

ANNUAL  
REPORT OF  
SUBSIDIARY  
COMPANIES

2009-2010



**THERMAX**

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# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Board of Directors

Shishir Joshipura  
Gopal Mahadevan  
M S Unnikrishnan

## Registered Office

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

## Auditors

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

## Bankers

Canara Bank

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report of the company together with audited accounts for the year ended March 31, 2010.

### PERFORMANCE & HIGHLIGHTS OF THE YEAR

During the year under review, your company has developed Clean Development Mechanism (CDM) Projects which are now under validation. It is expected to get these projects registered with United Nations Framework Convention on Climate Change (UNFCCC) in the next financial year.

During the year under review, the company earned an income of Rs. 70 lakh against Rs. 14.2 lakh in the previous year. This comprised mainly of CDM consultancy services provided to project owners. The income also included reimbursement of expenses for support rendered to the parent company, Thermax Limited. The company has incurred a net loss of Rs. 120 lakh compared to Rs. 12.8 lakh in the previous year.

At the Extraordinary General Meeting of the company held on May 29, 2009 the shareholders have approved amendment to the Memorandum of Association of the company for increasing the Authorised Share Capital to Rs. 750 lakh.

### ISSUANCE OF EQUITY SHARES ON RIGHT BASIS

The existing shareholders of the company were offered sixteen equity shares for every three equity shares held by them. The company has issued 40, 00,000 equity shares of face value Rs. 10 each aggregating to Rs. 400 lakh on Right Basis to the parent company. The allotment has been completed on June 22, 2009. Consequent to this issue, the paid-up share capital has increased to Rs. 475 lakh divided into 47, 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

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

There were no foreign exchange earnings or outgo during the year under review.

### 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, 2010, 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. M. S. Unnikrishnan, Mr. Gopal Mahadevan and Mr. Shishir Joshipura have been inducted on the Board of your company as Additional Directors effective January 25, 2010. 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 notices, with necessary deposits have been received pursuant to Section 257 of the Companies Act, proposing them as Directors of the company. Necessary resolutions appointing Mr. M. S. Unnikrishnan, Mr. Gopal Mahadevan and Mr. Shishir Joshipura as Directors have been set out in the Notice of the ensuing Annual General Meeting for the approval of shareholders.

Mrs. Meher Pudumjee, Mrs. A. R. Aga and Mr. I. H. Mirza resigned as Directors of your company with effect from January 25, 2010. The Board places on record its appreciation for the service rendered by the outgoing Directors during their tenure.

### COMPLIANCE CERTIFICATE

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

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

M. S. Unnikrishnan      Gopal Mahadevan  
Director                      Director  
Pune, May 4, 2010

## Compliance Certificate

CCIN - U29219PN1987PLC045658

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

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

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

I have examined the registers, records, books and papers of **THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2010. 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:

- 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.
- 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.
- The Company being a Public Limited Company no comments are required.
- The Board of Directors duly met Seven times 08.05.2009, 19.05.2009, 01.06.2009, 22.06.2009, 13.07.2009, 12.10.2009 and 25.01.2010 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.
- The Company was not required to close its Register of Members during the financial year.
- The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2009 was held on 13<sup>th</sup> July, 2009 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
- One Extra Ordinary General Meeting was held on 29<sup>th</sup> May 2009 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.
- The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
- The Company has duly complied with the provision of Section 297 of the Act in respect of the contracts specified in that Section.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- 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.
- The Company has not issued any duplicate certificates during the financial year.
- The Company has:
  - allotted shares and delivered all the certificates on allotment of securities in accordance with the provisions of the Act. The Company has not transferred / transmitted any securities during the financial year.
  - not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - not posted warrants to any member of the Company as no dividend declared during the financial year.
  - duly complied with the requirements of section 217 of the Act.
- The Board of Directors of the Company is duly constituted and the appointment of additional/alternate Directors and Directors to fill casual vacancies have been duly made.
- The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act except that.
- 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.
- The Company has issued equity shares during the financial year and has complied with the provisions of the Act.

- The Company has not bought back any shares during the financial year.
- There was no redemption of preference shares or debentures during the financial year.
- 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.
- The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- The Company has not made any borrowings during the financial year ended 31.03.2010.
- 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.
- 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.
- The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- The Company has altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
- The Company has not altered its Articles of Association during the financial year.
- 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.
- The Company has not received any money as security from its employees during the financial year.
- The Company has not constituted any provident fund for its employees and therefore was not required to deposit any money as required in Section 418 of the Act.

Place : Pune  
Date : 30th April, 2010

**Sridhar G. Mudaliar**  
C.P. No. 2664

### Annexure A

#### Registers as maintained by the Company

- Register of Members under Section 150.
- Register of Transfers.
- Books of Accounts under Section 209.
- Register of Contracts in which Director's are interested under Section 301.
- Register of Directors, Managing Director, Manager and Secretary under Section 303.
- Register of Directors' Shareholdings under Section 307.
- 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 31<sup>st</sup> March, 2010.

Sr. No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 23AC & 23ACA	Section 220	31.03.2009	11.08.2009	Yes	NA
2.	Form 66	Section 383A	31.03.2009	11.08.2009	Yes	NA
3.	Form 20B	Section 159	13.07.2009	11.08.2009	Yes	NA
4.	Form 5	Section 97	29.05.2009	27.06.2009	Yes	NA
5.	Form 2	Section 75	22.06.2009	20.07.2009	Yes	NA
6.	Form 32	Section 303(2)	25.01.2010	16.02.2010	Yes	NA
7.	Form 32	Section 303(2)	25.01.2010	25.02.2010	Yes	NA

Place : Pune  
Date : 30th April, 2010

**Sridhar G. Mudaliar**  
C.P. No. 2664

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Auditors' Report

### To the members of Thermax Sustainable Energy Solutions Limited

(Formerly known as Thermax Surface Coatings Limited)

1. We have audited the attached Balance Sheet of Thermax Sustainable Energy Solutions Limited (formerly known as Thermax Surface Coatings Ltd.) as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company as

- required by law, so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and in particular Note No.3 to the accounts (assumption as a going concern) and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For B.K. Khare & Co.**  
Chartered Accountants

**H.P. Mahajani**

Partner

(Membership No. 30168)

Firm Regn. No. 105102W

Place : Pune

Date : 4th May, 2010

## Annexure to the Auditors' Report

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

### To the members of Thermax Sustainable Energy Solutions Limited

(formerly known as Thermax Surface Coatings Limited)

1. In our opinion and according to the information and explanations given to us, the requirements of paragraphs 4 (ii), (vi), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of the Order are not, on facts, applicable and hence no comments have been offered there under.
2.
  - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
  - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year. However, Company has written off certain assets; which has no impact on going concern assumption.
3.
  - (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (b) The amount outstanding in respect of loan taken from one party covered under Section 301, as on 31<sup>st</sup> March 2010 is Rs. 2,65,47,552/- including interest thereon amounting to Rs. 62,79,552/-.
  - (c) According to the information and explanations given to us, in our opinion the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to fixed assets. During the year, company has not entered into any transaction of purchase of goods or sale of goods. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weakness in the internal control procedures.
5.
  - (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- (b) In our opinion and having regard to the explanation that certain items / services sold / rendered are of a special nature in respect of which suitable alternative sources do not exist for obtaining comparative quotations, transactions made in pursuance of such contract or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company does not have an internal audit system.
  7. The maintenance of cost records has not been prescribed under Section 209 (1) for any of the products of the Company.
  8.
    - (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
    - (b) As at 31st March 2010, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess matters that have not been deposited.
  9. The Company has accumulated losses as at 31st March 2010, and it has incurred cash loss during the financial year ended on that date and also in the immediately preceding financial year.
  10. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
  11. 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

**H.P. Mahajani**

Partner

(Membership No. 30168)

Firm Regn. No. 105102W

Place : Pune

Date : 4th May, 2010

# ANNUAL REPORT 2009-2010

## Balance Sheet as at 31st March, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>Sources of Funds</b>			
Shareholders' Funds :			
Share Capital	1	4 75 00 000	75 00 000
Term Loan from Thermax Ltd	2	2 65 47 552	2 50 88 256
<b>Total Funds Employed</b>		<b>7 40 47 552</b>	<b>3 25 88 256</b>
<b>Application of Funds</b>			
Fixed Assets			
Gross Block	3	8 35 782	4 19 728
Less : Accumulated Depreciation		4 66 432	3 98 741
Net Block		3 69 351	20 987
Capital - Work in Progress		28 97 800	0
<b>Investments</b>	4	<b>2 04 75 768</b>	0
<b>Current Assets, Loans &amp; Advances :</b>			
Sundry Debtors			
Cash & Bank Balances	5	2 21 449	1 45 204
Loans & Advances	6	78 83 825	7 37 381
	7	2 37 20 097	2 01 08 590
<b>Total Current Assets</b>		<b>3 18 25 371</b>	<b>2 09 91 175</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities			
Provisions	8	51 90 549	4 05 434
	9	2 77 770	2 31 137
<b>Total Current Liabilities</b>		<b>54 68 320</b>	<b>6 36 571</b>
Net Current Assets		2 63 57 051	2 03 54 602
Profit & Loss Account	10	2 39 47 582	1 22 12 667
<b>Total Funds Applied</b>		<b>7 40 47 552</b>	<b>3 25 88 256</b>
Notes to Accounts	14		

## Profit & Loss Account for the year ended 31st March, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
<b>Income</b>			
Sales and Other Income	11	69 58 032	14 23 794
		<b>69 58 032</b>	<b>14 23 794</b>
<b>Expenditure</b>			
Materials	12	Nil	Nil
Other Expenses	13	1 86 33 134	27 06 201
Depreciation		59 813	0
		<b>1 86 92 947</b>	<b>27 06 201</b>
Profit/(Loss) before Tax		(1 17 34 916)	( 12 82 407)
Less : Current Tax			
Deferred Tax			
Fring Benefit Tax			
Profit/(Loss) after Tax		(1 17 34 916)	( 12 82 407)
Add/Less : Balance brought forward from last year		(2 84 64 667)	(2 71 82 260)
Balance available for appropriation		<b>(4 01 99 582)</b>	<b>(2 84 64 667)</b>
<b>Appropriations</b>			
Carried to Balance Sheet		(4 01 99 582)	(2 84 64 667)
		<b>(4 01 99 582)</b>	<b>(2 84 64 667)</b>
Basic / Diluted Earning Per Share (Per Equity Share of Rs.10/- each)		(3.05)	(1.71)
Notes to Accounts	14		

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants

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

Pune, May 4, 2010

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**Shishir Joshipura**  
Director

Pune, May 4, 2010

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

Schedule attached to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees		As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE 1 SHARE CAPITAL</b>			<b>SCHEDULE 2 UNSECURED LOAN</b>		
<b>Authorised</b>			Thermax Ltd (from Holding Company)		
75,00,000 Equity Shares of Rs. 10 each	<u>7 50 00 000</u>	1 50 00 000		<u>2 02 68 000</u>	2 02 68 000
	<u>7 50 00 000</u>	<u>1 50 00 000</u>	Interest accrued	<u>62 79 552</u>	48 20 256
			(Repayable on demand)	<u>2 65 47 552</u>	<u>2 50 88 256</u>
<b>Issued, Subscribed &amp; Paid Up</b>					
47,50,000 Equity Shares of Rs. 10 each fully paid up (Entirely held by Thermax Limited, holding company including Ten shares held jointly with nominees)	<u>4 75 00 000</u>	75 00 000			
	<u>4 75 00 000</u>	<u>75 00 000</u>			

## SCHEDULE 3 FIXED ASSETS

(Amt in Rupees)

PARTICULARS	Gross Block				Depreciation				Net Block	
	Cost as on 1st April, 2009	Additions during the year	Deductions during the year	Total Cost as on 31st March 2010	As on 1st April 2009	Deductions during the year	Provision for the year	As on 31st March 2010	As at 31st Mar 2010	As at 31st Mar 2009
Computers		4 16 054		4 16 054			67 690	67 690	3 48 364	
Computers - 95%	4 19 728			4 19 728	3 98 741			3 98 741	20 987	20 987
<b>Total</b>	<b>4 19 728</b>	<b>4 16 054</b>		<b>8 35 782</b>	<b>3 98 741</b>		<b>67 690</b>	<b>4 66 431</b>	<b>3 69 351</b>	<b>20 987</b>
Previous Year - Mar 2009	4 19 728			4 19 728	3 98 741		0	3 98 741	20 987	20 987

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees		As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE 4 INVESTMENTS</b>			<b>SCHEDULE 7 LOANS &amp; ADVANCES</b>		
<b>Short term (unquoted)</b>			Unsecured, considered good:		
ICICI Prudential - Mutual Fund (Floating Rate Plan- Daily Dividend) (Refer Schedule 14 note 9)	<u>2 04 75 768</u>	-		<u>2 55 178</u>	1 02 393
	<u>2 04 75 768</u>	-	Advances recoverable in cash or in kind or for value to be received		
			Advance to Suppliers	<u>29 70 566</u>	-
			Income Tax (Net of Provision)	<u>2 04 94 352</u>	2 00 06 197
			[Provision Rs. 4,30,70,000/- (Previous Year Rs.4,30,70,000/-)]	<u>2 37 20 097</u>	<u>2 01 08 590</u>
<b>SCHEDULE 5 SUNDRY DEBTORS</b>			<b>SCHEDULE 8 CURRENT LIABILITIES</b>		
Unsecured			Sundry Creditors - Micro, Small & Medium Enterprises		
Debts outstanding for a period exceeding six months.	-	-	Sundry Creditors - Others	<u>18 21 934</u>	20 158
Considered Good	<u>2 21 450</u>	1 45 205	Customer Advances	<u>11 78 700</u>	-
Considered doubtful	-	-	Other Liabilities	<u>21 89 914</u>	3 85 276
Less Provided for Doubtful Debts	-	-		<u>51 90 549</u>	<u>4 05 433</u>
	<u>2 21 450</u>	<u>1 45 205</u>	<b>SCHEDULE 9 PROVISIONS</b>		
			Gratuity & Leave Encashment		
				<u>2 77 770</u>	2 31 137
				<u>2 77 770</u>	<u>2 31 137</u>
<b>SCHEDULE 6 CASH &amp; BANK BALANCES</b>			<b>SCHEDULE 10 PROFIT &amp; LOSS ACCOUNT</b>		
Cash in hand :-	Nil	Nil	Deficit in Profit & Loss Account		
Balances with Scheduled banks :-			Less : General Reserve as per last balance sheet		
In Current Accounts	<u>75 74 720</u>	28 573		<u>4 01 99 582</u>	2 84 64 667
In Fixed Deposits	<u>3 09 105</u>	7 08 808		<u>1 62 52 000</u>	1 62 52 000
	<u>78 83 825</u>	<u>7 37 381</u>		<u>2 39 47 582</u>	<u>1 22 12 667</u>

*Schedule attached to and forming part of the Profit and Loss Account for the year ended 31st March, 2010*

*Notes forming part of the Accounts*

	For the year ended <b>31.03.2010</b> Rupees	For the year ended 31.03.2009 Rupees
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**SCHEDULE 11  
SALES AND OTHER INCOME**

<b>I Sales</b>		
Sale - Services	57 50 000	-
<b>II Other Income</b>		
Interest Received :		
- Banks	19 982	42 576
[Tax deducted at source Rs. Nil (Previous Year Rs.8771/-)]		
- Others [Tax deducted at source Nil (Previous year Rs.Nil )]	2 312	1 884
Dividend - Current Investment	4 75 768	-
Miscellaneous Income	7 09 969	13 79 335
	<b>69 58 032</b>	<b>14 23 794</b>

**SCHEDULE 12  
MATERIALS**

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

**SCHEDULE 13  
OTHER EXPENSES**

Salaries, Wages, Bonus & Allowances	8 42 980	7 93 263
Contribution to Provident and Other Funds	93 248	87 651
Staff Welfare Expenses	-	-
Professional Fees	95 48 489	1 11 901
Site Expenses	24 45 244	-
Commission on Sales	11 55 000	-
Power and Water	3 19 670	-
Repairs and Maintenance:		
Office Equipments	85 072	-
Others	1 16 311	-
Communication	2 80 902	-
Travelling and Conveyance	14 04 931	-
Security Expenses	1 44 337	-
Printing & Stationery	1 48 231	-
Business Meeting & Conference Expenses	2 49 839	-
Other Miscellaneous Expenses	1 68 828	36 035
Loss on Assets Discarded	-	45 551
Interest paid	16 30 052	16 21 590
Octroi	-	10 210
	<b>1 86 33 134</b>	<b>27 06 201</b>

**SCHEDULE 14  
NOTES TO ACCOUNTS**

**1 Significant Accounting Policies**

**a) Basis of Preparation of Financial Statements**

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

**b) Use of Estimates**

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

**c) Fixed Assets & Depreciation**

- i. The fixed assets are stated at lower of net book and net realisable value
- ii. Depreciation on all fixed assets has been provided by the straight line method at rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956.

**d) Investments**

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

**e) Retirement Benefits**

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

**f) Provisions and Contingent Liabilities**

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

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

**g) Revenue Recognition**

- i) Income from Consultancy Services on accrual basis subject to reasonable certainty of its ultimate realization.
- ii) Interest income is booked on time proportion basis.

**2 Contingent Liabilities not provided for**

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

**3 During the year, the company has started its activities in mCarbon business.**

Company has developed Projects under Clean Development Mechanism (CDM) which are now under validation. It is expected to get those projects registered with United Nations Framework Convention on Climate Change (UNFCCC) in the next financial year.

**4 Tax Provision**

Income tax expenses comprise of current tax and deferred tax charge/credit. Current tax is determined as the amount of tax payable in respect of taxable income for the period. No deferred tax asset is recognised in respect of accumulated timing differences upto 31<sup>st</sup> March 2010 as also timing differences for the year since the realisation of such assets in the future is uncertain. This being based on the consideration of prudence.

**5 Other Expenses include**

	Year ended <b>31st March 2010</b> Rs.	Year ended 31st March 2009 Rs.
i) Audit Fees	<b>22,060</b>	11,030



# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

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

## 7 Related Party Disclosures

Name of related parties & description of relationship

Sr No	Relationship	Name of Related Parties
1	Ultimate Holding Company	RDA Holding & Trading Pvt. Ltd.
2	Holding Company	Thermax Limited
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Engineering & Construction Company Ltd., Thermax Instrumentation Ltd., Thermax Onsite Energy Solutions Ltd., Thermax Europe Ltd., Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Limited

Related party disclosure as per AS 18

Sr No	Transaction with related parties	2009-10 Rupees	2008-09 Rupees
1	Reimbursement of expenses incurred by Holding Company	9808658.74	0.00
2	Reimbursement of expenses receivable from Holding Company	709969.00	809096.00
3	Interest on loan taken Holding Company	1621440.00	1621440.00
4	Outstanding Balances as at 31 <sup>st</sup> March 2010		
	Holding Company Receivable	0.00	120547.54
	Holding Company Payable	2063916.83	0.00
	Holding Company Loan Payable	20268000.00	20268000.00
	Holding company Interest payable	6279552.00	4820256.00

## 8 Earnings per Share (EPS)

The earning per share calculated 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, 2010
Net profit as per Profit & Loss Account (in Rupees)	(11,734,916)
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	3,851,370
<b>Basic and Diluted EPS (in Rupees)</b>	<b>(3.05)</b>

## 9 Investments purchased and sold during the year

Sr. No.	Name of the Investments	No. of Units	Face Value	Cost of Acquisition
1.	ICICI Prudential Floating Rate Plan	204715	100.021	2 04 75 768

10 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.

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

## 12 Balance Sheet Abstract and Company's General Business Profile

### I) Registration Details:

Registration No	:	45658
State Code	:	11
Balance Sheet Date	:	31/03/2010

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

Public Issue	:	Nil
Rights Issue	:	40000
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities	:	74048
Total Assets	:	74048

### Sources of Funds

Paid-up Capital	:	47500
Reserve & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	26548

### Application of Funds

Net Fixed Assets	:	369
Investments	:	20476
Net Current Assets	:	26357
Misc. Expenditure	:	Nil
Accumulated Losses	:	23948

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

Turnover	:	6958
Total Expenditure	:	18693
Profit before Tax	:	(11735)
Profit after Tax	:	(11735)
Earning per share in Rs	:	(3.05)
Dividend Rate %	:	NIL

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

As per our report of even date

For and on behalf of the Board

**For B K Khare & Company**  
Chartered Accountants

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

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

**Shishir Joshipura**  
Director

Pune, May 4, 2010

Pune, May 4, 2010

# ANNUAL REPORT 2009-2010

## CASH FLOW STATEMENT

	2009-10 Rupees	2008-09 Rupees		2009-10 Rupees	2008-09 Rupees
<b>A Cash flow from Operating Activities</b>			<b>C Cash flow from Financing Activities</b>		
Net Loss before tax	( 1 17 34 916)	(12 82 407)	Proceeds from issue of Share Capital/ application	4 00 00 000	-
<i>Add Adjustments for</i>			Interest paid	( 55 105)	(150)
Depreciation	59 813	-	Dividend paid and Tax thereon	-	-
<i>Less Adjustments for</i>			<b>Net cash from in Financing activities</b>	<b>3 99 44 895</b>	(150)
Interest(Income) / Expenses Net	16 07 758	15 77 131	<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>71 46 444</b>	(1 04 093)
Dividend Received	(4 75 768)	-	Opening cash & bank balances	7 37 381	8 41 474
<b>Operating profit before working capital changes</b>	<b>( 1 05 43 113)</b>	2 94 724	Closing cash & bank balances	<b>78 83 825</b>	7 37 381
<i>Adjustments for</i>					
Trade and other receivables	(44 76 724)	( 1 349)			
Trade payables	55 05 070	(4 87 329)			
Contract in Progress					
<b>Cash generated from operations ( Before Extra Ordinary Items)</b>	<b>(95 14 767)</b>	(1 93 954)			
<i>Adjustment for Extra Ordinary Items</i>					
<b>Cash generated from operations ( After Extra Ordinary Items)</b>	<b>(95 14 767)</b>	(1 93 954)			
Direct taxes paid					
<b>Net cash from operating activities ( After Extra Ordinary items)</b>	<b>(95 14 767)</b>	(1 93 954)			
<b>B Cash flow from Investing activities</b>					
Purchase of Fixed Assets	(33 05 978)	-			
Sale of Fixed Assets	-	45 551			
Purchase of other Investments	(3 04 75 768)	-			
Proceeds from sale of Investments	1 00 00 000	-			
Interest received	22 294	44 460			
Lease Rental received	-	-			
Dividend Received	4 75 768	-			
<b>Cash Flow from Investing activities before Extra ordinary</b>	<b>(2 32 83 684)</b>	90 010			
Net Value of Assets transferred on Amalgamation					
Cash Flow from Investing activities after Extra ordinary items	(2 32 83 684)	90 010			
Direct Taxes Paid	-	-			
<b>Net cash from Investing activities</b>	<b>(2 32 83 684)</b>	90 010			

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

As per our Report of even date For and on behalf of the Board

**For B. K. Khare & Co.** Chartered Accountants **M. S. Unnikrishnan** Director **Gopal Mahadevan** Director

**H. P. Mahajani** Partner (Membership No. 30168) **Shishir Joshipura** Director

Pune, May 4, 2010 Pune, May 4, 2010

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Board of Directors

Ravinder Advani  
Gopal Mahadevan  
R. V. Ramani

## Registered Office

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

## Auditors

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

## Chief Operating Officer

Avinash K. Marathe

## Company Secretary

Devang Trivedi

## Head Office

Eco House,  
Plot 7/2, R D Aga Road,  
D-1 Block, MIDC,  
Thermax Chowk, Chinchwad,  
Pune 411 019

## Bankers

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

## Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the Nineteenth Annual Report and the audited accounts of your Company for the year ended March 31, 2010.

### FINANCIAL RESULTS

Particulars	2009-10	2008-09
Total Income	9,678.61	9,991.41
Profit before depreciation	563.68	371.24
Depreciation	55.87	69.93
Profit before tax	507.81	301.31
Provision for taxation including deferred tax	199.21	148.38
Prior year tax adjustment	5.60	2.19
Profit after tax	303.00	150.74

### HIGHLIGHTS OF THE YEAR

For the financial year under review your company's total income is Rs. 9,678.61 lakh compared to Rs. 9,991.41 lakh in the previous year. The decline in income is due to low order balance as on March 31, 2009, which is a result of slowdown in economy and projects being put on hold during the financial year 2008-09.

