35	17.73
A. Sale of products				Traveling and Conveyance		45.87	154.37
(i) Domestic		5.13	-	Advertising and Exhibition Expenses		2.43	15.55
Add : Closing Contracts in Progress	24 (4)	1,549.86	-	Other Selling and Distribution Expenses		23.79	14.87
Less : Opening Contracts in Progress		-	-	Bank Charges		11.05	51.50
		1,554.99	-	Legal & Professional Charges	24 (9)	258.62	213.94
B. Sale of services		3.35	-	Printing and Stationery		4.67	8.74
C. Other operating revenues				Donations		0.01	(0.00)
Sale of Scrap		23.01	3.45	Premium on Forward Contracts (net)		140.34	176.98
Miscellaneous Income		2.38	0.92	Security Expenses		26.62	12.32
		25.39	4.37	Software Expenses		24.49	-
D. Less: Excise duty		1.15	-	Recruitment Expenses		-	2.06
TOTAL (A+B+C-D)		1,582.59	4.37	Books and Periodicals		0.56	1.55
				Prov. for Warranty Exp.		13.00	-
Note 19				Prov. For loss on contract.		17.60	-
Other income				Miscellaneous Expenses		11.74	19.85
Interest Income		3.26	0.21	Preliminary Expenses		14.35	9.50
Dividend Income		-	-	TOTAL		1,549.61	1,026.26
Current Investment		68.48	48.76				
Net Gain on foreign currency transactions and translation		-	120.88				
TOTAL		71.74	169.85				

Notes to Financial Statements

Note 24

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

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 & Intangible 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.

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.

All cost directly attributable to the assets are capitalised to the asset.

d) Depreciation

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

Depreciation on Buildings, Plant & Machinery, Furniture & Fixtures, Air Conditioners, Office Equipment, Electrical Installation at Factory and Administrative Office is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 Except for the following:

Depreciation on computers and Softwares is provided at accelerated rate (@33.33% SLM).

Technical Know How is amortized by straight line method over 10 years.

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. 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

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, using projected unit credit method.

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 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 accrual 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 accrual basis.

Employee's Short Term Incentive Plan

Liability on account of the company's obligations in respect employee short-term incentive plan as applicable is provided on accrual 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 projects for construction of plants & systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof, etc. execution of which is spread over different accounting periods is recognised on the basis of percentage completion method.

Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

The difference between costs incurred plus recognised profits / less recognised losses and the amount of invoiced sales is disclosed as contract in progress.

Determination of Revenues under the percentage completion method necessarily involves making estimates by the management (some of which are of technical nature) of the costs to completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable loss to completion.

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

Interest income is recognized on time proportion basis.

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Notes to Financial Statements

j) Borrowing Costs

Borrowing costs attributable to acquisition of Fixed Assets are capitalized till the date of capitalization. The costs post commercial operation is charged to Profit & Loss A/C.

k) Inventories

Inventories are valued at lower of cost and estimated net realisable value.

Cost of raw materials, components, consumables, tools, stores & spares is arrived at on the basis of weighted average cost.

l) 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.

In accordance with the provisions contained in The Companies (Accounting Standards) Amendment Rules 2011, and in conforming to the Accounting Standard 11 (AS 11), in respect of long term foreign currency liabilities incurred for acquisition of assets, the exchange difference arising on reporting of said liabilities are adjusted to the cost of the assets.

The Company uses foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations to underlying transactions and for firm commitments. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transaction is recognised as income or expense over the life of the contract.

m) Preliminary Expenses

Expenses relating to formation of company are charged to profit and loss account as and when incurred.

2. Additional Information under Part II of Revised Schedule VI of the Companies Act, 1956

a. Turnover of goods manufactured & Traded (net of excise)

(Rs. In Lacs)

Particulars	2013-14	2012-13
Boilers, Chillers & Heaters	3.98	-
Total	3.98	-

b. Service Revenue under broad heads

(Rs. In Lacs)

Particulars	2013-14	2012-13
Engineering Services	3.35	-
Total	3.35	-

c. Consumption of raw materials & components, etc.

