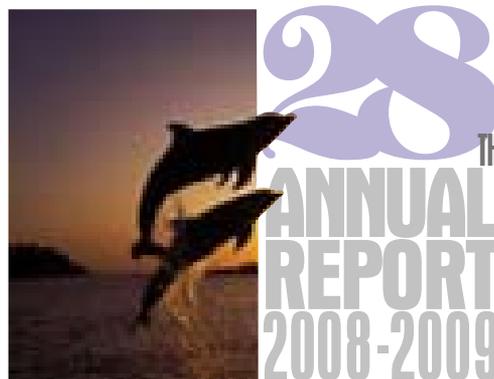




THERMAX LIMITED





The dolphin's universal appeal as a graceful and joyful symbol is especially apt in these times of economic uncertainty and turmoil. Like the dolphin, we have to learn that there is much to be gained by keeping a positive outlook to achieve our full potential as individuals and corporates.



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HIGHLIGHTS OF THE YEAR

Thermax shows stable performance in a tough market. Posts a total income of Rs. 3303 crore and a profit after tax of Rs. 287 crore.

Export income, including deemed exports, increases by 35 % to Rs.912 crore.

Business Standard honours Meher Pudumjee, Chairperson, with the CEO of the Year (2007-08) Award, in recognition of the sustained growth of Thermax and the value return to shareholders, without compromising on ethics.

The company creates diversified opportunities in water and power businesses by selective participation in the projects of municipal corporations and public sector undertakings.

Service business explores revenue opportunities to offset the cyclical risks of the capital goods sector by venturing into innovative areas of energy rentals, facility upgrades, equipment life extension, and operation and maintenance.

The Board approves investments to set up a Research Technology and Innovation Centre (RTIC) with a time-bound programme to establish centres of excellence in the key technology areas critical to Thermax.

Rolls out Project Ever-Lean to eliminate waste, streamline processes and systems, and reduce costs.

The Thermax Social Initiative Foundation (TSIF) continues with more community initiatives in the third year.



To be a globally respected high performance organisation offering sustainable solutions in energy and environment

Board of Directors

Meher Pudumjee
Chairperson
M. S. Unnikrishnan
Managing Director

Directors

Anu Aga
Dr. Raghunath. A. Mashelkar
Dr. Valentin von Massow
Tapan Mitra
Pheroz Pudumjee
Dr. Manu Seth
Dr. Jairam Varadaraj

Executive Council

Ravinder Advani
Shishir Joshipura
Gopal Mahadevan
S. Ramachandran
R. V. Ramani
Dr. R. R. Sonde
Sudhir Sohoni
M. S. Unnikrishnan

Officers of the Company

Gopal Mahadevan
*Executive Vice President
& CFO*
Sunil Lalai
Company Secretary

DOMESTIC SUBSIDIARY COMPANIES

Thermax Sustainable
Energy Solutions Limited
Thermax Engineering Construction
Company Limited
Thermax Instrumentation Limited

OVERSEAS SUBSIDIARY COMPANIES

Thermax International Limited,
Mauritius
Thermax Europe Limited, U.K.
Thermax Inc., U.S.A.
Thermax do Brasil – Energia e
Equipamentos Ltda, Brazil
Thermax Hong Kong Limited,
Hong Kong
Thermax (Zhejiang) Cooling & Heating
Engineering Co. Ltd., China

WEBSITE

www.thermaxindia.com

REGISTERED OFFICE

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

CORPORATE OFFICE

Thermax House
14, Mumbai-Pune Road,
Wakdedwadi, Pune 411003
Ph.: 020-25542122
Fax.: 020-25541226

BANKERS

Bank of Baroda
Canara Bank
Citibank N.A.
Corporation Bank
ICICI Bank Ltd.
Standard Chartered Bank
Union Bank of India

AUDITORS

B.K. Khare & Co.,
Chartered Accountants
706/707, Sharda Chambers,
New Marine Lines
Mumbai 400020

SOLICITORS

J Sagar Associates
Vakils House, 1st floor,
18 Sprott Road,
Ballard Estate,
Mumbai 400001

**REGISTRAR & SHARE
TRANSFER AGENT**

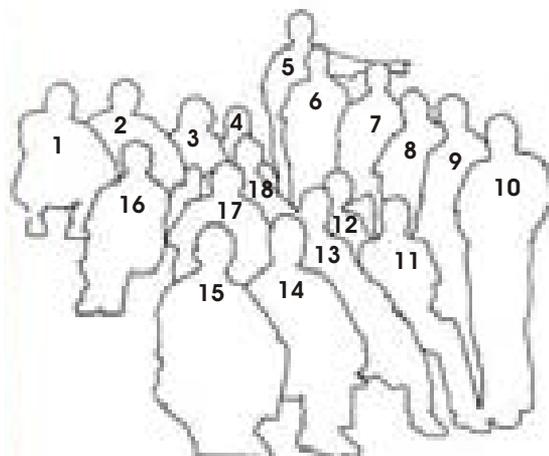
Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24,
Viththalrao Nagar
Madhapur, Hyderabad - 500 081
Ph: 040-23420818 & 828
Fax.: 040-23420814





A view of the new Thermax corporate office in Pune which has a Silver rating for green buildings; and Board members and the Executive Council during a break at the annual retreat in November 2008 (above).