Despite lower income, the company earned an improved profit before tax of Rs. 507.81 (previous year Rs. 301.31 lakh) and profit after tax of Rs. 303 lakh (previous year Rs. 150.74 lakh). The improvement in profit before tax is a result of better cost management. However, the profitability of the company may be impacted in the coming year due to enhanced demand for construction vendors and skilled labour from the power sector.

### OPERATIONS

During the year your company has engaged 8,21,500 man-days and erected about 33,000 tons of boiler equipment. The company is currently erecting heaters for a new refinery project in Punjab.

One of the key highlights of the year was the successful completion of the second unit of FM boiler assembly, weighing 585 tons at the Mundra port facility for export. The company also erected three spent wash fired units as well as a municipal solid waste fired unit.

The scarcity of skilled manpower and resultant costs of hiring construction vendors continue to be a major concern and to overcome this situation the company has invested in training and development of its manpower.

### DIVIDEND

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

### FUTURE PLANS

The company's year end order balance is Rs. 15,300 lakh, highest in its history. Execution of these orders in the coming years will present new challenges for the operations of your company.

The company is gearing up to face these challenges with recruitment of senior managers in construction, contract management & planning.

The main focus for coming years will be to train and develop skilled construction engineers for large capacity circulating fluidized bed combustion (CFBC) units and pulverized fuel (PF) fired utility boilers. The company plans to recruit senior management personnel who will enforce adherence to schedules and quality norms, through frequent technical audits, advance construction planning and scheduling tools with high standards of safety and statutory compliance.

### SAFETY

Special focus on safety in operations has resulted in gradual improvement in overall safety at project sites. Additional resources have been deployed during the year for enhancement of safety performance at project sites.

### PARTICULARS UNDER SECTION 217

Information pertaining to conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956, is not applicable to your company. However, information pertaining to foreign exchange outgo, is set out in note no. 10 of Schedule 16- Notes to Accounts.

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

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the companies Articles of Association, Mr. Gopal Mahadevan retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2010, 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.

### CONSTITUTION OF AUDIT COMMITTEE OF THE BOARD

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

The committee met four times during the financial year 2009-10 on the following dates i.e. April 30, 2009, July 13, 2009, October 12, 2009 and January 14, 2010. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

The terms of reference of the Audit Committee broadly include:

- review of internal control systems.
- review of accounts of the company before submission to the Board.
- deciding the scope of internal audit.
- investigating into/ act on any matter as may be referred to it by the Board.

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Ravinder Advani      Gopal Mahadevan  
Director                      Director

Pune, April 26, 2010

## *Auditors' Report*

### To the members of Thermax Engineering Construction Company Limited

1. We have audited the attached Balance Sheet of Thermax Engineering Construction Company Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments in the Annexure referred to in paragraph 3 above:
    - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
    - (b) In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;
    - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For B. K. Khare & Company**  
Chartered Accountants

**H. P. Mahajani**  
Partner

(Membership no. 30168 )  
Firm Registration No. 105102W

Place : Pune  
Date : April 26, 2010

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

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

1. In our opinion and according to the information and explanations given to us, the requirement of paragraph 4(ii) of the Order is not, on facts, applicable and hence no comments have been offered there under.
2. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.  
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.  
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
3. The Company has neither granted nor taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms etc., listed in the register maintained under Section 301 of the Act, paragraphs 4(iii)(a) to (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and service. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time as evaluated on the basis of quotations obtained from parties / prices charged by the Company in case of similar transactions during the year and having regard to the explanation that certain transactions are of a special nature in respect of which suitable alternative sources do not exist for obtaining comparative quotations in general.
6. The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed under Section 209 (1) for any of the products of the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.  
(b) As at 31st March 2010, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited except as follows:

Name of the Statute	Amount (Rs.)	Forum where pending
Kerala General Sales Tax, 1963	7,64,377/-* (Financial Year 2000 - 01)	Deputy Commissioner Appeals, Commercial Taxes, Ernakulum
Kerala General Sales Tax, 1963	6,55,187/-* (Financial Year 2001 - 02)	Deputy Commissioner Appeals, Commercial Taxes, Ernakulum
Kerala General Sales Tax, 1963	14,79,343/-* (Financial Year 2002 - 03)	Deputy Commissioner Appeals, Commercial Taxes, Ernakulum
Uttar Pradesh Trade Tax, 1948	3,38,621/- (Financial Year 2004-05)	Joint Commissioner (Appeals) IV, Commercial Taxes, Ghaziabad
Rajasthan VAT Act 2003	4,72,163/-*	Deputy Commissioner (Appeals) Commercial Taxes, Kota (Rajasthan)
Andhra Pradesh Sales Tax	7,82,963/-	Appellate Deputy Commissioner, Punjagutta, Hyderabad

\* Rs 9,66,302 has been deposited as Security to Kerala Sales Tax Dept, Rs 23,640 has been deposited to Rajasthan Sales Tax. Both amount's included above. Bank Guarantee for Rs. 19,32,605/- issued to Kerala Sales Tax department as security for disputed amount.

10. The Company has neither accumulated losses as at 31st March 2010, nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment of cash surplus in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. The Company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. No debentures have been issued during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

**For B.K. Khare & Co.**  
Chartered Accountants

Place : Pune  
Date : April 26, 2010

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

# ANNUAL REPORT 2009-2010

## Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	4 50 00 000	4 50 00 000
Reserves & Surplus	2	9 60 82 488	6 57 82 970
<b>Total Funds Employed</b>		<b>14 10 82 488</b>	<b>11 07 82 970</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	3 79 17 868	3 64 58 233
Less: Depreciation		2 86 45 747	2 48 95 365
Net Block		92 72 121	1 15 62 868
Capital Work-in-progress		2 03 440	-
<b>Investments</b>	4	<b>12 56 39 498</b>	<b>3 55 07 607</b>
<b>Current Assets, Loans &amp; Advances</b>			
Contracts In Progress	5	6 53 05 200	7 67 32 000
Sundry Debtors	6	17 26 12 968	15 65 31 208
Cash & Bank Balances	7	5 15 33 503	5 90 75 857
Loans & Advances	8	13 41 75 972	16 19 56 059
		42 36 27 643	45 42 95 124
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	9	34 52 24 363	31 92 67 599
Contracts In Progress	5	8 48 85 700	7 54 77 000
Provisions	10	7 000	17 09 222
		43 01 17 063	39 64 53 821
Net Current Assets		(64 89 420)	5 78 41 303
<b>Deferred Tax (Refer Schedule 16, Note 12)</b>			
Deferred Tax Asset		1 24 56 849	58 71 192
<b>Total Funds Applied</b>		<b>14 10 82 488</b>	<b>11 07 82 970</b>
<b>Notes to Accounts</b>	16		

## Profit & Loss Account for the year ended 31st March, 2010

	Schedule	Year ended 31st March, 2010 Rupees	Year ended 31st March, 2009 Rupees
<b>Income</b>			
Income from Operations and Other Income	11	96 78 61 265	99 91 40 778
		<b>96 78 61 265</b>	<b>99 91 40 778</b>
<b>EXPENDITURE</b>			
Project Execution Expenditure	12	75 98 67 612	82 25 25 508
Personnel Cost	13	11 05 29 861	11 27 60 505
General & Administrative Expenses	14	4 06 57 953	2 31 39 098
Depreciation		55 86 800	69 93 057
Interest	15	4 38 368	35 91 560
		91 70 80 594	96 90 09 728
Profit Before Tax		5 07 80 671	3 01 31 050
<b>Provision for Taxation</b>			
Current Tax		2 65 00 000	1 14 00 000
Previous Year's Tax adjustment		5 59 810	2 19 354
Deferred Tax		(65 85 657)	8 20 076
Fringe Benefit Tax		-	26 10 000
Wealth Tax		7 000	7 784
<b>Profit After Tax</b>		<b>3 02 99 518</b>	<b>1 50 73 836</b>
Balance carried forward from last year		4 82 62 271	3 56 88 435
Profit available for Appropriation		<b>7 85 61 789</b>	<b>5 07 62 271</b>
<b>Appropriations</b>			
Transfer to General Reserve		50 00 000	25 00 000
Balance Carried to Balance Sheet		7 35 61 789	4 82 62 271
		<b>7 85 61 789</b>	<b>5 07 62 271</b>
Basic / Diluted Earning Per Share (EPS)- Rs. (Per Equity Share of Rs. 10/- each) (Refer Schedule 16, Note 18)		6.73	3.35
Weighted average number of Equity Shares (Refer Schedule 16, Note 18)		45 00 000	45 00 000
<b>Notes to Accounts</b>	16		

As per our Report of even date

**For B.K.Khare & Co.**  
Chartered Accountants

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

Pune, April 26, 2010

For and on behalf of the Board

**Ravinder Advani**  
Director

**Gopal Mahadevan**  
Director

**Devang Trivedi**  
Company Secretary

Pune, April 26, 2010

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

Schedule attached to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees		As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>SCHEDULE 1</b>			<b>SCHEDULE 2</b>		
<b>SHARE CAPITAL</b>			<b>RESERVES &amp; SURPLUS</b>		
<b>Authorised</b>			<b>General Reserve</b>		
1,00,00,000 Equity Shares of Rs.10/- each	10 00 00 000	10 00 00 000	Per Last Balance Sheet	1 75 20 699	1 50 20 699
(PY 1,00,00,000 Equity Shares of Rs 10/- each)			Add : Transferred from Profit & Loss A/c.	50 00 000	25 00 000
<b>Issued, Subscribed &amp; Paid up</b>			Total	2 25 20 699	1 75 20 699
45,00,000 Equity Shares of Rs.10/- each,	4 50 00 000	4 50 00 000	<b>Balance in Profit &amp; Loss Account</b>	7 35 61 789	4 82 62 271
fully paid (The entire share capital is held				9 60 82 488	6 57 82 970
by the holding Company, Thermax Limited					
including shares held jointly with nominees)					
	<u>4 50 00 000</u>	<u>4 50 00 000</u>			

### SCHEDULE 3 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2009	Additions/ Adjustments during the year	Deductions / Adjustments during the year	As on 31.3.2010	Upto 31.03.2009	On deductions during the year	For the year	As on 31.3.2010	As at 31.3.2010	As at 31.3.2009	
Plant & Machinery	2 43 05 858	16 49 046	15 188	2 59 39 716	1 64 55 899	8 058	34 30 477	1 98 78 318	60 61 398	78 49 959	
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	
Office Equipments	54 59 486	7 37 198	1 64 318	60 32 366	39 96 824	1 33 617	11 56 002	50 19 209	10 13 157	14 62 662	
Electrical Installation	-	-	-	-	-	-	-	-	-	-	
Vehicles	66 92 889	12 41 711	19 88 814	59 45 786	44 42 642	16 94 744	10 00 321	37 48 219	21 97 567	22 50 247	
Total	3 64 58 233	36 27 955	21 68 320	3 79 17 868	2 48 95 366	18 36 419	55 86 800	2 86 45 747	92 72 121	1 15 62 867	
Previous Year	3 35 55 573	39 11 164	10 08 504	3 64 58 233	1 86 72 523	7 70 214	69 93 057	2 48 95 366	1 15 62 867	1 67 43 373	
Capital W.I.P. including capital advances									2 03 440	-	
									Total	94 75 561	1 15 62 867

	Face Value	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees		As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>SCHEDULE 4</b>				<b>SCHEDULE 5</b>		
<b>INVESTMENTS</b>				<b>CONTRACTS IN PROGRESS</b>		
<b>Current Investments - Non Trade</b>				[Refer Schedule 16, Note 11]		
<b>Quoted but not listed</b>				The aggregate amount of costs incurred		
<b>In Mutual Funds</b>				and recognised profits / less recognised losses	2 61 88 63 500	3 29 24 15 000
<b>Units</b>				Less : Running Bills	2 63 84 44 000	3 29 11 60 000
9,558,693 Units of (Previous year Nil)					<u>(1 95 80 500)</u>	<u>12 55 000</u>
Birla Sunlife Short Term Fund -				<b>SCHEDULE 6</b>		
Institutional - Dividend Scheme	9 55 86 930	9 56 39 498	-	<b>SUNDRY DEBTORS</b>		
299,880 units of (Previous Year Nil)				<b>Unsecured</b>		
ICICI Prudential Mutual Fund -				Debts outstanding for a period exceeding		
Floating Rate Plan C - Dividend	2 99 88 000	3 00 00 000	-	six months [includes retention		
Scheme				Rs. 143.89 Lacs		
0 units of (Previous Year 3,548,809)				(Previous year Rs. 108.91 Lacs)]		
Birla Sunlife Short Term Fund -				a) considered good	4 24 89 947	1 39 32 651
Retail - Dividend Scheme	-	-	3 55 07 607	b) considered doubtful		
	<u>12 55 74 930</u>	<u>12 56 39 498</u>	<u>3 55 07 607</u>	[includes retention Rs. 61.20 lacs	2 50 88 528	88 06 750
Aggregate value of Quoted Investments		12 56 39 498	3 55 07 607	(Previous year Rs. 35.74 Lacs)]	2 50 88 528	88 06 750
Aggregate Market Value (Repurchase Price)		12 56 39 498	3 55 07 607	Less: Provided for		
Cost of Investments Purchased and Sold				Other Debts, considered good		
during the year		27 12 69 287	12 16 22 587	[includes retention Rs. 83.26 Lacs	13 01 23 021	14 25 98 557
(Refer Schedule 16 note 13)				(Previous year Rs. 151.47 Lacs)]	<u>17 26 12 968</u>	<u>15 65 31 208</u>

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## Schedule attached to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
<b>SCHEDULE 7 CASH &amp; BANK BALANCES</b>		
Cash on hand	88 034	73 923
<i>Balances with Scheduled Banks</i>		
In Current Accounts	4 67 42 728	5 88 78 228
In Deposit Accounts	45 25 437	1 00 437
[Includes Fixed Deposit Receipts of Rs.96,076 deposited as security with statutory authorities (Previous year Rs.83,581)]		
Interest accrued but not due (on Fixed Deposit Receipts)	1 77 304	23 269
	<u>5 15 33 503</u>	<u>5 90 75 857</u>
<b>SCHEDULE 8 LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	3 74 10 871	5 76 04 931
Prepaid Long Term Employee Benefits	4 15 117	-
Advances to Staff		
a) Considered good [due from officers of the Company ]maximum amount outstanding during the year Rs. Nil (Previous year Rs. Nil)]	93 19 867	61 32 108
b) considered doubtful	2 28 915	53 313
Less: Provided for	2 28 915	53 313
Sundry Deposits	16 32 788	21 39 419
Advance Payment of Income Tax [Net of Provision of Rs.6,71,00,000 (Previous year Rs.6,05,50,000/-)]	7 66 46 189	8 67 87 820
Advance Payment of Fringe Benefit Tax [Net of Provision of Rs.88,80,000 (Previous Year Rs.88,80,000/-)]	4 45 463	4 45 463
Dues from Sales Tax Authorities		
a) considered good	80 76 762	87 93 005
b) considered doubtful	28 48 240	12 11 793
Less: Provided for	28 48 240	12 11 793
	<u>13 41 75 972</u>	<u>16 19 56 059</u>
<b>SCHEDULE 9 CURRENT LIABILITIES</b>		
Customer Advances	12 75 99 303	10 00 75 711
<i>Sundry Creditors</i>		
Dues to Micro, Small and Medium Enterprises	3 33 351	10 77 873
Dues to Others	17 67 28 627	17 36 47 030
Other Liabilities	1 92 14 021	2 64 03 876
Short Term Employee Benefits	2 13 49 061	1 80 63 109
	<u>34 52 24 363</u>	<u>31 92 67 599</u>
<b>SCHEDULE 10 PROVISIONS</b>		
Provision for Employee Retirement & Other Benefits	-	17 01 222
Wealth Tax Provision	7 000	8 000
	<u>7 000</u>	<u>17 09 222</u>

## Schedule attached to and forming part of the Profit & Loss Account for the year ended 31st March, 2010

	Year ended 31st March, 2010 Rupees	Year ended 31st March, 2009 Rupees
<b>SCHEDULE 11 INCOME FROM OPERATIONS &amp; OTHER INCOME</b>		
<b>Income from Operations</b>		
Sales	97 19 32 798	96 36 76 398
Add : Closing Contracts in Progress	(1 95 80 500)	12 55 000
Less : Opening Contracts in Progress	12 55 000	(67 77 000)
	<u>95 10 97 298</u>	<u>97 14 08 398</u>
<b>Other Income from Operations</b>		
Balances earlier written off now recovered	-	22 792
Profit on Sale of Assets	81 157	9 749
Miscellaneous Income [Includes provisions no longer required Rs. 1,09,66,040 (Previous Year Rs. 2,35,73,336)]	1 37 65 215	2 58 21 372
	<u>1 38 46 372</u>	<u>2 58 53 913</u>
<b>Income from Investments</b>		
Dividend - Current Investment	20 16 540	17 41 916
Interest (Income Tax deducted at source Rs. 15,617 (Previous Year Rs. Nil))	9 00 979	1 05 586
<i>Profit / (Loss) on Sale of Investment</i>		
Current investments	76	30 965
	<u>29 17 595</u>	<u>18 78 467</u>
	<u>96 78 61 265</u>	<u>99 91 40 778</u>
<b>SCHEDULE 12 PROJECT EXECUTION EXPENDITURE</b>		
Erection, Fabrication etc.	69 20 58 270	74 68 03 312
Site Administration & Miscellaneous Expenses	3 90 86 085	4 82 66 014
Material Costs	49 17 225	17 87 653
Repairs & Maintenance	10 60 309	8 07 830
Travelling and Conveyance	2 05 50 563	2 19 08 851
Communication	20 00 071	23 70 220
Insurance	1 95 089	5 81 628
	<u>75 98 67 612</u>	<u>82 25 25 508</u>
<b>SCHEDULE 13 PERSONNEL COST</b>		
Salaries, wages and allowances	10 45 44 628	10 61 05 847
Gratuity	33 344	8 31 536
Contribution to Provident and other Funds	55 88 059	51 79 220
Staff Welfare Expenses	3 63 830	6 43 902
	<u>11 05 29 861</u>	<u>11 27 60 505</u>
<b>SCHEDULE 14 GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Rent, Rates & Taxes	15 20 434	23 94 091
Insurance	15 89 759	9 25 580
<i>Repairs &amp; Maintenance</i>		
Buildings	81 775	1 71 585
Others	3 97 868	2 19 222
Communication	7 10 548	10 16 321
Travelling & Conveyance	10 82 367	7 21 785
Printing & Stationery	4 45 063	5 26 494
Bad Debts Written Off	4 15 307	33 47 831
Provision for Doubtful Debts	2 14 95 028	44 05 250
Loss on sale of Assets	59 474	45 164
Miscellaneous Expenses	1 28 60 330	93 65 775
	<u>4 06 57 953</u>	<u>2 31 39 098</u>
<b>SCHEDULE 15 INTEREST</b>		
Others	4 38 368	35 91 560
	<u>4 38 368</u>	<u>35 91 560</u>



# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Schedule forming part of the Accounts

### SCHEDULE 16

#### NOTES TO ACCOUNTS

##### 1. Significant Accounting Policies

###### a) Basis of Preparation of Financial Statements

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

###### b) Use of Estimates

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

###### c) Fixed Assets – Tangible Assets

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

###### d) Depreciation

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

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

###### e) Asset Impairment

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

###### f) Investments

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

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

###### g) Employee Benefits

###### Long-Term Benefits

###### Provident Fund

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

###### Superannuation Fund

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

###### Gratuity

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

###### Short-Term Benefits

###### Leave Encashment

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

###### Medical and Leave Travel Assistance benefits

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

###### Bonus & Employee's Short Term Incentive Plan

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

###### h) Provisions and Contingent Liabilities

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

The Company provides for warranty obligations on substantial completion of contracts based on technical evaluation and past experience.

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

###### i) Revenue Recognition

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

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

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Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress. Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

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

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

## j) Foreign Currency Transactions

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

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

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

## k) Taxes on Income

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

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

## l) Others

- Liquidated damages are charged to Profit & Loss account, on the basis of deduction made by customers.
- Provision for doubtful debts is made on the basis of standard norms in respect of debtors outstanding beyond pre-defined period and also, where required, on actual evaluation.

## 2. Employee Benefits

### Defined Benefit Plan – Gratuity

Rs. Lakh

	2009-10	2008-09
Expense recognised during the year ended March 31, 2010 (Included in Schedule 12" Salary, Wages, Bonus of Personnel Expenses)		
1 Current Service cost	7.14	6.08
2 Interest Cost	3.23	2.61
3 Expected return on plan assets	-4.27	-3.15
4 Actuarial Losses/ (Gains)	-1.28	1.63
5 Past Service Cost	-4.49	1.14
6 Total Expense	0.33	8.31

Reconciliation of the present value of the gratuity liability and the fair value of the plan assets to the assets and liabilities recognized in the balance sheet:

Particulars	2009-10	2008-09
Gratuity liability	50,88,077	40,37,550
Fair value of plan asset	-61,82,989	-44,86,577
	-10,94,912	-4,49,025
Past service cost not yet recognized in the balance sheet (5)	0	0
Other amount recognized in the balance sheet Plan (asset)/liability	0	0
	-10,94,912	-4,49,025

Principal actuarial assumptions used in determining gratuity liability as at the balance sheet date are:

	Actuarial Assumptions	As at March 31, 2010
1	Discount Rate	8% PA
2	Expect rate of return on plan assets	8% PA
3	Mortality Table	L.I C 1994-96 Ultimate

## 3. Contingent Liabilities not provided for

- Income tax demands disputed in Appellate proceedings Rs.25,60,049 (Previous Year Rs. 20,99,003).
- Sales tax demands disputed in Appellate proceedings Rs. 18,06,965 (Previous Year Rs. 26,40,898).
- Corporate Guarantees given to customers Rs. Nil (Previous Year Rs.3,91,59,999).

- Bank Guarantees for advance payments and performance Rs.14,76,12,272 (Previous Year Rs. 11,86,70,054).

## 4. Micro & Small Scale Enterprises

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

Sr. No.	Particulars	Principal Amount	Interest	Total
A	Total Outstandings to MSMED vendors	3,33,351	Nil	3,33,351
B	Principal amount and Interest due thereon to MSMED parties BOTH remaining unpaid as on 31st March 2010	3,33,351	Nil	3,33,351
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 2010)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2010 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

## 5. Miscellaneous Expenses include :

	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
Auditors' Remuneration		
(i) Audit Fees	1,00,000	80,000
(ii) Tax Audit Fees	35,000	35,000
(iii) VAT Audit Fees	25,000	25,000
(iv) Reimbursement of expenses	1,812	13,445

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

Expenses	2009-10 Rupees	2008-09 Rupees
Erection charges	64,44,569	10,20,259
Expenses at Site	7,80,173	14,509

## 7. Installed capacity, Production, Stocks and Turnover :

- Installed capacity : N.A
- Production: The company is engaged in the supply and erection at site of Boiler Accessories, spares and utility facilities. This entails no manufacturing, hence no figures for Production are required, nor have they been provided.
- Stocks: NIL.