(Rs. In Lacs)

Particulars	2013-14	2012-13
Ferrous Tubes/pipes	1102.87	-
Total	1102.87	-

d. Raw Material Stock under broad heads

(Rs. In Lacs)

Particulars	2013-14	2012-13
Ferrous Tubes/pipes	652.56	-
Total	652.56	-

e. Value of imported & indigenous Raw materials & components & spare parts consumed

(Rs. In Lacs)

Particulars	2013-14	2012-13
Indigenous	1102.87	-
Total	1102.87	-

3. Expenditure in Foreign Currency (On Accrual Basis)

(Rs. In Lacs)

Sr. No	Particulars	2013-14	2012-13
(I)	Expat Salaries	556.28	529.07
(II)	Technical Fees	Nil	Nil
(III)	Procurement of Capital Assets	783.97	10,492.89

4. Contracts in Progress

(Rs. In Lacs)

Sr. No	Particulars	2013-14	2012-13
a)	Aggregate amount recognised as Contract Revenue (RR) for the year	1553.84	-
b)	In respect of contracts in progress as on 31st March :	Nil	Nil
	1. Aggregate amount of costs incurred and recognised profits (recognised losses)	1530.73	-
	2. Amount of Customer Advances received	131.17	-
c)	Gross amount due from Customers for Contract Work	3.58	-
d)	Closing Contract In Progress	1,549.86	

The company has provided for Future Losses on the Contract to the extent of Rs. 17.60 Lacs.

5. Long Term Borrowings

Term loan facilities sanctioned by ICICI Ltd and State Bank of India aggregating to Rs 43,700 lacs to be funded equally by both the Banks.

Out of the above Company has drawn down Rs 10,125 lacs (Previous Year Rs. 6,625 Lacs) from ICICI Bank, Rs 21,416 lacs (Previous Year Rs. 13,006 Lacs) from State Bank of India. The company has availed Buyer's Credit from ICICI Bank for Rs. 11,178 Lacs (Previous Year RS. 10,537 Lacs). The rate of interest is Base + 2% in case of ICICI Bank and Base +2.25% in case of State Bank of India. Current Base rate is 10% in both the Banks.

The repayment term of the loan is scheduled on quarterly basis starting from quarter ending 12 months from Commercial Operation Date over a period of six years.

The loan is secured by First Charge on moveable Properties, first charge on all rights, title and interests of the borrower and second charge on raw material stock, semi finished and finished goods as well as book debts and by way of deposit of title deeds for immovable property of the company mainly plot of land and all construction thereon.

6. Employee Benefits

Defined Benefit Plans for Employees (AS 15)

(Amounts in Rupees)

Sr. No.	Particulars	2013-14	2012-13
i	Components of Employer expense		
a	Current Service Cost	19.19	15.30
b	Interest Cost	11.28	9.60
c	Expected Return on Plan Assets	(13.25)	(6.91)
d	Actuarial (Gain)/Loss	22.22	(17.08)
e	Past Service Cost		
f	Total expense recognised in the Profit and Loss Account	39.45	0.91
ii	Net Assets/(Liability) recognised in Balance Sheet as at 31st March 2014		
a	Present Value of Obligation	180.87	142.90
b	Fair Value of Plan Assets	152.65	154.14
c	Asset/(Liability) recognised in the Balance Sheet	(28.22)	11.24

Notes to Financial Statements

(Amounts in Rupees)

Sr. No.	Particulars	2013-14	2012-13
iii	Change in Gratuity Obligation during the year		
a	Present Value of Obligation as at 31st March 2013	142.90	114.06
b	Acquisition adjustment		
c	Current Service Cost	19.19	15.30
d	Interest Cost	11.28	9.60
f	Actuarial (Gain)/Loss	21.37	6.17
g	Benefit Paid	(13.89)	(2.23)
h	Present Value of Obligation as at 31st March 2014	180.87	142.90
iv	Changes in the Fair Value of Plan Assets		
a	Present Value of Plan Assets as 31st March 2013	154.14	4.48
b	Acquisition adjustment	0.00	(25.07)
c	Expected Return on Plan Assets	13.25	6.91
d	Actual Company Contribution	0.00	146.81
e	Benefits Paid	(13.89)	(2.23)
f	Actuarial Gain/(Loss)	(0.85)	23.25
g	Present Value of Plan Assets as 31st March 2014	152.65	154.14
v	Actuarial Assumptions		
a	Discount Rate	8% p.a.	8.30% p.a.
b	Expected Rate of Return	9.0% p.a.	9.0% p.a.
c	Mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
d	Future Salary Increases	7.0% p.a.	7.0% p.a.
e	Disability	Nil	Nil
f	Attrition	10% p.a.	2% p.a.
g	Retirement	60 years	60 years