## 8. Consumption of Raw Materials, Components etc.

	Unit	Year ended 31.03.2010		Year ended 31.03.2009	
		Qty.	Value	Qty.	Value
Steel Plates	Numerous	-	-	-	-
Structural & other fabricated items	Numerous	-	13,00,392	-	1,91,059
Other materials used for project execution	Numerous	-	36,16,833	-	15,96,594
<b>TOTAL</b>		-	49,17,225	-	17,87,653

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

	%	Year ended 31.03.2010	%	Year ended 31.03.2009
INDIGENOUS :	100	49,17,225	100	17,87,653
IMPORTED :	Nil	Nil	Nil	Nil
<b>TOTAL</b>		<b>49,17,225</b>		<b>17,87,653</b>

## 10. Expenditure in Foreign Currency

	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
(i) Travelling Expenses	30,69,062	33,73,195

## 11. In respect of contracts in progress

Particulars	As on 31 <sup>st</sup> March 2010	As on 31 <sup>st</sup> March 2009
<b>(A) For all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings</b>		
Aggregate costs incurred plus recognised profits/less recognised losses on contract in progress	201,65,09,200	228,40,66,000
Less : Progress Billing	195,12,04,000	220,73,34,000
<b>Sub Total (A)</b>	<b>6,53,05,200</b>	<b>7,67,32,000</b>
<b>(B) For all contracts in progress for which progress billings exceeds costs incurred plus recognised profits (less recognised losses)</b>		
Aggregate costs incurred plus recognised profits/less recognised losses on contract in progress	60,26,34,300	101,40,05,000
Less : Progress Billing	68,75,20,000	108,94,82,000
<b>Sub Total (B)</b>	<b>(8,48,85,700)</b>	<b>(7,54,77,000)</b>
<b>Net Contract in Progress (A)+(B)</b>	<b>(1,95,80,500)</b>	<b>12,55,000</b>

## 12. Deferred Tax

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

Particulars	Liabilities		Assets	
	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2009
Depreciation	-	-	32,55,497	26,00,392
Provision for Gratuity	3,72,160	1,52,623	-	-
Provision for Doubtful Debts	-	-	85,27,590	29,93,414
Provision for Doubtful Advances/Deposits	-	-	10,45,924	4,30,009
<b>Net Deferred Tax Asset</b>	<b>3,72,160</b>	<b>1,52,623</b>	<b>1,28,29,011</b>	<b>60,23,815</b>

## 13. Investments purchased and sold during the year:

Sr. No.	Name of the Investments	No. of Units	Face Value	Cost of Acquisition
1	ICICI PRUDENTIAL FLOATING RATE -PLAN-C (Rs 10 Face Value)	50,19,757.045	50,19,757.045	5,02,17,649.48
2	ICICI PRUDENTIAL FLOATING RATE -PLAN-C (Rs 100 Face Value)	4,88,651.783	4,88,65,178.30	4,88,89,942.30
3	BIRLA SUN LIFE SHORT TERM FUND - RETAIL	1,72,06,698.374	17,20,66,983.74	17,21,61,620.5
		<b>2,27,15,107.19</b>	<b>27,11,29,732.40</b>	<b>27,12,69,212.20</b>

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

15. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 20,62,757 (Previous Year Rs. Nil)

## 16. 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.

## 17. 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 Instrumentation Limited (India)  
Thermax Sustainable Energy Solutions Limited (India)  
Thermax Onsite Energy Solutions Limited (India)  
Thermax SPX Energy technologies Ltd (India)  
Thermax International Limited (Mauritius)  
Thermax Hong Kong Limited (Hong Kong)  
Thermax Europe Limited (U.K)  
Thermax Inc. (U.S.A)  
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited (China)  
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)

### b) Transactions with the Related Parties

Rs.

Particulars	Holding Company	Total
Sales (including debits of expenses)	66,84,92,193 (44,67,68,224)	66,84,92,193 (44,67,68,224)
Project Execution Expenditure	33,29,887 (17,62,532)	33,29,887 (17,62,532)
Receiving of Services	68,84,534 (82,54,498)	68,84,534 (82,54,498)
Management Contracts including for deputation of employees	25,32,045 (23,62,675)	25,32,045 (23,62,675)
Guarantees and Collaterals	15,09,97,241 (10,23,43,448)	15,09,97,241 (10,23,43,448)
Debtors Balance Outstanding as on 31 <sup>st</sup> March 2010	7,85,33,775 (5,45,14,267)	7,85,33,775 (5,45,14,267)
Advances outstanding as on 31 <sup>st</sup> March 2010	2,10,93,002 (6,03,91,633)	2,10,93,002 (6,03,91,633)
Creditors Balances Outstanding as on 31 <sup>st</sup> March 2010	14,74,441 (64,19,958)	14,74,441 (64,19,958)

## 18. Earnings Per Share (EPS)

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

Particulars	For the Year Ended March 31,2010	For the Year Ended March 31,2009
Net profit available for Shareholders (Rs.)	3,02,99,021	1,50,73,836
Weighted average number of Equity Shares of Rs. 10 each *	45,00,000	45,00,000
Basic earnings per share (Rs.)	6.73	3.35

## 19. Disclosure as required by AS 28 (Impairment of Assets):

In terms of Accounting Standard 28 (AS-28) there was no impairment loss on assets during the year under report.

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

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

## 22. Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details:

Registration No.	:	062959
State Code	:	11
Balance Sheet Date	:	31st March 2010

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

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

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

Total Liabilities	:	141082
Total Assets	:	141082
Sources of Funds		
Paid up Capital	:	45000
Reserves & Surplus	:	96082
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds		
Net Fixed Assets	:	9272
Investments	:	125639
Deferred Tax Asset	:	12457
Miscellaneous Expenditure	:	Nil
Net Current Assets	:	(6489)
Accumulated Losses	:	Nil

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

Turnover	:	967861
Total Expenditure	:	917081
Profit / (Loss) before tax	:	50781
Profit / (Loss) after tax	:	30299
Earnings Per Share	:	6.73
Dividend	:	Nil

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

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

For and on behalf of the Board

**For B.K.Khare & Co.**  
Chartered Accountants

**Ravinder Advani**  
Director

**Gopal Mahadevan**  
Director

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

**Devang Trivedi**  
Company Secretary

Pune, April 26, 2010

Pune, April 26, 2010

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Cash Flow Statement for the year ended March 31, 2010

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

		Amount in Rupees			Amount in Rupees
	<u>2009-10</u>	<u>2008-09</u>		<u>2009-10</u>	<u>2008-09</u>
<b>A) Cash flow from operating activities :</b>			<b>B) Cash flow from investing activities :</b>		
Net Profit Before Tax	5 07 80 671	3 01 31 050	Purchase of fixed assets	(38 31 395)	(28 61 339)
<b>Adjustments for :</b>			Sale of fixed assets	3 53 585	2 02 874
Depreciation	55 86 800	69 93 057	Purchase of investments	(39 69 30 058)	(15 83 02 488)
Miscellaneous Expenditure Amortised			Sale of investments	30 67 97 997	12 78 25 846
Interest Received	(9 00 979)	(1 05 586)	Interest received	7 46 944	1 02 305
Dividend Received	(20 16 540)	(17 41 916)	Dividend received	20 16 540	17 41 916
Profit / Loss on sale of Investments	(76)	(30 965)	<b>Net Cash flow from investing</b>		
Interest (Expense)	4 38 368	35 91 560	<b>activities (B)</b>	<u>(9 08 46 387)</u>	<u>(3 12 90 886)</u>
Net provision for doubtful debts	2 14 95 028	44 05 250			
Provision for Employee Retirement and			<b>C) Cash flow from financing activities :</b>		
Other Benefits	(8 59 503)	12 22 854	Proceeds / (Repayments) borrowings		
Profit on sale of Assets	(81 157)	(9 749)	Interest paid	(4 38 368)	(35 91 560)
Loss on sale of Assets	59 474	45 164	Dividend paid and Tax thereon		
Doubtful debts write back	(52 13 250)	(91 21 000)	Proceeds from issuance of share capital		
<b>Operating profit before working</b>			<b>Net Cash flow from financing</b>		
<b>capital changes</b>	<u>6 92 88 836</u>	<u>3 53 79 718</u>	<b>activities (C)</b>	<u>(4 38 368)</u>	<u>(35 91 560)</u>
<b>Adjustments for :</b>			<b>Net change in cash and cash</b>		
Trade & other receivables	(1 38 73 331)	7 01 37 661	<b>equivalents (A + B + C)</b>	(76 96 390)	(67 04 826)
Inventories (Contract In Progress)	2 08 35 500	(77 32 000)	<b>ADD : Cash and cash equivalents</b>		
Trade payables	2 42 55 539	(2 15 13 502)	<b>at the beginning of the year</b>	5 90 52 588	6 57 57 413
<b>Cash generated from operations</b>	<u>10 05 06 544</u>	<u>7 62 71 877</u>	<b>Cash and cash equivalents at the</b>		
Direct taxes paid	(1 69 18 179)	(4 80 94 257)	<b>end of the year</b>	5 13 56 198	5 90 52 588
<b>Net Cash flow from operating</b>					
<b>activities (A)</b>	<u>8 35 88 365</u>	<u>2 81 77 620</u>			

As per our Report of even date

**For B.K.Khare & Co.**  
Chartered Accountants

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

Pune, April 26, 2010

For and on behalf of the Board

**Ravinder Advani**  
Director

**Gopal Mahadevan**  
Director

**Devang Trivedi**  
Company Secretary

Pune, April 26, 2010

# THERMAX INSTRUMENTATION LIMITED

## Board of Directors

Ravinder Advani  
Gopal Mahadevan  
R. V. Ramani

**Manager**  
M. L. Bindra

## Company Secretary

Sudhir Lale

## Registered Office

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

## Corporate Office

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

## Auditors

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

## Bankers

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

## Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the audited accounts for the year ended March 31, 2010.

### Financial Results

Particulars	(Rs. in lakh)	
	2009-2010	2008-2009
Total income	12,912.03	10,317.38
Profit before depreciation	375.16	120.51
Depreciation	30.34	35.10
Profit before tax	344.82	85.41
Provision for taxation including deferred tax	142.79	44.93
Profit after tax	202.03	40.48

### PERFORMANCE

During the year, your company earned a total income of Rs. 12, 912.03 lakh and profit after tax of Rs. 202.03 lakh compared to Rs. 10,317.38 lakh and Rs. 40.48 lakh respectively, in the previous year. Increase in business volume has helped your company to achieve better performance as compared to previous year.

The company has secured break through order in larger capacity projects in Independent Power Plants (IPP) range. During the year, the company has commissioned eight power plants comprising of ten units aggregating to 212.5 MW, the largest capacity to have been commissioned in any year so far. The company has record orders on hand. The orders are fairly spread across various sectors and across geographies. The outlook for 2010-11 is positive.

### SAFETY

The company has shown significant improvement in safety with recorded near miss to accidents ratio showing sharp increase from 1.7 in last year to 11 in this financial year. The focus on safety by the company was accredited by one of a large corporate customer by bestowing a safety award.

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

### DIRECTORS

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

### PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

#### 1. Particulars of Employees

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

#### 2. Conservation of Energy and Technology Absorption

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

#### 3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange earnings and outgo, under Section 217(1)(e) of the Companies Act, 1956 is set out in note no. 9, 15 of Schedule 16 - Notes to Accounts.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2010, 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.

### CONSTITUTION OF AUDIT COMMITTEE OF THE BOARD

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

The committee met four times during the financial year 2009-10 on the following dates i.e. April 30, 2009, July 13, 2009, October 12, 2009 and January 21, 2010. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

The terms of reference of the Audit Committee broadly include:

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

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Pune, April 27, 2010

R. V. Ramani      Gopal Mahadevan  
Director            Director

# THERMAX INSTRUMENTATION LIMITED

## Auditors' Report

### To the members of Thermax Instrumentation Limited

1. We have audited the attached Balance Sheet of Thermax Instrumentation Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For B.K. Khare & Co.**  
Chartered Accountants

**H. P. Mahajani**

Partner

(Membership no. 30168)

Firm Regn. No.105102W

Place : Pune

Date : April 27, 2010

## Annexure to the Auditors' Report

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

### To the members of Thermax Instrumentation Limited

1. In our opinion and according to the information and explanations given to us, the requirement of paragraph 4(ii) of the Order is not, on facts, applicable and hence no comments have been offered there under.
2. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and this revealed no material discrepancies.
  - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
3. The Company has neither granted nor taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms etc., listed in the register maintained under Section 301 of the Act, paragraphs 4(ii)(a) to (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and service. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time as evaluated on the basis of quotations obtained from parties / prices charged by the Company in case of similar transactions during the year and having regard to the explanation that certain transactions are of a special nature in respect of which suitable alternative sources do not exist for obtaining comparative quotations in general.
6. The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed under Section 209 (1) for any of the products of the Company.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as

applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.

- (b) As at 31st March 2010, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited.
10. The Company has accumulated losses as at 31st March 2010, however it has not incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
  11. Based on our audit procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
  14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment of cash surplus in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
  15. The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
  16. The Company has not taken any term loan during the year.
  17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
  18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
  19. No debentures have been issued during the year.
  20. The Company has not raised any money by public issue during the year.
  21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

**For B.K. Khare & Co.**  
Chartered Accountants

**H. P. Mahajani**

Partner

(Membership no. 30168)

Firm Regn. No.105102W

Place : Pune

Date : April 27, 2010

# ANNUAL REPORT 2009-2010

## Balance Sheet as at 31st March, 2010

Schedule	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh
<b>SOURCES OF FUNDS</b>		
Shareholders' Funds :		
Share Capital	1	900.00
Reserve & Surplus	2	1114.73
		<u>2014.73</u>
Loan Funds		
a) Secured Loans	-	-
b) Un secured Loans	3	-
( Repayable on demand)		-
		<u>-</u>
<b>Total Funds Employed</b>		<u>2014.73</u>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets	4	
Gross Block		555.32
Less: Depreciation		258.49
Net Block		<u>296.83</u>
Capital Work-in-Progress		-
Investments	5	3786.56
Current Assets, Loans & Advances		
Contract in Progress		3538.51
Sundry Debtors	6	3354.09
Cash and Bank Balances	7	2924.95
Other Current Assets	8	459.94
Loans and Advances	9	2181.11
		<u>12458.59</u>
Less: Current Liabilities & Provisions:		
Current Liabilities	10	13865.18
Contracts in Progress		699.17
Provisions	11	169.69
		<u>14734.04</u>
<b>Net Current Assets</b>		(2275.44)
Profit & Loss Account		150.38
Deferred Tax Asset:		
Deferred Tax Asset		95.27
Deferred Tax Liability		38.86
		<u>56.41</u>
<b>Total Funds Applied</b>		<u>2014.73</u>
Notes To Accounts	16	

## Profit & Loss Account for the year ended 31st March, 2010

Schedule	Year ended 31.03.2010 Rs. Lakh	Year ended 31.03.2009 Rs. Lakh
<b>INCOME</b>		
Income from Operations and Other Income	12	12912.03
		<u>12912.03</u>
<b>EXPENDITURE</b>		
Project Execution Expenditure	13	11265.20
Personnel Cost	14	903.43
General & Administrative Expenses	15	364.40
Depreciation		30.34
Interest		3.83
		<u>12567.20</u>
<b>Profit/(Loss) Before Tax</b>		344.82
Provision for Taxation :		
Current Tax -Includes foreign tax		
Rs. 56.18 lacs (Previous year Rs. 60.45 lacs)		69.57
Wealth Tax		0.04
Deferred Tax		73.18
Fringe Benefit Tax		-
		<u>202.03</u>
<b>Profit/(Loss) After Tax</b>		40.48
Loss brought forward from the previous year		352.41
		<u>352.41</u>
<b>Balance Carried to Balance Sheet</b>		(150.38)
Basic/Diluted Earnings Per Share (EPS) Rs. (Per Equity Share of Rs.10/- each) (Refer Schedule 16, Note No. 17)		2.24
Weighted Average Number of Equity Shares		90,00,000
Notes To Accounts	16	

As per our report of even date

For and on behalf of the Board

**For B.K.Khare & Co.**  
Chartered Accountants

**R.V. Ramani**  
Director

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

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

**M.L. Bindra**  
Manager

**Sudhir Lale**  
Company Secretary

Pune, April 27, 2010

Pune, April 27, 2010



# THERMAX INSTRUMENTATION LIMITED

## Schedules attached to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh
<b>Schedule 1</b>				
<b>Share Capital</b>				
<b>Authorised</b>				
<b>2,00,00,000</b> Equity shares of Rs. 10/- each	<b>2000.00</b>	2000.00		
<b>Issued, Subscribed &amp; Paid Up</b>				
<b>90,00,000</b> Equity shares of Rs. 10/- each fully paid up (Entire 90,00,000 Equity shares of Rs. 10/ each held by the holding company, Thermax Limited)	<b>900.00</b>	900.00		
	<b>900.00</b>	900.00		
<b>Schedule 2</b>				
<b>Reserves &amp; Surplus</b>				
<b>Capital Reserve</b>				
Per Last Balance Sheet			<b>1118.84</b>	1118.84
<b>Forex Currency Translation reserve</b>			<b>(4.11)</b>	4.12
			<b>1114.73</b>	1122.96
<b>Schedule 3</b>				
<b>Unsecured Loans</b>				
Thermax Limited			-	-
(Repayable on Demand)			-	-

### Schedule 4 Fixed Assets

(Rs. Lakh)

Particulars	Gross Block				Depreciation				Net Block	
	Balance as on 1st April, 2009	Additions during the year	Deduction during the year	Balance as on 31st March, 2010	Accumulated depreciation as at 1st April, 2009	Deduction during the year	Depreciation during the year	Accumulated depreciation as at 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2009
Lease Hold Land	12.22	-	-	12.22	2.01	-	0.18	2.19	10.03	10.22
Building	304.19	-	-	304.19	86.89	-	10.16	97.05	207.14	217.30
Plant & Machinery	79.04	-	-	79.04	47.71	-	3.75	51.47	27.57	31.32
Electrical Installation	37.38	-	-	37.38	37.38	-	-	37.38	-	-
Computers	45.48	18.39	-	63.87	28.69	-	13.12	41.81	22.06	16.79
Motor Vehicles	26.67	-	-	26.67	5.08	-	2.53	7.61	19.06	21.59
Site Infrastructure	19.47	-	-	19.47	19.47	-	-	19.47	-	-
Lab Equipments	0.44	-	-	0.44	0.04	-	0.02	0.06	0.38	0.40
Office Equipments	11.12	0.17	-	11.29	0.82	-	0.53	1.35	9.93	10.30
Air Conditioners	0.77	-	-	0.77	0.07	-	0.04	0.11	0.66	0.70
<b>Total</b>	<b>536.77</b>	<b>18.55</b>	-	<b>555.32</b>	<b>228.16</b>	-	<b>30.34</b>	<b>258.49</b>	<b>296.83</b>	<b>308.61</b>
Previous Year	531.36	5.41	-	536.77	193.06	-	35.10	228.16	308.61	338.30

	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh
<b>Schedule 5</b>				
<b>Investments</b>				
<b>Current Investments</b>				
Fortis Money Plus	-	94.59		
Birla Sun Life Short Term Fund - Inst Fortnightly	<b>1210.09</b>	1004.54		
Birla Sun Life Short Term Fund - Inst Daily				
Dividend - Folio 1014868105	<b>910.74</b>	600.85		
Birla Sun Life Short Term Fund - Inst Daily				
Dividend - 1015084020	<b>707.04</b>	-		
I542 ICICI Prudential Floating Rate Plan D - Daily Dividend -1818683/07	<b>958.69</b>	-		
I542 ICICI Prudential Floating Rate Plan D - Daily Dividend - 4465460/96				
	<b>3786.56</b>	1699.98		
Aggregate value of Quoted Investment	<b>3786.56</b>	1699.98		
Aggregate Market Value/(Repurchase price)	<b>3786.56</b>	1701.13		
<b>Schedule 6</b>				
<b>Sundry Debtors</b>				
Debts Outstanding for a period exceeding six months				
Considered good	<b>237.65</b>	218.36		
Considered doubtful	-	-		
Less : provided for	-	-		
Other Debts	<b>3116.44</b>	763.62		
	<b>3354.09</b>	981.98		
<b>Schedule 7</b>				
<b>Cash and Bank Balances</b>				
<b>Cash in hand</b>			<b>0.78</b>	0.44
<b>Bank balances with Scheduled Banks :</b>				
In Current Accounts			<b>270.51</b>	606.84
In Deposit Accounts			<b>2241.32</b>	50.00
[Includes Rs. 0.25 Lakh (Previous year Rs. Nil)]				
FDR deposited as security with Statutory Authorities and includes Rs. 1053.48 lakh being fixed deposit under lien (Previous year Rs. Nil)]				
<b>With Other Banks in Foreign Currency:</b>				
In Current Accounts				
Citi Bank, Philippines (USD)			<b>370.59</b>	118.18
Maximum balance during the year Rs.376.82 Lakh (Previous year Rs. 132.03 lakh)				
Citi Bank, Philippines (PHP)			<b>37.97</b>	487.54
Maximum balance during the year Rs. 128.12 Lakh (Previous year Rs. 513.77 lakh)				
HSBC, Philippines (PHP)			<b>3.78</b>	4.00
Maximum balance during the year Rs. 4.00 Lakh (Previous year Rs. 4.02 lakh)				
			<b>2924.95</b>	1267.00

## Schedule attached to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31.03.2010 Rs. Lakh	As at 31.03.2009 Rs. Lakh
<b>Schedule 8</b>		
<b>Other Current Assets</b>		
Sundry Deposits	5.17	2.00
Other Amounts recoverable	454.76	115.02
	<u>459.94</u>	<u>117.02</u>
<b>Schedule 9</b>		
<b>Loans &amp; Advances</b>		
Advance Income Tax	1131.51	875.13
Advance Fringe Benefit Tax	40.52	34.52
Balance with Excise, Sales Tax and others	102.02	33.50
Advances to Vendors	866.96	422.22
Advances to Staff	39.10	37.16
Govt Securities - Philippines	0.99	7.17
	<u>2181.11</u>	<u>1409.70</u>
<b>Schedule 10</b>		
<b>Current Liabilities</b>		
Customer Advances	10227.83	2133.30
Sundry Creditors	3287.02	1493.78
Other Liabilities	252.64	871.77
Provision for Employee Benefits	97.69	54.51
	<u>13865.18</u>	<u>4553.36</u>
<b>Schedule 11</b>		
<b>Provisions</b>		
Provision for Current Tax	131.07	177.99
Provision for Wealth Tax	0.25	0.21
Provision for Fringe Benefit Tax	36.07	36.07
Provision for Gratuity	2.30	7.57
	<u>169.69</u>	<u>221.84</u>

## Schedules attached to and forming part of the Profit & Loss Account for the year ended 31st March, 2010

	Year ended 31.03.2010 Rs. Lakh	Year ended 31.03.2009 Rs. Lakh
<b>Schedule 12</b>		
<b>Sales and Other Income</b>		
<b>Income from Operations :</b>		
<b>I. Sales</b>		
(i) Domestic Sales	9926.48	9898.16
Add: Closing Contracts in Progress	2839.34	531.87
Less: Opening Contracts in Progress	531.87	790.48
	<u>12233.95</u>	<u>9639.55</u>
(ii) Export Sales	399.21	276.67
	<u>399.21</u>	<u>276.67</u>
Total Sales	<b>I 12633.16</b>	9916.22
<b>II. Other Income From Operations:</b>		
(i) Claims and Refunds	21.02	161.51
(ii) Sale of Scrap	70.94	30.01
(iii) Exchange Difference Income (Net)	(13.95)	1.01
(iv) Miscellaneous Income	14.10	62.39
Total Other Income from Operations	<b>II 92.10</b>	254.92
<b>III. Income From Investments</b>		
(i) Dividend - others		
Current Investment	118.93	107.99
(ii) Interest	43.03	1.11
[Tax deducted at source Rs. 4.32 Lakh (Previous year Rs. 0.13 Lakh)]		
(iii) Profit/(Loss) on Sale of Investment		
Current Investment	7.55	23.37
(iv) Brokerage Income	17.25	13.78
Total Income from Investments	<b>III 186.76</b>	146.24
<b>(I+II+III)</b>	<u><b>12912.03</b></u>	<u>10317.38</u>

## Schedules attached to and forming part of the Profit & Loss Account for the year ended 31st March, 2010

	Year ended 31.03.2010 Rs. Lakh	Year ended 31.03.2009 Rs. Lakh
<b>Schedule 13</b>		
<b>Project Execution Expenses</b>		
Material Cost, Erection, Fabrication etc.	10699.06	8708.66
Site Administration and Miscellaneous Expenses	321.35	334.81
Repairs and Maintenance	13.77	2.81
Drawing, Design & Technical Service Charges	6.16	15.55
Insurance	224.85	117.10
	<u>11265.20</u>	<u>9178.93</u>
<b>Schedule 14</b>		
<b>Personnel Cost</b>		
Salary, Wages, Bonus, Incentives & Allowances	802.43	619.98
Contribution to Provident and other Funds	78.20	53.86
Staff Welfare Expenses	18.66	8.96
Recruitment Expenses	4.14	4.42
	<u>903.43</u>	<u>687.21</u>
<b>Schedule 15</b>		
<b>General &amp; Administration Expenses</b>		
Travelling & Conveyance	114.91	104.36
Communication Expenses	21.41	13.95
Professional Fees	33.86	44.94
Professional Fees : Construction	73.49	120.53
Printing & Stationery	7.70	6.86
Business Meeting & Conference Expenses	3.37	4.75
Bank Charges	95.67	28.50
Miscellaneous Expenses	13.99	5.59
	<u>364.40</u>	<u>329.48</u>

## Schedule forming part of Accounts

### Schedule 16 NOTES TO ACCOUNTS

#### 1 Significant Accounting Policies

##### a) Basis of Preparation of Financial Statements

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

##### b) Use of Estimates

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

##### c) Fixed Assets

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

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

##### d) Depreciation

Cost incurred on Leasehold land is amortised over the period of lease. Depreciation on Buildings, Plant & Machinery, Office Equipments, Electrical Installation, Motor Vehicles is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956. Depreciation on computers is provided at accelerated rates (@33.33% SLM). Site Infrastructure (@100%) as compared to the rates prescribed in Schedule XIV to the Companies Act, 1956 in view of higher obsolescence and greater 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

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

## f) Investments

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

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

## g) Employee Benefits

### Short-Term Benefits

#### Leave Encashment

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

#### Medical and Leave Travel Assistance benefits

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

#### Bonus & Employee's Short Term Incentive Plan

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

### Long-Term Benefits

#### Provident Fund

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

#### Superannuation Fund

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

### Gratuity

- Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation.
- Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-cum-life assurance policy is recognised as asset.
- Current service cost, interest cost and actuarial gains and losses are charged to profit and loss statement.
- Past service cost/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 are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

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

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

## j) Foreign Currency Transactions

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

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

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

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

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

## 2. Employee Benefits Defined Benefit Plan Gratuity

Rs. Lakh

	Particulars	2009-10	2008-09
	Expense recognised during the year ended March 31, 2010 (Included in Schedule 12 Salary, Wages, Bonus of Personnel Expenses)		
1	Current Service cost	8.53	5.74
2	Interest Cost	0.77	0.25
3	Expected return on plan assets	(0.79)	(0.18)
4	Actuarial Losses/ (Gains)	6.20	3.18
5	Past Service Cost	-	-
	Total Expense	14.71	8.98

Reconciliation of the present value of the gratuity liability and the fair value of the plan assets to the assets and liabilities recognized in the balance sheet:

Rs. Lakh

	Particulars	2009-10	2008-09
	Gratuity liability	24.14	10.35
	Fair value of plan asset	(21.84)	(2.78)
		2.30	7.57
	Past service cost not yet recognized in the balance sheet	-	-
	Other amount recognized in the balance sheet	-	-
	Plan (asset)/liability	2.30	7.57

Principal actuarial assumptions used in determining 'gratuity liability as at the balance sheet date are:

	Actuarial Assumptions	As at March 31, 2010
1	Discount Rate	8% p.a.
2	Expect rate of return on plan assets	8% p.a.
3	Mortality Table	L.I.C. 1994-96 Ultimate

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### 3. Contingent liabilities not provided for

- Corporate Guarantees given to customers Rs.343.49 Lakh (*Previous Year Rs.343.49 Lakh*)
- Disputed demands in respect of Income tax Rs. Nil (*Previous Year Rs.5.12 Lakh*)
- Bank Guarantees for advance payments and performance Rs.10480.44 Lakh (*Previous Year Rs.4016.00 Lakh*)

### 4. Micro Small & Medium Enterprises

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

Rs. Lakh

Sr. No.	Particulars	2009-10		
		Principal	Interest	Total
a	Total outstanding dues to micro small and medium enterprises	-	-	-
b	Principal amount and interest due thereon remaining unpaid as at end of the year	-	-	-
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	88.27	0.05	88.32
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	-	-	-
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	-	-	-

### 5. Miscellaneous Expenses include

Rs. Lakh

Particulars	2009-10	2008-09
i. Audit Fees	1.00	1.00
ii. Tax Audit Fees	0.35	0.35
iii. VAT Audit Fees	0.25	0.25

All figures are exclusive of service tax.

### 6. Installed capacity, Production, Stocks and Turnover

- Installed capacity : Not Applicable
- Production: The Company is engaged in the civil works and erection & commissioning of co-generation and power plants. This entails no manufacturing, hence no figures for production are required, nor have they been provided.
- Stocks: Since materials lying at Site are the property of the client, having already been invoiced to them, the stock is always treated as NIL.
- Turnover: The amount of invoiced sales, adjusted to the extent of the value of contract in progress, positive or negative, determines the turnover.

### 7. Consumption of Raw Materials, Components etc

Rs. Lakh

Particulars	Unit (MT/No,etc)	2009-10		2008-09	
		Qty	Value	Qty	Value
Ferrous Sheets, Plates, Ferrous Tubes and Fabricated Items	Numerous	-	3467.03	-	826.04
Cement, Hardware and other items	Numerous	-	538.25	-	344.70
Electrical and Instrumentation Items	Numerous	-	17.84	-	183.55
<b>Total Consumption</b>			<b>4023.12</b>		1354.29

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

Rs. Lakh

Particulars	%	2009-10	%	2008-09
i) Imported	0%	-	0%	-
ii) Indigenous	100%	4023.12	100%	1354.29
<b>Total Consumption</b>	<b>100%</b>	<b>4023.12</b>	<b>100%</b>	<b>1354.29</b>

### 9 Expenditure in foreign currency (on accrual basis)

Rs. Lakh

Particulars	2009-10	2008-09
Foreign Travel Expenses	35.72	25.54
<b>Expenses in foreign offices</b>		
Revenue	229.68	94.49
Capital	-	1.75
<b>Total</b>	<b>265.40</b>	121.78

### 10 In respect of Contracts in Progress

Rs. Lakh

Particulars	2009-10	2008-09
For all the contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings		
<i>Aggregate costs incurred plus recognised profits/ less recognised losses on contract in progress</i>	<b>20453.21</b>	12936.79
<i>Less: progress billing</i>	<b>16914.70</b>	11771.84
<b>Sub-total (A)</b>	<b>3538.51</b>	1164.95
For all the contracts in progress for which progress billings exceeds costs incurred plus recognised profits (less recognised losses)		
<i>Aggregate costs incurred plus recognised profits/ less recognised losses on contract in progress</i>	<b>18894.32</b>	14176.79
<i>Less: progress billing</i>	<b>19593.49</b>	14809.87
<b>Sub-total (B)</b>	<b>(699.17)</b>	(633.08)
<b>Net contract in progress (A+B)</b>	<b>2839.34</b>	531.87

### 11 Taxes on Income

- Current Tax for the year includes Rs. 56.18 lakh (*last year Rs. 60.45 lakh*) tax paid/payable in 'Philippines' on income from operations of branch in that country, in accordance to local tax laws & Rs. 13.39 lakh (*last year Rs. Nil*)(net of credit for tax paid in Philippines) tax paid/payable in India under Minimum Alternative Tax (MAT).

- Deferred Tax Asset as on 31st March, 2010 comprises of

Rs. Lakh

Particulars	Liabilities		Assets	
	2009-10	2008-09	2009-10	2008-09
Depreciation	38.86	38.67	-	-
Gratuity	-	-	0.78	2.57
Brought forward losses				
Depreciation	-	-	87.71	170.21
Other	-	4.52	6.77	-
<b>Sub Total</b>	<b>38.86</b>	43.19	<b>95.27</b>	172.78
<b>Net deferred tax asset</b>			<b>56.41</b>	129.59

- The company has not recognized deferred tax asset for Rs. 147.11 Lakh in respect of MAT credit for FY 2010, FY 2008 and FY 2007 on the basis of prudence.

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## 12. Investments purchase and sold during the year

Rs. Lakh				
Sr. No	Name of Investment	No. of units	Face Value	Cost of acquisition
1	Fortis Money Plus - Institutional Plan - Monthly Dividend	13667	1.37	1.37
2	Birla Sun Life Short Term Fund - Inst Fortnightly	242236	24.22	24.55
3	Birla Sun Life Short Term Fund - Inst Daily Dividend	9206050	920.60	921.11
4	FRDD ICICI Prudential Floating Rate Plan D - Daily Dividend - 4465460/96	4998950	499.90	500.00
5	ICICI Prudential Liquid Plan Inst Plus Daily Dividend 4465460/96	232088	232.09	275.06
6	Birla Sun Life Short Term Fund - Inst Daily Dividend - 1015084020	21822423	2182.24	2183.44
7	I542 ICICI Prudential Floating Rate Plan D - Daily Dividend -1818683/07	1115000	1115.00	1115.40
8	I542 ICICI Prudential Floating Rate Plan D - Daily Dividend - 4465460/96	3355728	3355.73	3356.43
9	Birla Sun Life Cash Plus Inst. Daily Dividend-1014868105	1481528	148.15	160.04
10	ICICI Prudential Liquid Plan Super Inst Daily Dividend 1818683/07	490025	490.03	490.13

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

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

## 15. Segment Reporting

### Primary Segment

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

### Secondary Segment

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

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

Particulars	Rs. Lakh	
	Year ended 31.03.10	Year ended 31.03.09
<b>Revenue:</b>		
India	12348.99	9817.60
Outside India	399.21	292.32
<b>Total Revenue</b>	<b>12748.20</b>	10109.92
<b>Carrying amount of Segment Assets:</b>		
India	11165.91	3841.13
Outside India	417.48	498.48
<b>Addition to Fixed Assets:</b>		
India	18.55	3.66
Outside India	-	1.75

## 16. Related Party Disclosures

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

### a) List of related parties and description of relationships:

#### Parties where control exists:

RDA Holding & Trading Pvt. Ltd. - Ultimate Holding Company  
(w.e.f. 01.04.2008)  
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  
Thermax SPX Energy Technologies Limited

### b) Key Management Personnel

Mr. M. L. Bindra – Manager

### c) Transactions with the Related Parties

Rs. Lakh	
Particulars	Holding Company
<b>Sales</b>	
- Thermax Limited	1974.00
<b>Rendering of services</b>	-
- Thermax Limited	(260.54)
<b>Receiving of services</b>	
- Thermax Limited	19.12 (32.46)
<b>Reimbursement of Expenses claimed (Net)</b>	
- Thermax Limited	46.52
<b>Advances received during the year (Net)</b>	
- Thermax Limited	161.36 (126.55)
<b>Loans repaid during the year</b>	
- Thermax Limited	- (65.18)
<b>Advances given during the year</b>	
- Thermax Limited	21.04 (0.04)
<b>Creditors balances outstanding</b>	
- Thermax Limited	18.91 (195.01)
<b>Debtors balances outstanding</b>	
- Thermax Limited	393.06 (126.38)
<b>Guarantees and Collaterals</b>	
- Thermax Limited	10309.46 (4046.00)

Previous year's figures are in brackets.

## 17. Earnings Per Share (EPS)

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

Particulars	2009-10	2008-09
Net profit available for shareholders (Rs. Lakh)	202.03	40.48
Weighted average number of Equity Shares of Rs.10 each	9000000	9000000
Basic earning per share	2.24	0.45

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

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

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## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.	:	99050
State Code	:	11
Balance Sheet Date	:	31st March 2010

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

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

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

<b>Total Liabilities</b>	:	1674877
<b>Total Assets</b>	:	1674877

#### Sources of Funds

Paid up Capital	:	90000
Reserves & Surplus	:	111473
Secured Loans	:	Nil
Unsecured Loans	:	Nil

#### Application of Funds

Net Fixed Assets	:	29683
Investments	:	378656
Deferred Tax Asset	:	5641
Miscellaneous Expenditure	:	Nil
Net Current Assets	:	(227544)
Accumulated Losses	:	15038

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

Turnover	:	1291203
Total Expenditure	:	1256720
Profit / (Loss) before tax	:	34482
Profit / (Loss) after tax	:	20203
Earnings Per Share	:	2.24
Dividend	:	Nil

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

(As per monetary terms)

N.A.

## Cash Flow Statement for the year ended March, 31 2010

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

	2009-10 Rs. Lakh	2008-09 Rs. Lakh
<b>A Cash flow from Operating Activities</b>		
Net Profit before tax	344.82	85.41
<b>Add : Adjustments for</b>		
Depreciation	30.34	35.10
Interest/Dividend/Brokerage Income	(136.18)	(121.77)
(Profit)/Loss on sale of investment	(7.55)	(23.37)
Provision for employee benefits	43.17	23.38
<b>Operating profit before working capital changes</b>	274.61	(1.25)
<b>Add : Adjustments for</b>		
Trade & other receivables	(2372.11)	241.00
Contract In Progress	(2307.47)	258.61
Other Current Assets	(342.92)	36.59
Loans & Advances	(509.03)	706.77
Current Liabilities	9268.65	(972.39)
Provisions	(5.27)	(35.32)
<b>Cash generated from Operations</b>	4006.46	234.01
Direct taxes paid	(378.87)	(460.12)
<b>Net Cash flow from Operating Activities (A)</b>	3627.58	(226.11)
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed assets	(18.55)	(5.41)
Investment in Mutual Funds	(12813.93)	(2007.99)
Sale of Investments	10734.90	2690.60
Exchange rate fluctuation	(8.23)	5.00
Interest/Dividend/Brokerage Income received	136.18	121.77
<b>Net Cash flow from Investing activities (B)</b>	(1969.63)	803.97
<b>C Cash flow from Financing Activities</b>		
Proceeds / (Repayments) borrowings	-	(65.18)
<b>Net cash flow from financing activities (C)</b>	-	(65.18)
<b>Net change in cash and cash equivalents (A+B+C)</b>	1657.95	512.68
<b>Opening Cash and Bank balances</b>	1267.00	754.32
<b>Closing Cash and Bank balances</b>	2924.95	1267.00

As per our report of even date

For and on behalf of the Board

**For B.K.Khare & Co.**  
Chartered Accountants

**R.V.Ramani**  
Director

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

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

**M.L. Bindra**  
Manager

**Sudhir Lale**  
Company Secretary

Pune, April 27, 2010

Pune, April 27, 2010

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Directors

Gopal Mahadevan  
Ishrat Mirza  
M. S. Unnikrishnan

## Registered Office

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

## Auditors

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

## Bankers

Corporation Bank

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their First Annual Report and the audited accounts of the company for the year ended March 31, 2010.

### INCORPORATION

Your company was incorporated on September 14, 2009 and received Certificate for Commencement of Business on October 23, 2009. The Statutory Meeting of the company was held on March 1, 2010.

### DEFINING OUR BUSINESS

Your company is a wholly owned subsidiary of Thermax Limited. It is incorporated to undertake utility delivery business i.e. installation of owned equipments & peripherals at customer site, to ensure operations & maintenance, to organize required inputs like fuel, manpower & consumables at its own cost and supply end-utility product to its customers on unit-consumption basis.

This business mainly aims to capture the major share of revenue-side spending of customer by supplying steam, heat or chilled water on a unit basis.

### OPERATIONS

During the period under review, your company has signed a project having tenure of seven years to supply heat to a leading paint manufacturing company. The company is already offering services of steam to a joint venture in textile knit wear.

With many industrial units identifying the benefits of savings in capital expenditure and zero investment in operation and maintenance of utilities, the outlook for the business is positive.

The company has incurred preliminary expenses of Rs. 8.43 lakh towards incorporation and other miscellaneous expenses aggregate to Rs. 0.05 lakh. The carried forward loss during the first year is Rs 8.48 lakh.

### DIVIDEND

In view of the loss for the financial year 2009-10, your directors do not recommend any dividend.

### FUTURE PLANS

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

### PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

#### 1. Particulars of Employees

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

#### 2. Conservation of Energy and Technology Absorption

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

#### 3. Foreign Exchange earnings and outgo

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

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

### DIRECTORS

Mr. Shishir Josphipura, Mr. Gopal Mahadevan and Mr. Ishrat Mirza were appointed as the First Directors.

Mr. M. S. Unnikrishnan was appointed as Additional Director with effect from January 21, 2010. As per the provisions of the Companies Act, 1956, ('the Act'), Mr. M. S. Unnikrishnan, Additional Director holds office upto the ensuing Annual General Meeting and is eligible to be re-appointed. The requisite notice, together with necessary deposit has been received from member, pursuant to Section 257 of the Act, proposing Mr. M. S. Unnikrishnan as a Director of the company. The necessary resolution appointing Mr. M. S. Unnikrishnan as a Director of the company has been set out in the Notice of the ensuing Annual General Meeting for the approval of shareholders.

Mr. Shishir Josphipura resigned as Director effective November 30, 2009. The Board places on record its appreciation for valuable guidance provided by Mr. Shishir Josphipura.

In accordance with the provisions of the Act, Mr. Gopal Mahadevan and Mr. Ishrat Mirza the First Directors of the company, hold office up to the ensuing Annual General Meeting and are eligible for re-appointment. The requisite notice, together with necessary deposit has been received from a member, pursuant to Section 257 of the Act, proposing Mr. Gopal Mahadevan and Mr. Ishrat Mirza as Directors of the company. Necessary resolutions appointing Mr. Gopal Mahadevan and Mr. Ishrat Mirza, as Directors of the company have been set out in the Notice of the ensuing Annual General Meeting for the approval of 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, 2010, 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.

### AUDITORS

M/s B. K. Khare & Co, Chartered Accountants, were appointed as the first auditors of the company. They retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Gopal Mahadevan  
Director

Ishrat Mirza  
Director

Pune, April 26, 2010

## Auditors' Report

### To the members of Thermax Onsite Energy Solutions Limited

1. We have audited the attached Balance Sheet of Thermax Onsite Energy Solutions Limited as at 31st March 2010, and also the Profit and Loss Account and Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - (ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
    - (iii) in case of the Cash Flow Statement, of the cash flows for the period ended on that date

**For B. K. Khare & Company**  
Chartered Accountants

**H. P. Mahajani**  
Partner

(Membership no. 30168 )  
Firm Regn. No.105102W

Place: Pune  
Date: 26th April, 2010

## Annexure to the Auditors' Report

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

### To the members of Thermax Onsite Energy Solutions Limited

1. In our opinion and according to the information and explanations given to us, the requirements of paragraphs 4 (i), (ii), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of the Order are not, on facts, applicable and hence no comments have been offered there under.
2. The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4. On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
5. a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.  
b. As at 31st March 2010, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess matters that have not been deposited
6. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
7. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

**For B. K. Khare & Company**  
Chartered Accountants

**H. P. Mahajani**  
Partner

Place: Pune  
Date: 26th April, 2010

(Membership no. 30168 )  
Firm Regn. No.105102W



# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Balance Sheet as at 31st March, 2010

## Profit & Loss Account for the period from 14th September, 2009 to 31st March, 2010

	Schedule	As at 31.03.2010 Rupees		Schedule	For the period ended 31.03.2010 Rupees
<b>Sources of Funds</b>					
Shareholders' Funds :			<b>Income</b>		
Share Capital	1	5 00 000	Sales and Other Income		-
<b>Total Funds Employed</b>		<u>5 00 000</u>			-
<b>Application of Funds</b>					
Fixed Assets			<b>Expenditure</b>		
Gross Block		-	Preliminary Expenses	5	8 43 077
Less : Accumulated Depreciation		-	Other Expenses	6	5 295
Net Block		-			<u>8 48 372</u>
Capital - Work in Progress		-	Profit/(Loss) before Tax		(8 48 372)
<b>Investments</b>		-	Less : Current Tax		
<b>Current Assets, Loans &amp; Advances :</b>			Deferred Tax		
Sundry Debtors		-	Fring Benefit Tax		
Cash & Bank Balances	2	16 84 968	Profit/(Loss) after Tax		<u>(8 48 372)</u>
Loans & Advances		-	Add/Less : Balance brought forward from last year		
<b>Total Current Assets</b>		<u>16 84 968</u>	Balance available for appropriation		<u>(8 48 372)</u>
<b>Less: Current Liabilities &amp; Provisions</b>			<b>Appropriations</b>		
Current Liabilities	3	20 33 340	Carried to Balance Sheet		(8 48 372)
Provisions		-			<u>(8 48 372)</u>
<b>Total Current Liabilities</b>		<u>20 33 340</u>	Basic / Diluted Earning Per Share		(16.97)
Net Current Assets		(3 48 372)	(Per Equity Share of Rs.10/- each)		
Profit & Loss Account	4	8 48 372	Notes to Accounts	7	
<b>Total Funds Applied</b>		<u>5 00 000</u>			
Notes to Accounts	7				

As per our Report of even date

For and on behalf of the Board

**For B. K. Khare & Co.**  
Chartered Accountants

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**I. H. Mirza**  
Director

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

Pune, April 26, 2010

Pune, April 26, 2010

**Schedule attached to and forming part of the Balance Sheet as at 31.03.2010**

	As at 31.03.2010 Rupees
<b>SCHEDULE 1 SHARE CAPITAL</b>	
<b>Authorised</b>	
1,00,00,000 Equity Shares of Rs.10/- each	10 00 00 000
	10 00 00 000
<b>Issued, Subscribed &amp; Paid up</b>	
50,000 Equity Shares of Rs.10/- each, fully paid (Entirely held by Thermax Limited holding Company including Six Shares held jointly with nominees)	5 00 000
	5 00 000

**SCHEDULE 2  
CASH & BANK BALANCES**

Cash in hand :-	Nil
Balances with Scheduled banks :-	
In Current Accounts	16 34 968
Margin Money with Bank for Guarantee	50 000
	16 84 968

**SCHEDULE 3  
CURRENT LIABILITIES**

Sundry Creditors - Micro, Small & Medium	Nil
Sundry Creditors - Others	8 15 840
Customer Advances	12 00 000
Other Liabilities	17 500
	20 33 340

**SCHEDULE 4  
PROFIT & LOSS ACCOUNT**

Deficit in Profit & Loss Account	8 48 372
	8 48 372

**Schedule attached to and forming part of the Profit and Loss Account for the period from 14.09.2009 to 31.03.2010**

	As at 31.03.2010 Rupees
<b>SCHEDULE 5 PRELIMINARY EXPENSES</b>	
Legal & Professional Fees	8 38 000
Printing & Stationery	5 077
	8 43 077

**SCHEDULE 6  
OTHER EXPENSES**

Other Miscellaneous Expenses	5 295
	5 295

**Notes forming part of the Accounts**

**SCHEDULE: 7**

**NOTES TO ACCOUNTS**

**1. Significant Accounting Policies**

**a) Basis of Preparation of Financial Statements**

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

**b) Revenue recognition**

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

**c) Preliminary Expenses**

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

**d) 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.

2. The Company was incorporated on 14<sup>th</sup> day of September 2009 as per the Certificate of Incorporation issued by the Registrar of the Companies, Pune, Maharashtra. The Company received Certificate of commencement of business on 23<sup>rd</sup> October 2009.

3. Financial statements have been prepared for the period from 14<sup>th</sup> September 2009 (being the date of incorporation) to 31<sup>st</sup> March 2010.

**4. Legal and Professional Fees include**

Year ended  
31st March 2010  
Rs.  
15,000

i) Audit Fees

**5. Related party Disclosures**

Name of related parties & description of relationship

Sr. No.	Relationship	Name of Related Parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holding & Trading Pvt. Ltd.
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Sustainable Energy Solutions Ltd., Thermax Engineering & Construction Company Ltd., Thermax Instrumentation Ltd., Thermax Europe Ltd., Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Ltd.

Related party disclosure as per AS 18

Sr. No.	Transaction with related parties	2009-10 Rupees
1	Reimbursement of expenses incurred by Holding Company	815840.00
2	Outstanding Balances as at 31 <sup>st</sup> March 2010 Holding Company Payable	815840.00

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## 6. Contingent liabilities not provided for

Counter Guarantee given to the bank for Guarantee issued by them on company's behalf Rs. 50000/-

7. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 66,56,800/-

## 8. Earnings per Share (EPS)

The earning per share for the period 14<sup>th</sup> September 2009 to 31<sup>st</sup> March 2010, computed as per the requirement under Accounting standard – 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India, as under:

Particulars	As at 31 <sup>st</sup> March 2010
Net profit as per Profit & Loss Account (in Rupees)	(8,48,372)
Average Number of Equity Shares (Face Value Rs.10 each)	50,000
Basic and Diluted EPS (in Rupees)#	(16.97)

# Not annualised

9. 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.

10. These being the first financial statements after incorporation of the company, previous year's figures are not applicable.