v) Amounts recognised in current year and previous four years

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Gratuity				
Defined Benefit Obligation	180.87	142.9	114.06	Nil
Plan Asset	152.65	154.14	4.47	Nil
Surplus / (Deficit)	(28.22)	11.24	(109.59)	Nil
Experience adjustments in plan liabilities	21.37	6.17	-	Nil
Experience adjustments in plan assets	(0.85)	23.25	(0.53)	Nil
Classified as Non-Current	(28.22)	11.24	(109.59)	Nil
Classified as Current	-	-	-	Nil
Recognised in Balance Sheet	(28.22)	11.24	(109.59)	Nil

Note: The Company was incorporated on 26th June 2010 and hence the details above can be given for past three years.

vi) Major Category of Plan Assets as a % of total Plan Assets

Rs in Lakh

Particulars	2013-14	2012-13
Government Securities (Central and State)	100%	100%
Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Fixed Deposits under Special Deposits Schemes of Central Government	-	-
Public Sector Unit Bonds	-	-
Total %	100%	100%

vii) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

Rs in Lakh

Particulars	2013-14	2012-13
Provident and other funds paid	122.63	119.67

viii) Expected Contribution to funds in next year

Rs in Lakh

Sr no.	Particulars	FY 14-15	FY 13-14
1	Gratuity	52.59	19.83
2	Provident Fund	62.63	51.77

7. Contingent Liabilities not provided for (Rs in Lacs)

- Bank Guarantees provided to third parties as security for bid documents NIL (Previous Year; 5,731.57 Lacs). Bank guarantees issued to statutory authorities Rs 1078.14 Lacs (Previous Year :Rs 1,072.06 Lacs)
- LC issued amounting to Rs. 46.29 Lacs (Rs. 23.54 Lacs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.4373.86 Lacs (Previous Year: Rs. 13,891.00 Lacs)
- The Company has saved duty amounting to Rs. 3,614 Lacs (Previous Year: Rs 3,614 Lacs) under Export Promotion Capital Goods Scheme (EPCG) against which there is an export obligation of six times the value of duty saved ie Rs 21,684 Lacs (Previous Year :Rs. 21,684 Lacs) over a period next four years.

8. 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.

Rs. In Lakhs

S 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 2013	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 2013)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2013 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

9. Legal & Professional Charges include :

Rs in Lakh

Particulars	2013-14	2012-13
Auditors' Remuneration (Excl. Service Tax)		
(i) Audit Fees	4.50	4.25
(ii) Tax Audit fees	1.00	-
(iii) Other Services- Certification Fees	2.62	1.56

THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

Notes to Financial Statements

10. Deferred taxes

Rs in Lakh

Sr no.	Particulars	2013-14	2012-13
(I)	Deferred Tax Liability On account of difference in written down value of Fixed Assets	(1,686.44)	(230.60)
(II)	Deferred Tax Asset (DTA)		
	a) Provision for Gratuity	12.19	(37.01)
	b) Provision for Leave Encashment	(2.63)	9.36
	c) On unabsorbed depreciation (restricted to deferred tax liability)	1,676.88	258.24
	Net deferred tax liability	Nil	Nil

11. Previous Year's Expenses included under various heads of account:

Rs in Lakh

	2013-14	2012-13
Legal & Professional fees	2.00	-
Electricity	4.26	-

12. 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:

- i) Ultimate Holding Company
RDA Holdings Pvt. Ltd.
- ii) Holding Company
Thermax Limited
- iii) Fellow Subsidiaries
Thermax Engineering Construction Company Limited
Thermax Instrumentation Limited
Thermax Sustainable Energy Solutions Limited
Thermax Onsite Energy Solutions Limited
Thermax SPX Energy Technologies Limited (Joint venture with SPX Netherlands BV)
Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K.)
Thermax Inc. (U.S.A)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China)
Thermax Netherlands B.V. (Netherlands)
Thermax Denmark ApS (Denmark)
Danstoker A/S (Denmark)
Ejendomsanpartsselskabet Industrivej Nord 13 (Denmark)
Omnical Kessel- und Apparatebau GmbH (Germany)
Thermax SDN. BHD. (Malaysia)
Rifox – Hans Richter GmbH Spezialarmaturen (Germany)
Boilerworks A/S (Denmark)
Boilerworks Properties ApS (Denmark)

Party having significant influence :

- Babcock & Wilcox India Holdings INC.
- Babcock & Wilcox Power Generation Group.