## 11. Balance Sheet Abstract and Company's General Business Profile

### I) Registration Details :

Registration No	:	134659
State Code	:	11
Balance Sheet Date	:	31/03/2010

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

Public Issue	:	Nil
Rights Issue	:	500
Bonus Issue	:	Nil
Private Placement	:	Nil

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

<b>Total Liabilities</b>	:	500
<b>Total Assets</b>	:	500

#### Sources of Funds

Paid-up Capital	:	500
Reserve & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil

#### Application of Funds

Net Fixed Assets	:	Nil
Investments	:	Nil
Net Current Assets	:	(348)
Misc. Expenditure	:	Nil
Accumulated Losses	:	848

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

Turnover	:	Nil
Total Expenditure	:	848
Profit before Tax	:	(848)
Profit after Tax	:	(848)
Earning per share in Rs	:	(16.97)
Dividend Rate %	:	NIL

## V) Generic Names of Three

<b>Principal Products / Services of Company</b>	:	N.A.
(As per Monetary Terms)		

As per our Report of even date

For and on behalf of the Board

**For B. K. Khare & Co.**  
Chartered Accountants

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

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

**I. H. Mirza**  
Director

Pune, April 26, 2010

Pune, April 26, 2010

## CASH FLOW STATEMENT

For the period from  
14.09.2009 to  
31.03.2010  
Rupees

<b>A</b>	<b>Cash flow from Operating Activities</b>	
	Net Loss before tax	(8 48 372)
	<i>Add Adjustments for</i>	
	Depreciation	-
	<i>Less Adjustments for</i>	
	Interest(Income) / Expenses Net	-
	<b>Operating profit before working capital changes</b>	<b>(8 48 372)</b>
	<i>Adjustments for</i>	
	Trade and other receivables	-
	Margin Money with Bank for Bank Guarantee issued	(50 000)
	Trade payables	20 33 340
	Contract in Progress	-
	<b>Cash generated from operations ( Before Extra Ordinary Items)</b>	<b>11 34 968</b>
	<i>Adjustment for Extra Ordinary Items</i>	
	<b>Cash generated from operations ( After Extra Ordinary Items)</b>	<b>11 34 968</b>
	Direct taxes paid	-
	<b>Net cash from operating activities ( After Extra Ordinary items)</b>	<b>11 34 968</b>
<b>B</b>	<b>Cash Flow from Investing activities</b>	
	<b>Cash Flow from Investing activities before Extra ordinary items</b>	-
	<b>Net cash from Investing activities</b>	-
<b>C</b>	<b>Cash Flow from Financing Activities</b>	
	Proceeds from issue of Share Capital	5 00 000
	Interest paid	-
	Dividend paid and Tax thereon	-
	<b>Net cash from in Financing activities</b>	<b>5 00 000</b>
	<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>16 34 968</b>
	Opening cash & bank balances	-
	Closing cash & bank balances	16 34 968

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants

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

Pune, April 26, 2010

For and on behalf of the Board

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**I. H. Mirza**  
Director

Pune, April 26, 2010

# THERMAX SPX ENGERGY TECHNOLOGIES LIMITED

## Directors

Pheroj Pudemjee  
Chairman

Dr. Robert Bartels  
Drew Ladau  
M. S. Unnikrishnan

## Chief Officer

V. J. Shah

## Registered Office

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

## Auditors

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

## Bankers

Corporation Bank  
Axis Bank

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their First Annual Report and the audited accounts of the company for the year ended March 31, 2010.

### INCORPORATION

Your company was incorporated on October 6, 2009 and received Certificate for Commencement of Business on October 28, 2009. The Statutory Meeting of the company was held on November 30, 2009.

### FINANCIAL RESULTS

Particulars	(Rs. in lakh) 2009-10
Total income	4.99
Profit before depreciation	(85.15)
Depreciation	-
Profit before tax	(85.15)
Provision for taxation (incl. deferred tax)	-
Profit after tax	(85.15)

Since the company was incorporated on October 6, 2009, and this year being the first financial year, there are no corresponding previous year's figures.

### DEFINING OUR BUSINESS

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

The JV would help power plants meet the stringent emission norms and improve thermal efficiencies in the boiler island by bringing in SPX technology solutions for large infrastructure projects and Thermax's expertise in integrating energy and environment engineering.

Since incorporation, your company has made a successful foray in the power and air control pollution sectors of the Indian market by actively participating in a number of bids for electrostatic precipitators, regenerative air-preheaters, air cooled condensers and other power plant equipment to build a strong foundation for future business.

### OPERATIONS

During the year, your company has secured its first order for regenerative air-preheater (RAPH). This order involves design, engineering, manufacturing, supply, supervision, installation, erection and commissioning of four RAPH units for two 750 TPH boilers of a leading oil refinery.

### SHARE CAPITAL

The company was incorporated with an authorised share capital of Rs. 50 crore. The present paid-up share capital of the company is Rs. 19.92 crore issued to the 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 2009-10, 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.

The company plans to make its strong presence felt not only in the domestic market but also in the international markets.

The company will evaluate and expand the current product portfolio to bring in air cooled condenser, feed water heaters and turbine condensers. This will ensure to serve the power industry (both the boiler and turbine island).

### 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 Knowhow.

#### 3. Foreign Exchange earnings and outgo

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

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

### DIRECTORS

Mr. Pheroj Pudemjee, Mr. M. S. Unnikrishnan and Mr. Ishrat H. Mirza were appointed as the First Directors. Mr. Drew Ladau and Dr. Robert Bartels were appointed as Additional Directors by the Board, nominated by SPX Netherlands BV., on December 2, 2009.

As per the provisions of the Companies Act 1956, Additional Directors hold office upto the ensuing Annual General Meeting, and are eligible to be re-appointed. The requisite notice, together with necessary deposit has been received from member, pursuant to Section 257 of the Companies Act, 1956 (the Act), proposing Mr. Drew Ladau and Dr. Robert Bartels as Directors of the company. The necessary resolutions appointing Mr. Drew Ladau and Dr. Robert Bartels as Directors of the company have been set out in the Notice of the ensuing Annual General Meeting for the approval of shareholders.

Mr. Ishrat H. Mirza resigned as Director effective December 2, 2010. The Board places on record its appreciation for valuable guidance provided by him during the inception stage of the company.

Mr. Eugene Joseph Lowe and Mr. Hans Torsten Andersch were appointed as Alternate Directors to Mr. Drew Ladau and Dr. Robert Bartels respectively, effective February 12, 2010.

Mr. Drew Ladau and Dr. Robert Bartels have resumed their office on May 3, 2010 and consequently, Mr. Eugene Joseph Lowe and Mr. Hans Torsten Andersch have

# ANNUAL REPORT 2009-2010

ceased to be Alternate Directors with immediate effect, as per the provisions of Section 313(2) of the Act, 1956.

In accordance with the provisions of the Act, Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan, the First Directors of the company, hold office up to the ensuing Annual General Meeting and are eligible for re-appointment. The requisite notice, together with necessary deposit has been received from a member, pursuant to Section 257 of the Act, proposing Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan as Directors of the company. Necessary resolutions appointing Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan, as Directors of the company have been set out in the Notice of the ensuing Annual General Meeting for the approval of shareholders.

## MANAGER

Mr. Vijay J. Shah was appointed as 'Manager' of the company pursuant to the provisions of Section 269 of the Companies Act, 1956, without remuneration w.e.f. December 2, 2010. The said appointment was for the period upto March 31, 2010. Subsequently, your Board has approved appointment of Mr. Vijay J. Shah as 'Manager' of the company, designated as Chief Officer, for a period from April 1, 2010 to November 30, 2010 as per the terms and conditions mentioned in the agreement dated April 5, 2010, subject to the approval of the shareholders and the Central Government.

## COMPANY SECRETARY

Your company is making sincere efforts towards appointment of a qualified professional as a Company Secretary as per the provisions of Section 383A of the Companies Act, 1956.

## BOARD COMMITTEES

Presently, the Board has constituted two committees:

### 1. Audit Committee

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

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 four members. Drew Ladau, Dr. Robert Bartels, Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan.

The Terms of Reference of this committee is to review and approve remuneration of managerial personnel appointed under the Companies Act, 1956.

## 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, 2010, 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.

## AUDITORS

M/s B. K. Khare & Co, Chartered Accountants, were appointed as the first auditors of the company. They retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

## ACKNOWLEDGEMENTS

Your directors also wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by the employees, strategic partners and all outside agencies. Directors look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Pune, May 3, 2010

M. S. Unnikrishnan  
Director

Drew Ladau  
Director

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## *Auditors' Report*

*To the members of Thermax SPX Energy Technologies Limited*

1. We have audited the attached Balance Sheet of Thermax SPX Energy Technologies Limited as at 31st March 2010, and also the Profit and Loss Account and Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - (ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
    - (iii) in case of the Cash Flow Statement, of the cash flows for the period ended on that date

**For B. K. Khare & Company**  
**Chartered Accountants**

**H. P. Mahajani**  
**Partner**

(Membership no. 30168)  
Firm Regn. No.105102W

Place : Pune  
Date : 3<sup>rd</sup> May, 2010

## *Annexure to the Auditors' Report*

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

**To the members of Thermax SPX Energy Technologies Limited**

1. In our opinion and according to the information and explanations given to us, the requirements of paragraphs 4 (i), (ii), (vi), (v), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of the Order are not, on facts, applicable and hence no comments have been offered there under.
2. The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
4.
  - a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
  - b. As at 31st March 2010, according to the records of the Company and the information and explanations given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty, wealth tax, service tax, excise duty and cess matters that have not been deposited
5. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
6. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

**For B. K. Khare & Company**  
**Chartered Accountants**

**H. P. Mahajani**  
**Partner**

(Membership no. 30168)  
Firm Regn. No.105102W

Place : Pune  
Date : 3<sup>rd</sup> May, 2010





# THERMAX SPX ENGERGY TECHNOLOGIES LIMITED

*Schedule attached to and forming part of the Balance Sheet as at 31.03.2010*

*Schedule attached to and forming part of the Profit and Loss Account for the period 06.10.2009 to 31.03.2010*

	As at March 31, 2010 Rupees	For year ended March 31, 2010 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5 00 00 000 Equity Shares of Rs.10/- each	50 00 00 000	
	<u>50 00 00 000</u>	
<b>Issued, Subscribed &amp; Paid up</b>		
1 99 20 000 Equity Shares of Rs.10/- each, fully paid up (1,01,59,200 are held by Thermax Ltd., holding company)	19 92 00 000	
80 000 Share Application Money (40,800 applied by Thermax Ltd., holding company)	8 00 000	
	<u>20 00 00 000</u>	
<b>SCHEDULE 2</b>		
<b>CURRENT INVESTMENTS - NON TRADE</b>		
Quoted but not listed		
In mutual funds		
80,11,215 ( <i>Previous year NIL</i> ) units of Birla Sunlife Short Term Fund	8 01 56 215	
	<u>8 01 56 215</u>	
<b>SCHEDULE 3</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand :- Nil		
Balances with Scheduled banks :-		
In current accounts	3 02 47 779	
In Deposit accounts	9 95 00 000	
	<u>12 97 47 779</u>	
<b>SCHEDULE 4</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advance to supplier	6 53 513	
	<u>6 53 513</u>	
<b>SCHEDULE 5</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors - Micro, Small & Medium Nil		
Sundry Creditors - Others	86 19 666	
Customer Advances	1 07 64 000	
Audit Fee Provision	27 575	
Other Miscellaneous Expenses	5 000	
	<u>1 94 16 241</u>	
<b>SCHEDULE 6</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Deficit in Profit & Loss Account	85 15 139	
Less : General Reserve as per last balance sheet	<u>85 15 139</u>	
<b>SCHEDULE 7</b>		
<b>SALES &amp; OTHER INCOME</b>		
Dividend on investment in mutual fund		1 56 215
Interest on Bank Fixed deposits (Tax deducted at source - Rs. 31239)		3 43 595
		<u>4 99 811</u>
<b>SCHEDULE 8</b>		
<b>PRELIMINARY EXPENSES</b>		
ROC Charges		26 08 000
Rates & Taxes		13 95 460
Legal & Professional Charges		26 300
		<u>40 29 760</u>
<b>SCHEDULE 9</b>		
<b>OTHER EXPENSES</b>		
Travelling & Conveyance		7 98 669
Communication		43 915
Printing & Stationery		29 236
Repairs & Maintenance - Others		13 780
Professional Charges		18 51 000
Vehicle Expenses		1 03 132
Miscellaneous Expenses		2 06 795
		<u>30 46 527</u>

## Schedule forming part of the Accounts

### Notes forming part of the Accounts

#### SCHEDULE 10

#### NOTES TO ACCOUNTS

##### 1. Significant Accounting Policies

###### a) Basis of Preparation of Financial Statements

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

###### b) Use of Estimates

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

###### c) Revenue recognition

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

###### d) Preliminary Expenses

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

###### 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) Investments

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

2. The Company was incorporated on 6<sup>th</sup> day of October 2009 as per the Certificate of Incorporation issued by the Registrar of the Companies, Pune, Maharashtra. The Company received Certificate of commencement of business on 28<sup>th</sup> October 2009.
3. Financial statements have been prepared for the period from 6<sup>th</sup> October 2009 (being the date of incorporation) to 31<sup>st</sup> March 2010.

##### 5. Related party Disclosures

Name of related parties & description of relationship

Sr. No.	Relationship	Name of Related Parties
1	Holding Company	Thermax Limited
2	Ultimate Holding Company	RDA Holding & Trading Pvt. Ltd.
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Sustainable Energy Solutions Ltd., Thermax Engineering & Construction Company Ltd., Thermax Instrumentation Ltd., Thermax Onsite Energy Solutions Ltd. Thermax Europe Ltd., Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd.
5	Party having substantial interest	SPX Netherlands BV

Related party disclosure as per AS 18

Sr. No.	Transaction with related parties	2009-10 Rupees
1	Deputation charges and other expenses - Thermax Ltd.	86,16,808
2	Advances received - Thermax Ltd.	1,07,64,000
3	Equity Infusion - Thermax Ltd.	10,20,00,000
4	Equity Infusion - SPX Netherlands BV	9,80,00,000

##### 5. Earnings per Share (EPS)

The earning per share for the period 6<sup>th</sup> October 2009 to 31<sup>st</sup> March 2010, computed as per the requirement under Accounting standard – 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India, as under:

Particulars	As at 31 <sup>st</sup> March 2010
Net profit as per Profit & Loss Account (in Rupees)	(85,15,139)
Average Number of Equity Shares (Face Value Rs.10 each)	1,99,20,000
Basic and Diluted EPS (in Rupees)#	(0.43)

# Not annualised

6. 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.
7. Miscellaneous Expenses includes Auditors’ Remuneration - Audit Fees of Rs.25,000 for the year ended 31 March, 2010.
8. These being the first financial statements after incorporation of the company, previous year’s figures are not applicable.

As per our Report of even date

For and on behalf of the Board

**For B. K. Khare & Co.**  
Chartered Accountants

**M. S. Unnikrishnan**  
Director

**Drew Ladau**  
Director

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

**V. J. Shah**  
Chief Officer

Pune, May 3, 2010

Pune, May 3, 2010

# THERMAX SPX ENGERGY TECHNOLOGIES LIMITED

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details :

Registration No	:	134761
State Code	:	11
Balance Sheet Date	:	31/03/2010

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

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	2 00 000

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

<b>Total Liabilities</b>	:	2 00 000
<b>Total Assets</b>	:	2 00 000
<b>Sources of Funds</b>		
Paid-up Capital	:	2 00 000
Reserve & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil
<b>Application of Funds</b>		
Net Fixed Assets	:	Nil
Investments	:	80 156
Net Current Assets	:	1 11 329
Misc. Expenditure	:	Nil
Accumulated Losses	:	8 515

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

Turnover	:	500
Total Expenditure	:	9 015
Profit before Tax /(Loss)	:	(8 515)
Profit after Tax / (Loss)	:	(8 515)
Earning per share in Rs	:	(0.43)
Dividend Rate %	:	NIL

### V) Generic Names of Three

<b>Principal Products / Services of Company</b> (As per Monetary Terms)	:	
Item Code No. (ITC Code No.)	:	84213920
Product Description	:	Dry Electrostatic Precipitators
Item Code No. (ITC Code No.)	:	84191920
Product Description	:	Regenerative Air Gas & Gas Gas Heaters
Item Code No. (ITC Code No.)	:	84213920
Product Description	:	Pulse Jet Bag Filters

## Cash Flow Statement for the year ended March 31, 2010

	<b>2009-10</b>
	<b>Rupees</b>
<b>A Cash flow from Operating Activities</b>	
Net Profit / (Loss) before tax	<b>(85 15 139)</b>
<i>Less Adjustments for</i>	
Interest (Income) / Expenses Net	(3 43 595)
Dividend Received	(1 56 215)
<b>Operating profit before working capital changes</b>	<b>(90 14 949)</b>
<i>Adjustments for</i>	
Trade and other receivables	(6 53 513)
Trade payables	1 94 16 241
<b>Cash generated from operations (Before Extra Ordinary Items)</b>	<b>97 47 779</b>
<i>Adjustment for Extra Ordinary Items</i>	-
<b>Cash generated from operations (After Extra Ordinary Items)</b>	<b>97 47 779</b>
Direct taxes paid	-
<b>Net cash from operating activities (After Extra Ordinary items)</b>	<b>97 47 779</b>
<b>B Cash flow from Investing activities</b>	
Purchase of other Investments	(8 01 56 215)
Interest received	1 56 215
Dividend Received	1 56 215
<b>Cash Flow from Investing activities before Extra ordinary</b>	<b>(8 00 00 000)</b>
<i>Adjustment for Extra Ordinary Items</i>	-
<b>Cash Flow from Investing activities after Extra ordinary items</b>	<b>(8 00 00 000)</b>
Direct Taxes Paid	-
<b>Net cash from Investing activities</b>	<b>(8 00 00 000)</b>
<b>C Cash flow from Financing Activities</b>	
Proceeds from issue of Share Capital/application	20 00 00 000
Proceeds from Borrowings	-
Repayment of Borrowings	-
<b>Net cash from in Financing activities</b>	<b>20 00 00 000</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents (A + B +C)</b>	<b>12 97 47 779</b>

This being the first Cash Flow Statement prepared after incorporation of the Company, previous year's figures are not applicable.

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants

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

Pune, May 3, 2010

**M. S. Unnikrishnan**  
Director

For and on behalf of the Board

**Drew Ladau**  
Director

**V.J.Shah**  
Chief Officer

Pune, May 3, 2010

# THERMAX INTERNATIONAL LIMITED

## **Directors**

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

## **Date Appointed**

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

## **Registered Office**

2<sup>nd</sup> Floor, Fairfax House  
21, Mgr Gonin Street  
Port Louis  
Mauritius

## **Auditors**

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

## **Administrator & Secretary**

Anex Management Services Limited  
2<sup>nd</sup> Floor, Fairfax House  
21, Mgr Gonin Street  
Port Louis  
Mauritius

## **Bankers**

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

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## **Directors' Report**

### **RESULTS**

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

### **DIRECTORS**

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

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

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company, and
- would enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

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

### **AUDITORS**

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

By order of the board

**Farhana Alimohamed**  
Director  
Date : April 22, 2010

**A. Sattar Hajee Abdoula**  
Director  
Date : April 22, 2010

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

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Thermax International Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2010.

**For Anex Management Services Limited**  
Company Secretary

**Registered Office:**  
2<sup>nd</sup> Floor, Fairfax House  
21, Mgr Gonin Street  
Port-Louis  
Mauritius

**Date:** April 22, 2010

# THERMAX INTERNATIONAL LIMITED

## *Independent Auditor's Report*

### TO THE MEMBER OF THERMAX INTERNATIONAL LIMITED

#### Report on the Financial Statements

We have audited the financial statements of Thermax International Limited, the "Company", which comprise the balance sheet at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements on pages 7 to 18 give a true and fair view of the financial position of the Company at 31 March 2010, and of its financial performance and its cash flows for the year ended in accordance with International Financing Reporting Standards and comply with the Mauritius Companies Act 2001.

#### Report on Other Legal and Regulatory Requirements

##### *Mauritius Companies Act 2001*

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

#### Other Matters

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

Date : April 22, 2010

**Y PEERBAYE, FCA**  
Chartered Accountant  
Port-Louis-Mauritius

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## Income Statement for the Year Ended 31 March 2010

	Notes	2010		2009	
		USD	Rs	USD	Rs
<b>INCOME</b>					
Payables written off		-	-	2904	147,291
		<u>-</u>	<u>-</u>	<u>2,904</u>	<u>147,291</u>
<b>EXPENSES</b>					
Management fees		2175	97,636	1,875	95,100
Licence fees		1740	78,109	1,314	66,646
Bank charges		95	4,265	60	3,043
Audit fees		805	36,136	805	40,830
Accountancy Fees		1,500	67,335	1,800	91,296
Taxation Fees		1,000	44,890	-	-
Disbursements Fees		25	1,122	-	-
		<u>7,340</u>	<u>329,493</u>	<u>5,854</u>	<u>296,915</u>
Loss For The Year Before Taxation		(7,340)	(329,493)	(2,950)	(149,624)
Taxation	4	-	-	-	-
Loss For The Year		<u>(7,340)</u>	<u>(329,493)</u>	<u>(2,950)</u>	<u>(149,624)</u>

## Balance Sheet As at 31 March 2010

	Notes	2010		2009	
		USD	Rs	USD	Rs
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments	5	500,001	22,445,045	500,001	25,360,051
		<u>500,001</u>	<u>22,445,045</u>	<u>500,001</u>	<u>25,360,051</u>
<b>Current assets</b>					
Prepayments		1,105	49,603	1,080	54,778
Cash at bank		21,501	965,180	2,561	129,894
		<u>22,606</u>	<u>1,014,783</u>	<u>3,641</u>	<u>184,672</u>
<b>Total assets</b>		<u>522,607</u>	<u>23,459,828</u>	<u>503,642</u>	<u>25,544,723</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	6	3,227,300	144,873,497	3,202,300	162,420,660
Revenue deficit		(2,708,803)	(121,598,167)	(2,701,463)	(137,018,207)
		<u>518,497</u>	<u>23,275,330</u>	<u>500,837</u>	<u>25,402,453</u>
<b>Current liabilities</b>					
Accruals		4,110	184,498	2,805	142,270
<b>Total equity and liabilities</b>		<u>522,607</u>	<u>23,459,828</u>	<u>503,642</u>	<u>25,544,723</u>

Approved by the Board of Directors on 22 April, 2010 and signed on its behalf by:

**Farhana Alimohamed**  
Director

**A. Sattar Hajee Abdoula**  
Director

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

Exchange Rate : as at 31 March 2010 is 1 US \$ = Rs 44.89  
Exchange Rate : as at 31 March 2009 is 1 US \$ = Rs 50.72

## Statement of Changes in Equity for the Year Ended 31 March 2010

	Share Capital		Revenue Deficit		Total	
	USD	Rs	USD	Rs	USD	Rs
Balances at 1st April 2008	3,202,300	162,420,660	(2,698,513)	(136,868,583)	503,787	25,552,077
Loss for the year	-	-	(2,950)	(149,624)	(2,950)	(149,624)
Balances as at 31st March 2009	<u>3,202,300</u>	<u>162,420,660</u>	<u>(2,701,463)</u>	<u>(137,018,207)</u>	<u>500,837</u>	<u>25,402,453</u>
Balances at 1st April 2009	3,202,300	143,751,247	(2,701,463)	(121,268,674)	500,837	22,482,573
Issue of shares	25,000	1,122,250	-	-	25,000	1,122,250
Loss for the year			(7,340)	(329,493)	(7,340)	(329,493)
Balances as at 31st March 2009	<u>3,227,300</u>	<u>144,873,497</u>	<u>(2,708,803)</u>	<u>(121,598,167)</u>	<u>518,497</u>	<u>23,275,330</u>

## Cash Flow Statement for the Year Ended 31 March 2010

	2010		2009	
	USD	Rs	USD	Rs
<b>Cash flows from operating activities</b>				
Loss for the year	(7,340)	(329,493)	(2,950)	(149,624)
<i>Adjustment for:</i>				
(Increase)/ Decrease in prepayments	(25)	(1,122)	(1,080)	(54,778)
(Increase)/ Decrease in accruals	1,305	58,581	(4,329)	(219,567)
<b>Net cash used in operating activities</b>	<u>(6,060)</u>	<u>(272,033)</u>	<u>(8,359)</u>	<u>(423,968)</u>
<b>Cash flow from financing activities</b>				
Issue of shares	25,000	1,122,250	-	-
<b>Net cash inflow from financing activities</b>	<u>25,000</u>	<u>1,122,250</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash and cash equivalents	18,940	850,217	(8,359)	(423,968)
Cash and cash equivalents at start of year	2,561	114,963	10,920	553,862
<b>Cash and cash equivalents at end of year</b>	<u>21,501</u>	<u>965,180</u>	<u>2,561</u>	<u>129,894</u>
Cash and cash equivalents made up of:				
Bank balance	21,501	965,180	2,561	129,894

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

# THERMAX INTERNATIONAL LIMITED

## Notes to the Financial Statements for the Year Ended 31 March, 2010

### 1. COMPANY PROFILE

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

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

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

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

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

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

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

### 3. ACCOUNTING POLICIES

#### (a) Statement of compliance

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

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

#### (b) Basis of preparation

The financial statements are prepared under the historical cost convention.

#### (c) Investments in subsidiary

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

#### (d) Consolidation

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

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

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

#### (e) Cash and cash equivalents

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

#### (f) Revenue recognition

Revenues are recognised as follows: -

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

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

#### (g) Expense recognition

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

#### (h) Foreign currencies

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

#### (i) Impairment of assets

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

#### (j) Provisions

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

#### (k) Financial instruments

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

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

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

#### (l) Related party transactions

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

#### (m) Set up costs

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

#### (n) Comparatives

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

### 4. TAXATION

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

The Company has no income tax liability due to tax losses of USD 36,727 (2009: USD 29,387) carried forward.

#### Deferred tax

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

## 5. INVESTMENTS

### (i) Value of investments

	<u>2010</u>	<u>2009</u>
	USD	USD
Value at beginning of year	500,001	500,001
Impairment loss	-	-
Value at close of year	<u>500,001</u>	<u>500,001</u>

### (ii) Details of the investments are as follows:

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

The directors are of the opinion that the investment is stated at cost since the fair value cannot be reliably measured. The directors are of the opinion that the cost is a reflective of the fair value at 31 March 2010.

## 6. SHARE CAPITAL

	<u>2010</u>	<u>2009</u>
	USD	USD
<b>Authorised</b>		
5,000,000 ordinary shares of USD 1 each	<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued and Fully Paid</b>		
1,480,000 ordinary shares of USD 1 each	<u>1,480,000</u>	1,455,000
1,747,300 cumulative redeemable preference shares	<u>1,747,300</u>	1,747,300
	<u>3,227,300</u>	<u>3,202,300</u>

## 7. FINANCIAL INSTRUMENTS

### (a) Values of financial instruments

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

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

### (b) Financial Risks

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

#### (i) Market risk

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

#### (ii) Currency risk

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

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

### (iii) Concentration risk

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

### (iv) Liquidity risk

The Company is not exposed to any liquidity risk.

### (v) Interest rate risk

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

## (c) Currency profile

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

	Financial assets <u>2010</u> USD	Financial liabilities <u>2010</u> USD	Financial assets <u>2009</u> USD	Financial liabilities <u>2009</u> USD
GBP	1	-	1	-
United States Dollars	<u>521,501</u>	<u>4,110</u>	502,561	2,805
	<u>521,502</u>	<u>4,110</u>	<u>502,562</u>	<u>2,805</u>

## 8. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2010, the Company had transactions with a related party. The nature, volume of transactions and the balances with the related party are as follows:

Nature of Relationship	Nature of transaction	Value USD	Credit balance	Debit balance
			2010 USD	2009 USD
Shareholder	Equity Infusion	<u>25,000</u>	<u>25,000</u>	<u>525</u>

The administration and secretary fees are carried out at arm's length.

## 9. HOLDING COMPANY

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

## 10. POST-BALANCE SHEET EVENT

There are no material post-balance sheet events which would require disclosure or adjustments to the 31 March 2010 financial statements.

## 11. CONTINGENT LIABILITIES

At 31 March 2010, the Company has no material litigation claims outstanding, pending or threatened against it, which would have a material adverse effect on the Company's financial position or results of operations.

## 12. CAPITAL COMMITMENTS

The Company has no material capital commitments at 31 March 2010.

## 13. REPORTING CURRENCY

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



# THERMAX EUROPE LIMITED

## **Directors**

S. Joshipura (resigned 30.11.09)  
G. Mahadevan (appointed 12.08.09)

## **Registered Office**

1 Lumley Street  
Mayfair  
London  
W1K 6TT

## **Auditors**

Connolly Accountants & Business LLP  
58A High Street  
Stony Stratford  
Milton Keynes  
Buckinghamshire  
MK11 1AQ

## **Secretary**

J D Secretariat Limited

## **Business Address**

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

## **Bankers**

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

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## **Directors' Report for the year ended 31 March 2010**

The director presents his report with the financial statements of the company for the year ended 31 March 2010.

### **PRINCIPAL ACTIVITY**

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

### **REVIEW OF BUSINESS**

The year saw a huge slow down in business activities in all European economies due to the credit crunch. The year closed with a turnover of £ 3.783 Million (Previous Year £ 5.601 Million). The pretax profit stood at £ 603,753 (Previous Year £ 764,132). In comparison to previous year the profitability has improved owing to better management of costs.

The year saw a 31% increase in service revenues from the previous year. Demand for Vapour Absorption Chillers and Heat Pumps continued to be sluggish.

The outlook for the year 2010-11 appears to be more favourable even though Europe and adjacent economies are yet to recover from the effects of global financial crisis. With continued challenging conditions, there is a pressure on pricing owing to aggressive strategies adopted by competition. The Company plans to identify standard market segments and improve profitability through operational efficiencies. Service business would continue to be the thrust area for the Company to help de-volatilise the business.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2010.

### **DIRECTORS**

The directors who have held office during the period from 1 April 2009 to the date of this report are as follows:

S Joshipura - resigned 30 November 2009  
G Mahadevan - appointed 12 August 2009

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he 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.

### **AUDITORS**

The auditors, Connolly Accountants & Business Advisors LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

22 April 2010

**G Mahadevan**  
Director

## *Independent Auditors' Report*

### **TO THE SHAREHOLDERS OF THERMAX EUROPE LIMITED**

We have audited the financial statements of Thermax Europe Limited for the year ended 31 March 2010 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 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 director; and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Director 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Connolly Accountants & Business Advisors LLP**  
Chartered Accountants

22 April 2010  
58A High Street  
Stony Stratford  
Milton Keynes  
Buckinghamshire  
MK11 1AQ

# THERMAX EUROPE LIMITED

## Profit and Loss Account for the year ended 31 March 2010

	NOTE	2010		2009	
		£	Rs	£	Rs
<b>Turnover</b>	2	3,783,322	257,840,953	5,601,342	406,973,356
Cost of sales		(2,706,728)	(184,468,921)	(4,363,913)	(317,066,217)
<b>Gross profit</b>		1,076,594	73,372,032	1,237,429	89,907,139
Administrative expenses		(477,529)	(32,544,555)	(573,049)	(41,635,679)
Other operating income		75	5,111	-	-
<b>Operating profit</b>	4	599,140	40,832,588	664,380	48,271,460
Interest receivable and similar income		4,338	295,643	12,024	873,621
		603,478	41,128,231	676,404	49,145,081
Interest payable and similar income	5	(275)	(18,742)	(87,728)	(6,374,001)
<b>Profit on ordinary activities before taxation</b>		603,753	41,146,973	764,132	55,519,082
Tax on profit on ordinary activities	6	170,109	11,593,268	(215,052)	(15,624,905)
<b>Profit for the financial year after taxation</b>		433,644	29,553,705	549,080	39,894,177

### Continuous operations

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

### Total recognised gains and losses

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

The notes form part of these financial statements.

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

Exchange rate : as at 31 March 2009 is £= Rs 72.66

## Balance Sheet as at ended 31 March 2010

	NOTE	2010		2009	
		£	Rs	£	Rs
<b>Fixed assets</b>					
Tangible fixed assets	7	5,842	398,144	6,149	446,764
<b>Current assets</b>					
Stocks	8	184,400	12,567,228	321,327	23,346,464
Debtors	9	638,388	43,507,418	1,326,796	96,400,224
Cash at bank and in hand		1,511,176	102,989,664	1,167,456	84,823,152
		2,333,964	159,064,310	2,815,579	204,569,840
<b>Creditors: amounts falling due within one year</b>	10	(625,531)	(42,631,187)	(1,541,097)	(111,970,563)
<b>Net current assets</b>		1,708,433	116,433,122	1,274,482	92,599,277
<b>Total assets less current liabilities</b>		1,714,275	116,831,266	1,280,631	93,046,041
<b>Capital and reserves</b>					
Called up share capital	12	200,000	13,630,400	200,000	14,531,280
Profit and loss account	13	1,514,275	103,200,867	1,080,631	78,514,760
<b>Shareholders' funds</b>	16	1,714,275	116,831,266	1,280,631	93,046,041

The financial statements were approved by the director on 22 April 2010 and were signed by:

G Mahadevan  
Director

## Cash Flow Statement for the year ended 31 March 2010

	NOTE	2010		2009	
		£	Rs	£	Rs
<b>Net cash inflow from operating activities</b>	1	559,705	38,145,014	439,599	31,939,682
Returns on investments and servicing of finance	2	4,613	314,385	99,752	7,247,621
Taxation		(217,852)	(14,847,049)	(178,615)	(12,977,523)
Capital expenditure	2	(2,746)	(187,145)	-	-
<b>INCREASE IN CASH IN THE PERIOD</b>		343,720	23,425,205	360,736	26,209,780

## Reconciliation of net Cash Flow to movement in net funds

	NOTE	2010		2009	
		£	Rs	£	Rs
Increase in cash in the period		343,720	23,425,205	360,736	26,209,780
Change in net funds resulting from cash flows		343,720	23,425,205	360,736	26,209,780
Net Funds at 1 April 2009	3	1,167,456	79,564,459	806,720	58,613,373
<b>Net Funds at 31 March 2010</b>		1,511,176	102,989,664	1,167,456	84,823,152

The notes form part of these financial statements.

## Notes to the Cash Flow Statement for the year ended 31 March 2010

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

	2010	2009
	£	£
Operating profit	599,140	664,380
Depreciation charges	2,170	2,205
Loss on disposal of fixed assets	883	-
Decrease in stocks	136,927	189,320
Decrease/(Increase) in debtors	688,408	(642,334)
Decrease/(Increase) in creditors	(867,823)	226,028
<b>Net cash inflow from operating activities</b>	<b>559,705</b>	<b>439,599</b>

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

	2010	2009
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	4,338	12,024
Finance costs	275	87,728
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>4,613</b>	<b>99,752</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(2,746)	-
<b>Net cash outflow for capital expenditure</b>	<b>(2,746)</b>	<b>-</b>

### 3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.09	Cash flow	At 31.3.10
	£	£	£
Net cash:			
Cash at bank and in hand	1,167,456	343,720	1,511,176
<b>Total</b>	<b>1,167,456</b>	<b>343,720</b>	<b>1,511,176</b>

## Notes to the Financial Statements for the year ended 31 March 2010

### 1. ACCOUNTING POLICIES

#### 1.1 ACCOUNTING CONVENTION

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

#### 1.2 TURNOVER

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

#### 1.3 TANGIBLE FIXED ASSETS

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

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

#### 1.4 STOCKS

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

#### 1.5 DEFERRED TAX

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

#### 1.6 HIRE PURCHASE AND LEASING COMMITMENTS

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

#### 1.7 PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

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

### 2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2010 £	2009 £
United Kingdom	1,151,472	849,842
Rest of World	2,631,850	4,751,500
	<u>3,783,322</u>	<u>5,601,342</u>

### 3. STAFF COSTS

	2010 £	2009 £
Wages and salaries	221,039	287,185
Social security costs	31,402	29,396
Other pension costs	1,776	2,711
	<u>254,217</u>	<u>319,292</u>

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

	2010	2009
Director	1	1
Administration	6	7
	<u>7</u>	<u>8</u>

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2010 £	2009 £
Other operating leases	7,800	24,880
Depreciation - owned assets	2,170	2,205
Loss on disposal of fixed assets	883	-
Auditors' remuneration	4,500	4,500
Director's emoluments	-	-

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Exchange rate variances	(275)	(87,728)

### 6. TAXATION

#### ANALYSIS OF THE TAX CHARGE

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

	2010 £	2009 £
Current tax:		
UK corporation tax	170,109	215,052
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>170,109</u>	<u>215,052</u>

#### FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

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

	2010 £	2009 £
Profit on ordinary activities before tax	603,753	764,132
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	169,051	213,957

#### EFFECTS OF:

Expenses not deductible for tax purposes	1,138	999
Capital allowances for the year in excess of depreciation respect of prior periods	(307)	96
Loss on disposal assets	248	-
Online Incentive	(21)	-

#### CURRENT TAX CHARGE

170,109      215,052

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

### 7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2009	3,299	3,520	8,322	15,141
Additions	970	-	1,776	2,746
Disposals	(1,408)	(360)	(2,176)	(3,944)
At 31 March 2010	<u>2,861</u>	<u>3,160</u>	<u>7,922</u>	<u>13,943</u>
<b>DEPRECIATION</b>				
At 1 April 2009	1,700	1,718	5,574	8,992
Charge for year	400	330	1,440	2,170
Eliminated on disposal	(838)	(207)	(2,016)	(3,061)
At 31 March 2010	<u>1,262</u>	<u>1,841</u>	<u>4,998</u>	<u>8,101</u>
<b>NET BOOK VALUE</b>				
At 31 March 2010	<u>1,599</u>	<u>1,319</u>	<u>2,924</u>	<u>5,842</u>
At 31 March 2009	<u>1,599</u>	<u>1,802</u>	<u>2,748</u>	<u>6,149</u>

### 8. STOCKS

	2010 £	2009 £
Stocks	184,400	321,327

### 9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	609,803	1,294,968
Amounts owed by group undertakings	19,730	5,801
Other debtors	-	15,265
Interest Accrued	4,105	-
Prepayments	4,750	10,762
	<u>638,388</u>	<u>1,326,796</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	34,793	14,491
Amounts owed to group undertakings	215,826	1,007,810
Tax	83,309	131,052
Social security and other taxes	7,878	6,752
VAT	18,688	2,342
Customer Advance Payments	28,649	34,588
Accrued expenses	236,388	344,062
	<u>625,531</u>	<u>1,541,097</u>

# THERMAX EUROPE LIMITED

## 11. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring:				
Within one year	7,800	5,200	-	6,421
Between one and five years	-	-	-	10,478
	<u>7,800</u>	<u>5,200</u>	<u>-</u>	<u>16,899</u>

## 12. SHARE CAPITAL

	2010 £	2009 £
<b>AUTHORISED:</b>		
1,000,000 Ordinary Shares of £1 each	1,000,000	1,000,000
<b>ALLOTTED, ISSUED AND FULLY PAID:</b>		
200,000 Ordinary Shares of £1 each	200,000	200,000

## 13. RESERVES

	Profit and loss account £
At 1 April 2009	1,080,631
Profit for the year	433,644
At 31 March 2010	<u>1,514,275</u>

## 14. RELATED PARTY DISCLOSURES

During the year under review the company made sales amounting to £236,758 (2009:£168,407), purchases amounting to £2,068,355 (2009: £3,461,756) from Thermax Limited. At the balance sheet date, Thermax Limited owed the company £19,730 (2009: £5,801) and the company owed Thermax Limited £215,826 (2009: £1,007,809).

## 15. ULTIMATE CONTROLLING PARTY

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

## 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	1,280,631	731,551
Profit for the year	433,644	549,080
Closing shareholders' funds	<u>1,714,275</u>	<u>1,280,631</u>

## 17. CHARGE

A charge was created on 8 December 2006 for all sums due under a lease dated 8 December 2006 between Elementary Property Company Limited and Thermax Europe Limited.

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

## 18. WARRANTY GUARANTEE

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

# THERMAX INC.

## Directors

S Joshipura (resigned 30.11.09)  
S. Ramachandran  
G. Mahadevan (appointed 14.7.09)

## Registered Office

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

## Auditors

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

## Independent Auditor's Report

The Board of Directors and Stockholders of THERMAX, INC.

We have audited the accompanying balance sheet of Thermax, Inc. (the "Company") as of March 31, 2010, and the related statement of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company as of March 31, 2009 were audited by other auditors, whose report dated April 15, 2009 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

FENNER, MELSTROM & DOOLING, PLC

April 20, 2010

## Balance Sheets March 31, 2010 and 2009

ASSETS	2010		2009	
	USD	Rs	USD	Rs
<b>CURRENT ASSETS</b>				
Cash And Cash Equivalents	1,185,337	53,209,778	183,041	9,283,840
Accounts Receivable, Net	4,735,880	212,593,653	4,192,753	212,656,437
Inventory, Net	1,386,862	62,256,235	1,901,913	96,465,030
Advances to Vendor	3,896	174,891	372,017	18,868,703
Deferred Tax Assets	224,200	10,064,338	39,283	1,992,434
Other Current Assets	47,248	2,120,963	66,012	3,348,129
<b>Total Current Assets</b>	<b>7,583,423</b>	<b>340,419,858</b>	<b>6,755,019</b>	<b>342,614,572</b>
Property And Equipment, Net	69,569	3,122,952	46,298	2,348,235
<b>Total Assets</b>	<b>7,652,992</b>	<b>343,542,811</b>	<b>6,801,317</b>	<b>344,962,807</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	3,886,083	174,446,266	4,789,916	242,944,545
Advances and accrued liabilities	864,825	38,821,994	261,869	13,281,996
Provision for warranty and start-up costs	520,707	23,374,537	398,195	20,196,451
Other Current Liabilities	493,534	22,154,741	423,012	21,455,169
<b>Total Current Liabilities</b>	<b>5,765,149</b>	<b>258,797,539</b>	<b>5,872,992</b>	<b>297,878,161</b>
<b>Stockholder's Equity</b>				
Common Stock, \$10 Par Value				
50,000 Authorized and Outstanding	500,000	22,445,000	500,000	25,360,001
Retained Earnings	1,387,843	62,300,272	428,325	21,724,645
<b>Total Stockholder's Equity</b>	<b>1,887,843</b>	<b>84,745,272</b>	<b>928,325</b>	<b>47,084,645</b>
<b>Total Liabilities And Stockholder's Equity</b>	<b>7,652,992</b>	<b>343,542,811</b>	<b>6,801,317</b>	<b>344,962,807</b>

## Statement of Income and retained earnings for the years ended March 31, 2010 and 2009

	2010		2009	
	USD	Rs	USD	Rs
Operating Revenues	14,586,380	654,782,598	14,321,218	726,372,194
Non-Operating Revenues	355,047	15,938,060	459,679	23,314,919
<b>Total Revenues</b>	<b>14,941,427</b>	<b>670,720,658</b>	<b>14,780,897</b>	<b>749,687,114</b>
Costs of revenues	11,030,186	495,145,050	12,069,810	612,180,778
<b>Gross Margin</b>	<b>3,911,241</b>	<b>175,575,608</b>	<b>2,711,087</b>	<b>137,506,336</b>
Selling general and administrative expenses	2,656,601	119,254,819	2,569,268	130,313,276
<b>Income from operations</b>	<b>1,254,640</b>	<b>56,320,790</b>	<b>141,819</b>	<b>7,193,060</b>
Depreciation expense	35,039	1,572,901	18,187	922,445
<b>Income before Income tax</b>	<b>1,219,601</b>	<b>54,747,889</b>	<b>123,632</b>	<b>6,270,615</b>
Income tax	260,083	11,675,126	34,296	1,739,493
<b>Net Income</b>	<b>959,518</b>	<b>43,072,763</b>	<b>89,336</b>	<b>4,531,122</b>
Retained Earnings, Beginning of Year	428,325	19,227,509	338,989	17,193,522
Retained Earnings, End of Year	1,387,843	62,300,272	428,325	21,724,645

Exchange Rate : as at 31 March 2010 is 1 US \$ = Rs 44.89  
Exchange Rate : as at 31 March 2009 is 1 US \$ = Rs 50.72

# THERMAX INC.

## Statement of Cash flows for the years ended March 31, 2010 and 2009

Particulars	2010		2009	
	USD	Rs	USD	Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	959,518	43,072,763	89,336	4,531,122
Adjustment to reconcile net income to net cash flows from operating activities				
Depreciation	35,039	1,572,901	18,187	922,445
(INCREASE) DECREASE IN:				
Accounts receivable	(543,127)	(24,380,971)	1,144,520	58,050,056
Inventory	515,051	23,120,639	(139,267)	(7,063,622)
Advances to Vendor	368,121	16,524,952	(370,000)	(18,766,400)
Deferred Tax Asset	(184,917)	(8,300,924)	(15,746)	(798,637)
Other Assets	18,764	842,316	23,852	1,209,773
INCREASE (DECREASE) IN:				
Accounts payable	(903,833)	(40,573,063)	(1,270,562)	(64,442,906)
Advances and accrued liabilities	602,956	27,066,695	(166,855)	(8,462,886)
Provision for warranty and start-up costs	122,512	5,499,564	152,107	7,714,867
Other liabilities	70,522	3,165,733	376,257	19,083,755
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,060,607</b>	<b>47,610,603</b>	<b>(158,171)</b>	<b>(8,022,433)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(58,311)	(2,617,581)	(11,125)	(564,260)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(58,311)</b>	<b>(2,617,581)</b>	<b>(11,125)</b>	<b>(564,260)</b>
<b>NET CHANGE IN CASH DURING THE YEAR</b>	<b>1,002,296</b>	<b>44,993,023</b>	<b>(169,296)</b>	<b>(8,586,693)</b>
Cash, Beginning of year	183,041	8,216,710	352,337	17,870,533
Cash, End of year	1,185,337	53,209,733	183,041	9,283,840

The Accompanying Notes Are An Integral Part of These Financial Statements

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

Exchange Rate : as at 31 March 2009 is 1 US \$ = Rs 50.72

## Notes to Financial Statements March 31, 2010 and 2009

### NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BUSINESS ACTIVITY

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

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

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

#### CONCENTRATIONS OF CREDIT RISK

Credit receivables have significant concentrations of credit risk in the Environment and Energy business segments. At March 31, 2010, the portions of these receivables related to the Environment and Energy business segments were approximately 56% and 44% of the total credit receivables and at March 31, 2009 were 55% and 45% respectively.

#### ADVERTISING COSTS

The Company expenses advertising costs as incurred. Advertising and promotion expense for the years ended March 31, 2010 and 2009 were \$47,532 and \$77,236, respectively.

#### REVENUE RECOGNITION

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

The Company occasionally receives down payments from its customers. These are recorded as customer advances in the advances and accrued liabilities section of the balance sheet. Customer advances totaled \$179,583 and \$173,725 as of March 31, 2010 and 2009, respectively.

#### DEPRECIATION

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

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

#### INCOME TAXES

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

## Notes to Financial Statements March 31, 2010 and 2009

### INVENTORIES

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

### RESTATEMENT OF PRIOR PERIOD

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

### SUBSEQUENT EVENTS

Subsequent events have been evaluated for disclosure through April 20, 2010. The financial statements were ready to be issued and were issued on April 20, 2010. There were no subsequent events to disclose.

### NOTE 2 : USE OF ESTIMATES

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

### NOTE 3 : CASH

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

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

	2010 USD	2009 USD
Interest	-	196
Federal Income Tax	45,707	38,200

### NOTE 4 : ACCOUNTS RECEIVABLE

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

	2010 USD	2009 USD
Trade Accounts Receivable	4,825,898	4,223,479
Less: Allowance for Doubtful Accounts	90,018	30,726
	<u>4,735,880</u>	<u>4,192,753</u>

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

### NOTE 5 : INVENTORIES

Inventory as of March 31st consists of the following:

	2010 USD	2009 USD
Traded goods - chiller and spare parts	55,881	109,866
Traded goods - ion exchange resins	686,945	1,188,416
Goods in transit - ion exchange resins	623,479	581,758
Goods in transit - chillers	242,500	299,327
	<u>1,608,805</u>	<u>2,179,367</u>
Less: inventory obsolescence	221,943	277,454
	<u>1,386,862</u>	<u>1,901,913</u>

The Company maintains inventory of ion exchange resins at its warehouse in Farmington Hills, Michigan and also at outside warehouses. At March 31, 2010 and 2009, inventory valued at \$556,480 and \$1,036,753, respectively, was located at the Farmington Hills, Michigan warehouse, and inventory valued at \$130,465 and \$151,663, respectively, was located at outside warehouses.

At March 31, 2010 and 2009, the Company maintained an allowance for inventory obsolescence. The allowance follows the Company's policy of writing down any inventory over 1 year old, but less than 2 years, by 50%, while writing down anything over 2 years by 95%.

### NOTE 6 : PROPERTY AND EQUIPMENT

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

	2010 USD	2009 USD
Office Equipment	30,590	86,404
Furniture and Fixtures	12,040	6,830
Machinery and Equipment	77,656	35,019
	<u>120,286</u>	<u>128,253</u>
Less: accumulated depreciation	50,717	81,955
	<u>69,569</u>	<u>46,298</u>

### NOTE 7 : COMMITMENTS AND CONTINGENCIES

The Company conducts its operations in leased facilities in Michigan. The Company leases the office under a non-cancelable operating lease expiring in December 2014. The Company maintains a warehouse under a non-cancelable operating lease expiring June 2014. The Company has a one time option to terminate the warehouse lease before the end of the third lease year, with certain terms and conditions. The rent expense for the years ended March 31, 2010 and 2009 was \$83,708 and \$143,699, respectively. The Company has leased office equipment and automobiles under non-cancelable operating leases. The minimum rental commitments at March 31st under all of the operating leases (not including amounts for building common area maintenance and taxes) are as follows -

2011	\$ 121,026
2012	\$ 124,235
2013	\$ 101,361
2014	\$ 44,678
2015	\$ 34,202

### NOTE 8 : TRANSACTIONS WITH AFFILIATES

During the years ended March 31, 2010 and 2009, the Company purchased ion exchange resins, absorption chillers, boilers, and spare parts from Thermax Ltd. amounting to \$8,529,992 and \$9,539,845, respectively. During the years ended March 31, 2010 and 2009, the Company purchased absorption chillers amounting to \$223,500 and \$0, respectively, from Thermax (Zhejiang) Cooling & Heating Engg. Co. Ltd., China. The Company did not have any related party transactions with Thermax International Ltd. (Mauritius) and RDA Holding & Trading Pvt. Ltd. during the years ended March 31, 2010 and 2009.