- b) Key Management Personnel
Mr. Deepak Chopra(DC) – Chief Executive Officer.

c) Transactions with the Related Parties

Particulars	2013-14 (2012-13)	(INR lacs)			
	Thermax Limited	Babcock & Wilcox India Holdings INC	Babcock & Wilcox Power Generation Group	Key Management Personnel	Total
Equity Infusion/ Share Application Money	5,789 (1,530)	5,562 (1,470)			11,351 (3,000)
Receiving of Services			40 (529)		40 (529)
Creditors balances outstanding	1,895 (60)		1,703 (2,410)		3,598 (2,470)
Personnel Cost & Other Expenses				342 (274)	342 (274)

Figures in brackets denote previous year

13. Operating Leases

The company has entered into non-cancellable leasing arrangements for an office premise. The total lease payments recognized in the Profit and Loss Account towards the said leases amounts to Rs 197.27 lacs. (Previous Year: Rs 189.15 lacs)

The future lease payments in respect of the above are as follows:

Rs in Lakh

Particulars	2013-14	2012-13
Not later than one year	197.27	189.15
Later than one year but not later than three years	451.63	423.46
Later than three years but not later than five years	NIL	27.35

14. Earning Per Share (EPS)

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

Rs in Lakh

Particulars	2013-14	2012-13
Net profit/(loss) for Shareholders (Rs. Lacs)	(5,309.72)	(3,036.64)
Weighted average number of Equity Shares of Rs. 10 each	30,20,88,475	24,18,67,880
Basic and Diluted earning per share (Rs.)	(1.76)	(1.26)
Face Value per share of Rs 10/- each (Previous Year: Rs 10)		

15. Hedging instruments

The Company takes forward contracts/options to hedge exposures arising out of net foreign currency payables and receivables.

- a) The Net Open Position is covered by simple forward and range forward as given below:

Particulars	2013-14	2012-13
Amount USD (million)	5.03	5.03
Forward Rate (Rs)	62.30	58.38
Closing Rate (Rs)	58.52	54.39
Gain/(Loss) (Rs in Lacs)	199.57	200.53
Amount Eur (million)	0.32	0.97
Forward Rate (Rs)	86.27	70.35
Closing Rate (Rs)	84.85	69.75
Gain/(Loss) (Rs in Lacs)	(8.34)	5.82
Amount CAD (million)	-	0.02
Forward Rate (Rs)	-	53.42
Closing Rate (Rs)	-	53.73
Gain/(Loss) (Rs in Lacs)	-	(0.06)

Notes to Financial Statements

b) The un hedged exposure of foreign currency transactions is as follows:

Rs in Lakh

Particulars	2013-14	2012-13
Payables	316.84	514.71
License fees	NIL	632.42

16. Pursuant to notification dated 29th December 2011, Ministry of Corporate Affairs, had issued an amendment to Accounting Standard 11 “ The effects of changes in Foreign Exchange Rates” to allow companies capitalisation of exchange difference arising on long term foreign currency monetary items. Pursuant to above, in the previous year the company had exercised the option of capitalizing exchange differences arising on reporting of long term foreign currency liabilities in so far as they relate to the acquisition of depreciable capital assets. Accordingly, in the current financial year an amount of Rs. 106.40Lacs (Previous Year: Rs. 193 Lacs) has been capitalized.
17. Previous year’s figures have been regrouped / rearranged wherever necessary to conform to this year’s classification.

As per our report of even date

For B. K. Khare & Co. **Amitabha Mukhopadhyay** **Ravinder Advani**
Chartered Accountants Director Director
Firm Registration No. 105102W

Prasad V. Paranjape **Deepak Chopra** **Satish Thombre**
Partner Chief Executive Officer Company Secretary
Membership No. 047296

Pune, 30th April 2014 Pune, 30th April 2014



THERMAX

**Sustainable Solutions
Energy & Environment**