Due to affiliates consists primarily of amounts payable for purchases and goods in transit amounting to \$3,717,686 at March 31, 2010 and \$4,039,679 at March 31, 2009. Due from affiliates amounted to \$201,882 at March 31, 2010 and \$77,364 at March 31, 2009.

### NOTE 9 : LINE OF CREDIT

The Company has a line of credit with a bank with a balance of \$0 at March 31, 2010 and 2009. Credit is available up to \$250,000 with interest at 4.52% over LIBOR, and is secured by all assets of the Company.

### NOTE 10 : INCOME TAXES

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

	2010 USD	2009 USD
Current	445,000	50,042
Deferred	(184,917)	(15,746)
	<u>260,083</u>	<u>34,296</u>

Federal income tax expense differs from that computed by applying the federal statutory rates primarily due to the increase in effective tax rate used during 2010 to value the deferred tax assets.



# THERMAX INC.

## Notes to Financial Statements March 31, 2010 and 2009

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

	2010 USD	2009 USD
Deferred tax assets		
Provision for warranty reserve	199,500	-
Provision for inventory obsolescence	17,800	41,618
Allowance for doubtful accounts	30,600	4,609
Deferred tax liability Depreciation	(23,700)	(6,944)
	<u>224,200</u>	<u>39,283</u>

### NOTE 11 : SEGMENT INFORMATION

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

The accounting policies used to develop reportable segment information are the same as those described in the summary of accounting policies. All corporate expenses have been allocated to reportable segments based on revenues generated. For the years ended March 31, 2010 and 2009 the allocation was 63% and 70% to the Environment segment and 37% and 30% to the Energy segment, respectively. Segment profit is based on operating profit before income taxes. Intersegment charges for administrative services are accounted for at transfer prices determined by management. These charges do not materially affect the total corporate operations.

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

	2010 USD	2009 USD
Revenues from external customers	9,250,964	10,052,864
Non-operating revenues from external customers	224,959	214,788
Depreciation expense	22,222	12,367
Segment profit	768,349	316,468
Segment assets	3,979,804	4,137,259
Segment liabilities	2,397,663	2,995,561

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

	2010 USD	2009 USD
Revenues from external customers	5,335,416	4,268,354
Non-operating revenues from external customers	121,546	237,922
Depreciation expense	12,817	5,820
Segment profit	451,252	(192,836)
Segment assets	2,476,236	2,900,657
Segment liabilities	3,098,765	2,890,435

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

	2010 USD	2009 USD
Revenues		
Total revenues for reportable segments	14,586,380	14,321,217
Non-operating revenues for reportable segments	346,505	452,710
Non-reportable segment income	8,542	6,970
Total revenues	<u>14,941,427</u>	<u>14,780,897</u>
Income before income tax	1,219,601	123,632
Unallocated corporate income and expenses	-	-
Total net income before income tax	<u>1,219,601</u>	<u>123,632</u>
Revenues		
United States	12,850,504	13,610,404
South America	345,574	544,313
Canada	113,516	234,382
Other	1,631,833	391,798
	<u>14,941,427</u>	<u>14,780,897</u>

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

#### Major Customers

Revenue from one customer of the Environment segment represents approximately \$1,199,400 (8.2%) and \$1,212,960 (8.0%) of the Company's total revenues at March 31, 2010 and 2009, respectively. Revenue from one customer of the Energy segment represents approximately \$3,793,510 (25.3%) and \$2,412,600 (16.8%) of the Company's total revenues at March 31, 2010 and 2009, respectively.

### NOTE 12 : RETIREMENT PLAN

The Company has a defined contribution profit sharing 401(k) plan covering substantially all employees. Company contributions are discretionary. The Company has the option to match up to 50% of an employee's deferral amount, not to exceed 4% of the employee's compensation. For the years ending March 31, 2010 and 2009, the Company paid \$22,042 and \$20,328 in matching employer contributions.

# THERMAX HONG KONG LIMITED

## **Directors**

Gopal Mahadevan  
P. N. Pudumjee

## **Registered Office**

3806 Cental Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

## **Auditors**

Shu Lun Pan Hong Kong CPA Ltd.  
29th Floor, Wing on Centre  
111 Cannought Road Central  
Hong Kong

## **Secretary**

Prinza Limited

## **Business Address**

907, Silvercord Tower 2,  
30, Canton Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

## **Bankers**

Citibank N. A. Hong Kong

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## **Report of the Directors**

The directors submit their report together with the audited financial statements for the year ended 31 March 2010.

### **Principal activity**

The company is a wholly owned subsidiary of Thermax Limited. It was incorporated in December 2003 as part of the entry strategy for China and had no revenue stream planned for the financial year. The company was slated for the 'dormancy status' after all the intended collections and due contractual transactions were completed. This being achieved, the company has been registered for a dormancy status as per the existing company laws of Hong Kong.

All the activities of the company relating to the absorption cooling business are being handled through its Chinese manufacturing subsidiary, Thermax (Zhejiang) Cooling and Heating Engineering Company Ltd and the sourcing activities are being carried out directly by Thermax Limited.

### **Results**

The loss for the year ended 31 March 2010 and the state of affairs of the company at that date are set out on pages 5 to 21.

### **Share capital**

Details of share capital of the company during the year are set out in note 9 to the financial statements. The issue of shares during the year was to provide additional working capital.

### **Property, plant and equipment**

Movements in property, plant and equipment during the year are set out in note 7 to the financial statements.

### **Directors**

The directors during the year were:-

Pheroze Naswanjee PUDUMJEE  
Gopal MAHADEVAN

In accordance with article 110 of the company's articles of association, both directors retire from the board and, being eligible, offer themselves for re-election.

### **Directors' interest**

No contract of significance to which the company, its ultimate holding company or any of its fellow subsidiaries was a party and in which a director of the company had a material interest, either directly or indirectly subsisted at the end of the year or at any time during the year.

At no time during the year was the company, its ultimate holding company or any of its fellow subsidiaries a party to any arrangement to enable the directors of the company to acquire benefits by means of acquisition of shares in or debentures of the company or any other body corporate.

### **Auditors**

The financial statements have been audited by Shu Lun Pan Hong Kong CPA Limited who retire and, being eligible offer themselves for re-appointment.

By Order of the Board

Gopal Mahadevan  
Director  
April 22, 2010

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## **Independent Auditors' Report to the Shareholders of Thermax Hong Kong Limited**

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Thermax Hong Kong Limited set out on pages 5 to 21, which comprise the statement of financial position as at 31 March 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true 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 and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of 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 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 true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2010 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

SHU LUN PAN HONG KONG CPA LIMITED  
Certified Public Accountants

Shiu Hong NG  
Practising Certificate number P03752  
April 22, 2010

29th Floor,  
Wing On Centre,  
111 Connaught Road Central  
Hong Kong

# THERMAX HONG KONG LIMITED

## Income Statement for the Year Ended 31 March, 2010

	Note	2010		2009	
		HKD	Rs	HKD	Rs
Turnover	4	-	-	7,529,396	49,276,891
Cost of sales		-	-	(7,106,641)	(46,510,129)
		-	-	422,755	2,766,763
Other revenue and gains		18,514	107,044	34,284	224,375
Administrative expenses		(29,415)	(170,072)	(559,404)	(3,661,076)
Loss before income tax	5	(10,901)	(63,028)	(102,365)	(669,938)
Income tax	6(a)	-	-	-	-
Loss for the year		(10,901)	(63,028)	(102,365)	(669,938)

Exchange rate : as at 31 March 2010 is HKD= Rs 5.78  
Exchange rate : as at 31 March 2009 is HKD= Rs 6.54

## Balance Sheet as at 31 March, 2010

Assets and liabilities	Note	2010		2009	
		HKD	Rs	HKD	Rs
<b>Non-current assets</b>					
Property, plant and equipment	7	-	-	-	-
<b>Current assets</b>	8				
Accounts receivable		-	-	254,728	1,667,093
Deposits and prepayments		-	-	3,300	21,597
Cash and cash equivalents		29,288	169,338	566,024	3,704,401
		29,288	169,338	824,052	5,393,091
<b>Current liabilities</b>					
Payables and accruals		-	-	637,682	4,173,374
Amount due to immediate holding company	10(b)	-	-	196,881	1,288,508
		-	-	834,563	5,461,882
<b>Net current assets/(liabilities)</b>		29,288	169,338	(10,511)	(68,790)
<b>Net assets/(liabilities)</b>		29,288	169,338	(10,511)	(68,790)
Equity					
Share capital	9	5,983,833	34,597,406	5,933,133	38,829,987
Accumulated losses		(5,954,545)	(34,428,069)	(5,943,644)	(38,898,778)
<b>Total equity</b>		29,288	169,338	(10,511)	(68,790)

These financial statements were approved and authorised for issue by the board of directors on 22 April 2010.

P. N. Pudumjee  
Director

Gopal Mahadevan  
Director

## Cash Flow Statement for the Year Ended 31 March 2010

	2010		2009	
	HKD	Rs	HKD	Rs
<b>Operating activities</b>				
Loss before income tax	(10,901)	(63,028)	(102,365)	(669,938)
Adjustment for:				
Depreciation	-	-	3,857	25,243
Interest income	(14)	(81)	(37)	(242)
Operating loss before working capital changes	(10,915)	(63,108)	(98,545)	(644,938)
Decrease in accounts receivable	254,728	1,472,790	83,700	547,783
Decrease in deposits and prepayments	3,300	19,080	11,500	75,263
(Decrease)/increase in payables & accruals	(637,682)	(3,686,958)	98,155	642,385
Decrease in amount due to immediate holding company	(196,881)	(1,138,329)	(80,181)	(524,753)
<b>Net cash (used in)/generated from operating activities</b>	(587,450)	(3,396,526)	14,629	95,741
<b>Investing activities</b>				
Interest received	14	81	37	242
<b>Financing activities</b>				
Issue of share capital	50,700	293,138	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	(536,736)	(3,103,307)	14,666	95,983
<b>Cash and bank balances at beginning of year</b>	566,024	3,272,645	551,358	3,608,418
<b>Cash and bank balances at end of year</b>	29,288	169,338	566,024	3,704,401

The accompanying notes form part of these statements.

## Statement of changes in Equity for the Year Ended 31 March 2010

	Share Capital (Note 9)		Accumulated Losses		Total	
	HKD	RS	HKD	RS	HKD	RS
Balance at 31 March 2008	5,933,133	34,304,268	(5,841,279)	(33,773,186)	91,854	531,083
Loss for the year	-	-	(102,365)	(591,855)	(102,365)	(591,855)
Balance as at 31 March 2009	5,933,133	34,304,268	(5,943,644)	(34,365,041)	(10,511)	(60,773)
Issue of shares	50,700	293,138	-	-	50,700	293,138
Loss for the year	-	-	(10,901)	(63,028)	(10,901)	(63,028)
Balance as at 31 March 2010	5,983,833	34,597,406	(5,954,545)	(34,428,069)	(29,288)	169,338

## Notes to the Financial Statements

### 1. Activities and operations

The company is a private company incorporated in Hong Kong with limited liability and has its registered office at 3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The company remained inactive during the year and will be statutorily declared as a dormant company.

### 2. Adoption of Hong Kong Financial Reporting Standards (“HKFRSs”)

The Company has adopted the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accounts (“HKICPA”) that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKFRS 7 (Amendment)	Improving disclosures about financial statements

The adoption of the above new or revised HKFRSs had no material effect on the reported results or financial position of the company for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised).

### 3. Principal accounting policies

#### (a) Statement of Compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirement of the Hong Kong Companies Ordinance.

#### (b) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

#### (c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhead costs, is charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset.

Depreciation is charged so as to write off the cost of property, plant and equipment over their anticipated useful lives, using a straight line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:-

Furniture, fixtures and equipment	25% - 33.33%
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The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

#### (d) Impairment of assets

At the end of reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (e) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs.

##### (i) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and other receivables are initially measured at fair value, plus transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### (ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset’s carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of accounts receivable whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against accounts receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

# THERMAX HONG KONG LIMITED

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(iv) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(f) Financial liabilities and equity instrument issued by the company

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(iii) Other financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(iv) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

(g) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfill the above criteria.

(h) Foreign currency

Items included in the financial statements of the Company are measured using the Hong Kong dollar, the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Hong Kong dollars.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

(i) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable

or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(j) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the company or of any entity that is a related party of the company.

(l) Revenue recognition

Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

## 4. Turnover

The company did not earn any income during the year.

## 5. Loss before income tax

	2010 HKD	2009 HKD
Loss before taxation is arrived at after charging:-		
Auditors' remuneration	18,500	25,000
Net exchange losses	316	-
Directors' remuneration	-	-
Staff costs excluding directors' remuneration:-		
Salaries and allowances	-	14,300
Mandatory provident fund contributions	-	559
and after crediting:-	<u>          </u>	<u>          </u>
Net exchange gains	-	135
Interest income	14	37
	<u>          </u>	<u>          </u>

## 6. Income tax

- (a) No provision has been made for Hong Kong profits tax as the company incurred a loss for current and prior years.
- (b) The income tax credit for the year can be reconciled to the accounting loss before taxation as stated in the financial statements as follows:-

	<b>2010</b>	<b>2009</b>
	<b>HKD</b>	<b>HKD</b>
Loss before income tax	<b>(10,901)</b>	(102,365)
Tax credit calculated at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	<b>(1,799)</b>	(16,890)
Tax effect of non-taxable item	<b>(2)</b>	(6)
Tax effect on unused tax losses not recognised	<b>1,801</b>	16,896
Income tax credit for the year	<b>-</b>	-

- (c) At 31 March 2010, the company had unused tax losses of \$5,240,911 (2009: \$5,229,996) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

## 7. Property, plant and equipment

		<b>Furniture fixtures and equipment HKD</b>
Cost:		
At 31 March 2008		11,568
Disposals		(11,568)
At 31 March 2009		-
Accumulated depreciation:		
At 1 April 2008		7,711
Charge for the year		3,857
At 31 March 2009		11,568
Written back on disposal		(11,568)
At 31 March 2010		-
Net book value:		
At 31 March 2010		-
At 31 March 2009		-

## 8. Accounts receivable

The average credit period granted to the company's accounts receivable is 6 - 12 months. Accounts receivable as at 31 March 2009 had been fully settled during the current year.

## 9. Share capital

	2010		2009	
	Number of shares	Amount HKD	Number of shares	Amount HKD
Authorised:				
Ordinary shares of \$1 each	<b>10,000,000</b>	<b>10,000,000</b>	10,000,000	10,000,000
Issued and fully paid:				
At beginning of year	<b>5,933,133</b>	<b>5,933,133</b>	5,933,133	5,933,133
Issue of shares (note)	<b>50,700</b>	<b>50,700</b>	-	-
At end of year	<b>5,983,833</b>	<b>5,983,833</b>	5,933,133	5,933,133

On 24 March 2010, the issued share capital of the company was increased to \$5,983,833, by the allotment of 50,700 shares of \$1 each at par for cash to provide additional working capital. Such shares rank pari passu in all respects with the existing shares of the company.

## 10. Related party transactions

The company's ultimate holding company and immediate holding company are RDA Holding & Trading Private Limited and Thermax Limited respectively. Both of the aforesaid companies were incorporated in India.

- (a) During the last year, the company had entered into the following transactions with the immediate holding company in the normal course of business:-

	<b>2010</b>	<b>2009</b>
	<b>HKD</b>	<b>HKD</b>
Purchases made	-	6,955,517

- (b) The amount due to immediate holding company was unsecured, interest free and fully repaid during the current year.

- (c) Key members of management of the company comprise of the directors only who received no remuneration during the year.

## 11. Capital risk management

The company's objectives of managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising share capital and accumulated losses only.

## 12. Accounting judgement and estimates

There is no significant risk of key assumptions concerning the future and other key sources of estimation at the balance sheet date which will cause an adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by management.

## 13. Summary of financial assets and financial liabilities by category

The carrying amounts of the company's financial assets and financial liabilities as recognised at 31 March 2010 and 2009 may be categorised as follows:

	<b>2010</b>	<b>2009</b>
	<b>HKD</b>	<b>HKD</b>
Financial assets		
Loans and receivables (including cash at bank)	<b>29,288</b>	824,052
Financial liabilities		
Financial liabilities measured at amortised cost	-	834,563

# Thermax do Brasil-Energia e Equipamentos Ltda

## *Supervisory Board*

Gopal Mahadevan (w.e.f. 26.04.10)  
Shashidhar S Shastri - *President*  
Shishir Joshipura (resigned 30.11.09)

## *Registered Office*

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

## *Auditors*

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

## *Bankers*

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

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## AUDITORS' REPORT

To Quotaholders

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

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.**, as of March 31, 2010 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, 2010, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

**NOVAMIR AUDITORIA E SERVIÇOS CONTÁBEIS**

**CNPJ no. 04.933.947/0001-06**  
**CRC- SP 2SP 024.744**  
São Paulo, Brazil  
April 20, 2010

# ANNUAL REPORT 2009-2010

## Statement of Income for the Period ended March 31, 2010

PARTICULARS	2010		2009	
	BRL	Rs.	BRL	Rs.
<b>GROSS INCOMES</b>				
Sale of services	140,526	3,536,778	127,477	2,790,752
	<u>140,526</u>	<u>3,536,778</u>	<u>127,477</u>	<u>2,790,752</u>
<b>DEDUCTION FROM GROSS INCOMES</b>				
Tax incident on sales	(24,126)	(607,200)	(39,911)	(873,733)
Gross profit	<u>116,400</u>	<u>2,929,578</u>	<u>87,566</u>	<u>1,917,019</u>
<b>OPERATING EXPENSES</b>				
General and administrative expenses	(38,464)	(968,072)	(79,339)	(1,736,918)
Financial (expenses) income	(1,659)	(41,742)	13,295	291,053
Interest - Past years	(25,468)	(640,993)	(16,714)	(365,913)
	<u>(65,591)</u>	<u>(1,650,806)</u>	<u>(82,759)</u>	<u>(1,811,777)</u>
<b>Net Profit</b>	<u>50,809</u>	<u>1,278,772</u>	<u>4,807</u>	<u>105,242</u>
<b>Revenues/expenses not operational</b>	<u>(12,175)</u>	<u>(306,415)</u>	<u>(3,226)</u>	<u>(70,614)</u>
<b>Net profit for the period</b>	<u><u>38,634</u></u>	<u><u>972,357</u></u>	<u><u>1,582</u></u>	<u><u>34,628</u></u>

See the accompanying notes to the financial statements

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

Exchange Rate : As at 31 Mar 09 is 1 Brazilian Real (BRL) = Rs 21.89

## Balance Sheet as at March 31, 2010

PARTICULARS	2010		2009	
	BRL	Rs.	BRL	Rs.
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds :</b>				
Share Capital	1,016,560	25,584,985	1,016,560	22,254,801
Funds allocated to capital increase	70,570	1,776,120	-	-
Accumulated losses	(990,262)	(24,923,108)	(1,028,896)	(22,524,868)
<b>Total Funds Employed</b>	<u>96,868</u>	<u>2,437,996</u>	<u>(12,336)</u>	<u>(270,068)</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
<b>Current Assets, Loans &amp; Advances :</b>				
Trade receivables	96,672	2,433,069	96,511	2,112,850
(-) Provision for doubtful accounts	(85,646)	(2,155,554)	(85,646)	(1,874,984)
Recoverable taxes	93,012	2,340,943	93,012	2,036,242
(-) Provision for losses	(59,330)	(1,493,220)	(48,389)	(1,059,344)
Other receivables	-	-	1,034	22,637
Cash & Bank Balances	65,886	1,658,229	40,846	894,203
	<u>110,595</u>	<u>2,783,467</u>	<u>97,368</u>	<u>2,131,606</u>
<b>Less : Current Liabilities &amp; Provisions :</b>				
Accounts payable	-	-	-	-
Taxes payable	6,535	164,476	106,263	2,326,333
Other accounts payable	7,191	180,995	3,441	75,340
	<u>13,726</u>	<u>345,471</u>	<u>109,704</u>	<u>2,401,673</u>
<b>Net Current Assets</b>	<u>96,868</u>	<u>2,437,996</u>	<u>(12,336)</u>	<u>(270,068)</u>
<b>Total Funds Applied</b>	<u>96,868</u>	<u>2,437,996</u>	<u>(12,336)</u>	<u>(270,068)</u>

## Statement of Changes in Quotaholders' Equity

	Capital		Funds allocated to capital increase		Accumulated losses		Total	
	BRL	Rs.	BRL	Rs	BRL	Rs.	BRL	Rs.
Balances at April 1, 2009	1,016,560	25,584,985	-	-	(1,028,896)	(25,895,465)	(12,336)	(310,480)
Funds allocated to capital increase	-	-	70,570	1,776,120	-	-	70,570	1,776,120
Net Profit for the period	-	-	-	-	38,634	972,357	38,634	972,357
Balances at March 31, 2010	<u>1,016,560</u>	<u>25,584,985</u>	<u>70,570</u>	<u>1,776,120</u>	<u>(990,262)</u>	<u>(24,923,108)</u>	<u>96,868</u>	<u>2,437,996</u>

## Statement of Changes in Financial Position Period ended March 31, 2010

Sources	2010	2010	2009	2009
	BRL	Rs.	BRL	Rs.
From Operations				
Net Profit for the period	38,634	972,357	1,582	34,628
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	368	8,065
Advance to Capital increase	70,570	1,776,120	-	-
Write-off of Assets	-	-	2,399	52,517
<b>Total sources</b>	<u>109,204</u>	<u>2,748,477</u>	<u>4,349</u>	<u>95,210</u>
<b>Applications</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reduction in net working capital</b>	<u>109,204</u>	<u>2,748,477</u>	<u>4,349</u>	<u>95,210</u>

## Statement of variation in net working capital

	March 31		March 31		Variation	
	2010 BRL	2010 Rs.	2009 BRL	2009 Rs.	2010 BRL	2010 Rs.
<b>Current Assets</b>	110,595	2,783,467	97,368	2,131,606	13,227	332,890
<b>Current Liabilities</b>	13,726	345,471	109,704	2,401,673	(95,978)	(2,415,586)
<b>Net working capital</b>	<u>96,868</u>	<u>2,437,996</u>	<u>(12,336)</u>	<u>(270,068)</u>	<u>109,204</u>	<u>2,748,477</u>

See the accompanying notes to the financial statements



# Thermax do Brasil-Energia e Equipamentos Ltda

## Notes to the Financial Statements March 31, 2010

### 1. Operational Context

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

### 2. Presentation of the Financial Statements

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

### 3. Summary of the Significant Accounting Policies

#### a. Revenue and expenses recognition

Income and expenses are recorded on monthly accrual basis.

#### b. Current and long-term assets

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

#### c. Current and long-term liabilities

Liabilities are recorded at known or estimated amounts.

### 4. Trade Receivables

	2010 BRL
Accounts receivable	96,672.34
Provision for doubtful accounts	(85,645.94)
Net accounts receivable	<u>11,026.40</u>

### 5. Recoverable Taxes

	2010 BRL
IRPJ - 2005	89.28
CSLL - 2005	10,851.37
IR - Financial Income	13,890.81
PIS	1.35
Cofins	6.21
CSLL - Sales	186.43
IR - Sales	5,002.10
IR - Others	14,595.43
INSS - Services	48,388.97
	<u>93,011.95</u>
Provision for losses	(59,329.62)
	<u>33,682.33</u>

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

In March 2010, the company reversed the values related to income tax and CSLL of the year 2005 amounting to R \$ 10,940.65 to provision for losses, due to the impossibility of compensating them.

### 6. Taxes and Contributions payable

	2010 BRL
PIS	756.69
COFINS	3,485.39
ISS - SALES	2,293.01
ISS - REVENUE	<u>6,535.09</u>

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

The company paid off all the taxes related to the prior years during 2009/2010 and the taxes that have not been paid yet refer only to March 2010.

### 7. Other liabilities

	2010 BRL
Constantin Assessoria Contábil	3,441.50
Rent	250.00
Provision – INSS-Insepection	500.00
Nova Mir- Auditoria	3,000.00
	<u>7,191.40</u>

### 8. Capital Social

The paid-in Capital is represented by R\$1,016,560.00 with nominal value of R\$1.00 (one real) each.

During the year ended on March 31, 2010, the company received R\$. \$ 70,570.00 as additional funds for capital increase.

### 9. Services

The company's total sales, net of sales returns for the period, amounted to R\$140,525.65, as presented below:

	2010 BRL
Services Sales	140,525.65
	<u>140,525.65</u>

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

### 10. Taxes incident on Services

The company's total taxes related to sales amounted to R\$ 24,125.68, as presented below:

	2010 BRL
ISS - Sales	11,127.10
COFINS - Sales	10,679.93
PIS - Sales	2,318.65
	<u>24,125.68</u>

### 11. Operating Expenses

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

	2010 BRL
Social Tax	4,447.50
Rents	3,750.00
Accounting Outsourcing	27,101.42
Telephone	45.79
Internet	93.37
Auditory	3,000.00
Others	26.00
	<u>38,464.08</u>

### 12. Financial (expenses) income

The amount of the Financial income, expenses and exchange variation income account is presented below:

	2010 BRL
Interest Income	-
Finance Income	-
Other income	-
(-) Bank Expenses	1,572.88
(-) Interest - expenses	85.64
	<u>1,658.52</u>

### 13. Interest - Past Years

The amount of "Interest - past years" as of March 31, 2010, is R\$ 25,468.35 and represents payment of additional charges including interests related to unpaid taxes of previous years:

	2010 BRL
Interest – Cofins	17,046.48
Interest - PIS	2,761.33
Interest – ISS	2,424.55
Interest – INSS	3,235.99
	25,468.35

### 14. Revenues/Expenses Not Operational

The balance of "Revenues/ Expenses Not Operational" as of March 31, 2010, is R\$ 12,174.68 is presented below:

	2010 BRL
Not Deductible expenses	500.00
Federal provision	10,490.65
Not Operational expenses	734.03
	12,174.68

### 15. 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 the Federal Authorities is now over and the total amount of payment as levied by the Federal Authority is R\$ 500.00 (to be paid in April 2010). The Federal Tax Authority may waive 50% amount of this payment.

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

## *Supervisor*

Pheroz Pudumjee

## *Executive Director*

M. S. Unnikrishnan

## *General Manager*

Ashish Vaishnav

## *Registered Office*

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

## *Auditors*

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

## *Bankers*

Industrial and Commercial Bank of China

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

## **Audit Report**

ZZKS [2010] No. 77

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

We have audited the accompanying financial statements of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (herein after referred as "the Company"), which comprise the balance sheet as of 31 December 2009, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

#### **I. Responsibility of management**

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

#### **II. Responsibility of auditors**

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

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

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

#### **III. Audit opinion**

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position of the Company as of 31 December 2009 and the results of its operations and its cash flows for the year then ended.

Zhejiang Zhong Ming Certified Public Accountants Co., Ltd.

Jiaxing, China

Certified Public Accountant: Li Aizhong

Certified Public Accountant: Luo Bin

March 15, 2010

# ANNUAL REPORT 2009-2010

## Income statement for the year ended 31st December, 2009

PARTICULARS	Notes	2009		2008	
		RMB	Rs.	RMB	Rs.
Revenue from main operations	5.20	19,577,867	128,752,320	2,442,020	18,154,526
Revenue from other operations	5.21	319,228	2,099,375	371,306	2,760,374
Less: Cost of main operations	5.20	20,321,671	133,643,890	3,161,639	23,504,333
Cost of other operations	5.21	25,579	168,220	231,946	1,724,337
Selling Expenses	5.22	4,512,965	29,679,160	1,604,138	11,925,526
General and administrative expenses	5.23	6,676,312	43,906,248	13,299,948	98,874,806
Finance expenses	5.24	520,041	3,420,009	(158)	(1,172)
<b>Loss from Operations</b>		<b>(12,159,474)</b>	<b>(79,965,833)</b>	<b>(15,484,187)</b>	<b>(115,112,930)</b>
Add: Non-operating revenue	5.25	250,754	1,649,067	3,267,366	24,290,334
Less: Non-operating expenses	5.26	2,168	14,256	49,065	364,758
<b>Loss before tax</b>		<b>(11,910,887)</b>	<b>(78,331,022)</b>	<b>(12,265,886)</b>	<b>(91,187,354)</b>
Income tax		-	-	-	-
<b>Net loss for the year</b>		<b>(11,910,887)</b>	<b>(78,331,022)</b>	<b>(12,265,886)</b>	<b>(91,187,354)</b>

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2009 is 1 RMB = Rs 6.58  
Exchange rate : as at 31 December 2008 is 1 RMB = Rs 7.43

## Cash Flow Statement for the year ended 31 December 2009

PARTICULARS	2009		2008	
	RMB	Rs.	RMB	Rs.
<b>Cash Flows from Operating activities</b>				
Cash received from sale of goods or rendering of services	18,915,534	124,396,535	2,710,737	20,152,226
Refund of taxes	221,300	1,455,365	-	-
Other cash received relating to operating activities	600,645	3,950,095	3,433,347	25,524,274
Cash paid for goods & services	(15,135,313)	(99,536,205)	(3,067,653)	(22,805,623)
Cash paid to & on behalf of employees	(6,742,188)	(44,339,477)	(3,688,702)	(27,422,638)
Other cash paid relating to operating activities	(4,961,381)	(32,628,135)	(3,175,549)	(23,607,744)
<b>Net cash used in operating activities</b>	<b>(7,101,403)</b>	<b>(46,701,822)</b>	<b>(3,787,820)</b>	<b>(28,159,506)</b>
Less : Payment of all types of taxes	502,253	3,303,028	223,034	1,658,081
<b>Net cash used in operating activities</b>	<b>(7,603,656)</b>	<b>(50,004,850)</b>	<b>(4,010,854)</b>	<b>(29,817,587)</b>
<b>Cash Flows from Investing activities</b>				
Net cash received from the sale of fixed assets, intangible assets and other long-term assets	-	-	28,480	211,727
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	(1,193,183)	(7,846,875)	(43,902,533)	(326,381,303)
<b>Net cash used in investing activities</b>	<b>(1,193,183)</b>	<b>(7,846,875)</b>	<b>(43,874,053)</b>	<b>(326,169,576)</b>
<b>Cash Flows from Financing activities</b>				
Cash received from investments by others	-	-	44,871,723	333,586,480
Cash Received from borrowings	7,300,000	48,007,882	4,000,000	29,736,900
Repayment of borrowings	(500,000)	(3,288,211)	-	-
Cash paid for distribution of dividends or profits and for interest expenses	(428,424)	(2,817,500)	(22,648)	(168,368)
<b>Net cash received in financing activities</b>	<b>6,371,576</b>	<b>41,902,170</b>	<b>48,849,075</b>	<b>363,155,012</b>
<b>Effect of Foreign exchange rate changes on cash and cash equivalents</b>	<b>10,613</b>	<b>69,799</b>	<b>(475,403)</b>	<b>(3,534,249)</b>
<b>Net (decrease)/increase in cash at banks and in hand</b>	<b>(2,414,650)</b>	<b>(15,879,756)</b>	<b>488,766</b>	<b>3,633,600</b>
<b>Cash at banks and in hand at beginning of year</b>	<b>2,738,408</b>	<b>18,008,928</b>	<b>2,249,642</b>	<b>16,724,343</b>
<b>Cash at banks and in hand at end of year</b>	<b>323,759</b>	<b>2,129,173</b>	<b>2,738,408</b>	<b>20,357,943</b>

## Balance Sheet as at 31st December, 2009

PARTICULARS	Notes	2009		2008	
		RMB	Rs.	RMB	Rs.
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & cash equivalents	5.1	323,759	2,129,173	2,738,408	20,357,943
Accounts receivable	5.2	3,299,102	21,696,290	1,949,585	14,493,651
Account in advanced	5.4	412,259	2,711,187	313,355	2,329,554
Other receivables	5.3	131,128	862,353	189,086	1,405,707
Inventories	5.6	2,960,426	19,469,008	6,596,561	49,040,318
Prepaid expenses	5.7	272,372	1,791,234	-	-
Allowance receivable	5.5	1,189,796	7,824,599	364,866	2,712,497
<b>TOTAL CURRENT ASSETS</b>		<b>8,588,841</b>	<b>56,483,845</b>	<b>12,151,861</b>	<b>90,339,670</b>
<b>NON-CURRENT ASSETS</b>					
Fixed Assets-cost	5.8	59,035,929	388,245,190	58,613,061	435,742,681
Less: Accumulated depreciation		5,810,561	38,212,700	1,807,434	13,436,872
Fixed Assets-Net book value		53,225,368	350,032,491	56,805,627	422,305,809
Intangible assets	5.9	6,847,389	45,031,321	7,120,376	52,934,476
Long-term deferred and prepaid expenses	5.10	55,183	362,904	71,375	530,615
<b>TOTAL NON-CURRENT ASSETS</b>		<b>60,127,940</b>	<b>395,426,716</b>	<b>63,997,378</b>	<b>475,770,900</b>
<b>TOTAL ASSETS</b>		<b>68,716,781</b>	<b>451,910,561</b>	<b>76,149,239</b>	<b>566,110,571</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	5.11	10,800,000	71,025,359	4,000,000	29,736,900
Accounts payable	5.12	4,884,752	32,124,194	8,100,632	60,221,917
Advances from customers	5.13	681,533	4,482,052	1,790,430	13,310,461
Salaries and employee benefits payable	5.14	48,393	318,254	57,030	423,977
Taxes and other fees payable	5.15	(133,200)	(875,978)	(938,954)	(6,980,397)
Other payables	5.16	231,983	1,525,618	247,451	1,839,607
Accrued expenses	5.17	1,383,823	9,100,604	162,267	1,206,331
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,897,285</b>	<b>117,700,103</b>	<b>13,418,856</b>	<b>99,758,796</b>
<b>OWNER'S EQUITY</b>					
Paid in capital	5.18	74,996,269	493,207,122	74,996,269	557,539,129
Accumulated losses	5.19	(24,176,773)	(158,996,665)	(12,265,886)	(91,187,354)
<b>TOTAL OWNER'S EQUITY</b>		<b>50,819,496</b>	<b>334,210,457</b>	<b>62,730,383</b>	<b>466,351,775</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>68,716,781</b>	<b>451,910,561</b>	<b>76,149,239</b>	<b>566,110,571</b>

## Statement of changes in Equity for the Year Ended 31 December 2009

	Share Capital		Accumulated Losses		Total	
	2009 RMB	2009 RS	2008 RMB	2008 RS	2009 RMB	2009 RS
Balances at 1 January 2009	74,996,269	493,207,122	(12,265,886)	(80,665,643)	62,730,383	412,541,479
Net loss for the current period	-	-	(11,910,887)	(78,331,022)	(11,910,887)	(78,331,022)
Balances at 31 December 2009	74,996,269	493,207,122	(24,176,773)	(158,996,665)	50,819,496	334,210,458

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

## Notes to the financial statements for the year ended December 31, 2009

### 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 Company Limited. The Company obtained an approval certificate Shang Wai Zi-Zhe Fu Zi Jia Zi [2006] No.03662 from the People's Government of Zhejiang Province on 14 December 2006, and a business license (No.330400400008751) on 15 December 2006 issued by Zhejiang Province Administration of Industry and Commerce of the PRC. The registered capital is USD 11,470,000 and the paid-in capital is USD 10,344,985.

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

### 2. Significant accounting policies accounting estimates

#### 2.1 Accounting regulations

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

#### 2.2 Accounting period

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

#### 2.3 Reporting currency

The recording currency of the Company is RMB.

#### 2.4 Basis of preparation and measurement basis

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

#### 2.5 Translation of foreign currencies

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

#### 2.6 Cash equivalents

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

#### 2.7 Provision for bad debts

- i) Provision for bad debts on trade and other receivables is accounted for using the allowance method: Specific bad debt provision. Specific bad debt provision is provided for individually based on relevant information such as past experience, actual financial position and cash flows of debtors, as well as other relevant information.
- ii) Criteria for recognition of bad debts: (1) The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures or died and has no offsetting estate and obligatory undertakes.(2) The irrecoverable amount or this amount with less possibility to be recovered with sufficient evidence for a debtor who does not comply with repayment obligation after the debt becomes due.

#### 2.8 Inventory costing method

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

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

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

If inventories are damaged, they have become wholly or partially obsolete, or if their selling prices have declined. Where the net realizable value is lower than the cost, the differences is recognized as the Provision for obsolete

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

### 2.9 Valuation and depreciation of the fixed assets

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

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

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

### 2.10 Construction in progress

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

### 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

- 1) 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.

- 2) 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%. First two years 'NIL' & next three years 50%, i.e. 12.5%

## 4. PROFIT DISTRIBUTIONS

There is no profit distribution during the year of 2009.

## 5. MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 5.1 Cash and equivalents

(Unit : RMB)

Items	2009-12-31			2008-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
Cash on hand			8,058.67			14,425.54
RMB						
Cash in bank			123,823.97			2,551,187.55
RMB						
USD	23,796.11	6.8282	162,484.59	25,271.69	6.8346	172,721.90
EUR	3,000.00	9.7971	29,391.30	7.58	9.6596	73.22
Total			323,758.53			2,738,408.21

## 5.2 Accounts receivable

(Unit : RMB)

Account Age	2009-12-31			2008-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	3,299,102.43	100.00%	-	1,949,584.73	100%	-
Total	3,299,102.43	100.00%	-	1,949,584.73	100%	-

## 5.3 Other receivable

(Unit : RMB)

Account Age	2009-12-31			2008-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	111,128.00	85%	-	173,859.93	92%	-
1-2years	12,000.00	9%	-	15,225.91	8%	-
2-3years	8,000.00	6%	-	-	0%	-
Total	131,128.00	100%	-	189,085.84	100%	-

## 5.4 Accounts in advance

(Unit : RMB)

Account Age	2009-12-31			2008-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	412,258.73	100.00%	-	313,355.34	100.00%	-
Total	412,258.73	100.00%	-	313,355.34	100.00%	-

## 5.5 Allowance receivable

(Unit : RMB)

Items	2009-12-31	2008-12-31
VAT refund	1,189,795.69	-
Total	1,189,795.69	-

## 5.6 Inventory

(Unit : RMB)

Items	2009-12-31		2008-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	1,315,844.81	181,830.00	2,117,513.03	-
Finished goods	680,772.42	55,376.78	-	-
Work-in-progress	1,201,015.14	-	4,479,047.97	-
Total	3,197,632.37	237,206.78	6,596,561.00	-

## 5.7 Prepaid expenses

(Unit : RMB)

Items	Bal.B/Y	Increase in this year	Amortization in this year	Bal.E/Y
Tuition	251,072.50	183,890.00	326,893.30	108,069.20
Life Insurance	88,932.29	191,478.05	175,730.74	104,679.60
Rent fee of broadband	-	-	-	-
Property Insurance	24,861.42	59,095.95	59,334.04	24,623.33
House rent	-	99,300.00	64,300.00	35,000.00
Total	364,866.21	533,764.00	626,258.08	272,372.13

## 5.8 Fixed assets and accumulated depreciation

(Unit : RMB)

Items	Bal.B/Y	Increase in this year	Decrease in this year	Bal.E/Y
<b>1) Original value</b>	58,613,061.30	422,867.54	-	59,035,928.84
Plant and buildings	33,045,534.15	120,423.00	-	33,165,957.15
Machinery	23,921,642.14	(24,288.89)	-	23,897,353.25
Transportation equipment	267,828.00	55,995.65	-	323,823.65
Office equipment	395,514.00	837.61	-	396,351.61
Furniture and others	982,543.01	269,900.17	-	1,252,443.18
<b>2) Accumulated depreciation</b>	1,807,434.19	4,003,126.45	-	5,810,560.64
Plant and buildings	743,524.52	1,495,177.59	-	2,238,702.11
Machinery	897,040.09	2,149,463.52	-	3,046,503.61
Transportation equipment	57,532.15	78,109.49	-	135,641.64
Office equipment	43,841.17	83,952.90	-	127,794.07
Furniture and others	65,496.26	196,422.95	-	261,919.21
<b>3) Impairment of fix assets</b>	-	-	-	-
Plant and buildings	-	-	-	-
Machinery	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment	-	-	-	-
Furniture and others	-	-	-	-
<b>4) Net value of fixed assets</b>	56,805,627.11	-	-	53,225,368.20
Plant and buildings	32,302,009.63	-	-	30,927,255.04
Machinery	23,024,602.05	-	-	20,850,849.64
Transportation equipment	210,295.85	-	-	188,182.01
Office equipment	351,672.83	-	-	268,557.54
Furniture and others	917,046.75	-	-	990,523.97

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

## 5.9 Intangible assets (Unit : RMB)

Items	Bal.B/Y	Increase in this year	decrease in this year	Bal.E/Y
Land use right	6,711,008.27	-	139,088.28	6,571,919.99
Auto desk	38,888.84	-	18,666.72	20,222.12
UFIDA	31,111.12	-	13,333.32	17,777.80
Antivirus software	11,118.54	-	7,127.52	3,991.02
Office software	127,182.90	-	27,749.04	99,433.86
ERP system	201,066.29	-	67,022.06	134,044.23
Total	7,120,375.96	-	272,986.94	6,847,389.02

## 5.10 Long-term prepayments (Unit : RMB)

Items	Bal.B/Y	Increase in this year	Amortization in this year	Bal.E/Y
Decorating	66,708.00	-	18,192.00	48,516.00
Internet Leased Line	4,666.64	10,000.00	7,999.98	6,666.66
Total	71,374.64	10,000.00	26,191.98	55,182.66

## 5.11 Short-term loans (Unit : RMB)

Bank Name	2009-12-31	2008-12-31
Citibank (china)	10,800,000.00	4,000,000.00
Total	10,800,000.00	4,000,000.00

Note : As of 31 December 2009, the bank loan borrowed from Citibank (china) Co.,Ltd. Shanghai Branch with the amount of RMB 10,800,000 is supported by Thermax limited.

## 5.12 Accounts payable (Unit : RMB)

Account age	2009-12-31		2008-12-31	
	Amount	%	Amount	%
Within 1 year	3,131,182.71	64%	8,100,631.51	100%
1-2years	1,753,569.68	36%	-	0%
Total	4,884,752.39	100%	8,100,631.51	100%

## 5.13 Deposit received (Unit : RMB)

Account age	2009-12-31		2008-12-31	
	Amount	%	Amount	%
Within 1 year	681,533.45	100%	1,790,430.21	100%
Total	681,533.45	100%	1,790,430.21	100%

## 5.14 Accrued payroll (Unit : RMB)

Item	2009-12-31	2008-12-31
Payroll for Chinese employee	48,393.22	57,030.38
Total	48,393.22	57,030.38

## 5.15 Tax and other fees payable (Unit : RMB)

Item	2009-12-31	2008-12-31
VAT	(161,493.68)	(1,024,070.45)
Individual income tax	24,016.99	24,127.46
Land use tax	-	52,870.00
Stamp tax	1,474.92	5,397.77
Water conservancy construction fund	2,801.97	-
Total	(133,199.80)	(941,675.22)

## 5.16 Other payable (Unit : RMB)

Account age	2009-12-31		2008-12-31	
	Amount	%	Amount	%
Within 1 year	229,582.96	98.97%	247,451.08	100.00%
1-2 years	2,400.00	1.03%	-	0.00%
Total	231,982.96	100%	247,451.08	100%

## 5.17 Accrued expenses (Unit : RMB)

Item	2009-12-31	2008-12-31
Payroll	57,807.61	54,519.39
Water, Electricity, Steam fee	32,757.59	33,015.10
Freight fee	26,505.00	10,105.00
Product warranty fee	696,651.00	18,837.76
Material cost	42,136.08	-
Services fee	261,020.00	-
Commission to employee	123,720.00	-
Commission	71,441.00	-
Others	71,784.75	45,790.00
Total	1,383,823.03	162,267.25

## 5.18 Paid-in capital (Unit : RMB)

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

## 5.19 Undistributed profit (Unit : RMB)

Item	Amount
Undistributed profits at beginning of the year	(12,265,885.79)
Add : Net profit of this period	(11,910,887.06)
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	(24,176,772.85)

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

Item	Revenue from main operations		Cost of main operations	
	2009	2008	2009	2008
Domestic sales	8,456,410.63	-	8,708,967.48	-
Overseas sales	11,121,456.57	2,442,020.02	11,612,703.98	3,161,638.62
Total	19,577,867.20	2,442,020.02	20,321,671.46	3,161,638.62

## 5.21 Profit from other operations (Unit : RMB)

Item	Revenue from other operations		Cost of other operations	
	2009	2008	2009	2008
Spares Materials sales	98,745.63	332,734.86	10,579.23	231,945.82
Service revenue	220,481.90	38,571.40	15,000.00	-
Total	319,227.53	371,306.26	25,579.23	231,945.82

## 5.22 Operation expenses (Unit : RMB)

Item	2009	2008
Salaries and welfare	1,335,245.39	632,334.97
Warranty and FOC	715,712.88	33,837.76
Business trip	490,952.23	290,208.76
Entertainment expenses	408,680.12	203,321.20
Consulting fee	387,154.00	132,450.00
House Rent	311,676.19	88,277.31
Transportation expenses	271,597.00	11,560.59
Exported fee	128,942.02	16,415.00
Office expenses	125,926.63	14,170.00
Commission to employee	71,441.00	-
Exhibition expenses	61,474.46	65,664.00
Other	204,162.61	115,890.89
Total	4,512,964.53	1,604,130.48

## 5.23 General and administrative expenses (Unit : RMB)

Items	2009	2008
Salaries and welfare	2,282,442.32	1,819,812.00
Consulting expenses	601,894.87	387,087.77
Taxes	502,202.81	275,657.52
Depreciation	491,540.73	462,544.31
Car expenses	453,961.30	387,678.81
Maintain expense	434,847.06	6,335.00
House rent	390,116.81	490,344.77
Travel expenses	337,947.39	305,047.11
Amortization	272,512.22	120,445.40
Provision for obsolete stocks	237,206.78	-
Insurance	183,720.16	93,559.18
Communication expenses	152,508.35	151,723.47
Office expenses	127,664.53	120,284.65
Preliminary expenses	-	8,368,156.08
Others	207,747.00	311,272.04
Total	6,676,312.33	13,299,948.11

## 5.24 Financial expenses (Unit : RMB)

Items	2009	2008
Interest expense	428,424.47	22,647.63
Less : Interest income	4,191.20	67,495.96
Exchange Loss	64,327.40	32,418.95
Others	31,480.29	12,271.75
Total	520,040.96	(157.63)

## 5.25 Revenue from subsidies (Unit : RMB)

Items	2009	2008
Estate tax refund	221,300.39	-
Government subsidies	29,454.00	3,267,366.00
Total	250,754.39	3,267,366.00

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## 5.26 Non-operating expenditure

(Unit : RMB)

Items	2009	2008
Loss from disposing fixed assets	-	25,131.67
others	2,167.67	23,933.00
Total	2,167.67	49,064.67

## 6. Related parties and related party transactions

### 6.1 Related parties

#### (1) Related party under control

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

## 6.2 Related party transactions

(Unit : RMB)

#### (1) Purchases of goods

Name of related parties	2009
Thermax Ltd.	816,657.46
Total	816,657.46

#### (2) Sales of goods

(Unit : RMB)

Name of related parties	2009
Thermax Inc.	1,472,161.75
Thermax Europe Limited	5,738,759.26
Thermax Ltd.	2,994,174.14
Total	10,205,095.15

#### (3) Amounts due from/to related parties

Name of related parties	Account	Foreign currency	Amount
Thermax Inc.	Accounts receivable	USD45,000	307,269.00
Thermax Europe Limited	Accounts receivable	EUR144,126	1,412,016.83
Thermax Ltd.	Accounts payable		274,026.35
Thermax Ltd.	Accounts payable	USD20,595.65	140,641.89
Thermax Ltd.	Advanced from customers	USD11,860	80,982.45

## 7. CONTINGENT EVENTS

End December the 31st, 2009, the company had no contingent events to be disclosed.

## 8. NON-ADJUSTMENT EVENTS IN FUTURE EVENTS OF BALANCE SHEET

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