- | | | |
|--|---|--|
| 1 Dr. R. R. Sonde
<i>EVP (Technology & Innovation)</i> | 7 Pheroze Pudumjee
<i>Director</i> | 13 Tapan Mitra
<i>Independent Director</i> |
| 2 Dr. R. A. Mashelkar
<i>Independent Director</i> | 8 Ravinder Advani
<i>EVP(Boiler & Heater)</i> | 14 Gopal Kavalireddi
<i>Executive Assistant to Chairperson</i> |
| 3 Meher Pudumjee
<i>Chairperson</i> | 9 Shishir Joshipura
<i>EVP(Cooling & Heating)</i> | 15 Sunil Lalai
<i>Company Secretary</i> |
| 4 Anu Aga
<i>Director</i> | 10 Sudhir Sohoni
<i>EVP(Human Resources)</i> | 16 R. V. Ramani
<i>EVP(Power)</i> |
| 5 Dr. Jairam Varadaraj
<i>Independent Director</i> | 11 Gopal Mahadevan
<i>EVP & Chief Financial Officer</i> | 17 Dr. Valentin von Massow
<i>Independent Director</i> |
| 6 M. S. Unnikrishnan
<i>Managing Director</i> | 12 Dr. Manu Seth
<i>Independent Director</i> | 18 S. Ramachandran
<i>EVP(Chemical & Water)</i> |





CHAIRPERSON'S MESSAGE

our own company, we have declared that performance is critical but values are sacrosanct.

These are trying times for corporates, but there is also the silver lining of opportunity to put our house in order. First and foremost, freeing up cash from operations is vital; moreover, a great discipline for sustainable business. To manage cash flows prudently, our company has started Project Ever-Lean to eliminate waste, streamline processes and systems and reduce costs. Coupled with our drive for operational excellence, this programme will enable the company to increase operational efficiency and reduce the cost of poor quality.

It is these unpredictable times that force us to look at all markets with a different perspective and thereby, extend our reach to wider segments of society. New opportunities, not thought of earlier, are emerging to serve new customers and provide them with innovative solutions and services. Selective participation in the projects of municipal corporations and public sector undertakings have resulted in new and diversified opportunities for the Water and Power businesses. The service business of the company, although small at present, is addressing customers with innovative approaches like energy rental, process efficiency tracking at boiler sites, equipment life extension, operation and maintenance of power plants and is exploring other service revenue opportunities to mitigate the cyclical risks that the capital goods sector is prone to.

Over the past few years commodity prices have been rising – especially in the oil, steel, cement and non ferrous sectors. This threw open substantial investments; creating opportunities for your company's products. It also enabled Thermax to focus on fuel shift, converting from expensive oil to solid fuel, primarily biomass and waste to energy. With oil having lost its value in the past six months, many projects were either cancelled or delayed. However, we strongly believe that this is a temporary phenomenon and that oil prices will pick up, as has already happened. This, coupled with climate change as well as the need to harness one of the largest sources of energy that nature has to offer, has prompted your company to invest its time, money and human resources in green renewable energy, particularly solar

Dear Shareholder,

It is my proud privilege to present the 28th Annual Report of the company. This has been a challenging year – one that started off with great promise and ended with a lot of uncertainty and change. The total income at Rs. 3303 crore and profit after tax at Rs. 287 crore was almost the same as the previous year. With a large export order carry forward from the previous year the export income, including deemed exports, increased 35% to Rs. 912 crore.

Our compliments to the Managing Director, M. S. Unnikrishnan and his team, who have worked with alacrity and dedication to stabilise the company's operations in these tough market conditions. I also appreciate the support and contribution of all our employees, customers, supplier partners and business associates. Our board of directors, as usual, have been very supportive and provided the requisite guidance in steering through these difficult times.

The economic conditions in the latter half of 2008-09 have been tough on businesses. The global economic crisis resulting from innovative financial engineering methods have revealed a sense of greed and a lacunae in corporate governance practices the world over. This unprecedented crisis will, I believe, change the fundamentals of the way business will be carried out in the future, which is perhaps what is required today. In

thermal – a long term agenda for Thermax.

The company realises that innovation is the key to sustained growth. The Board of Directors of Thermax will continue to support investments in research and development and innovation. This includes setting up of the Research, Technology and Innovation Centre (RTIC) with a time-bound programme to establish Centres of Excellence in the key technology areas critical to Thermax, which include solar, combustion and heat transfer, material science and biotechnology alongwith advanced computing. Focusing on collaborative research, the centre will undertake projects with premier research and scientific institutes. These initiatives are expected to improve the internal drivers of speed, scale and sustainability, delivering value over multiple time frames. To kick start the spirit of innovation and revitalise the organisation, an Innovation Council has been formed comprising external experts, chaired by Dr. R. A. Mashelkar.

In the last Annual Report, I had highlighted three areas of focus for the company – operational excellence and innovation which we will continue to give impetus to. Selective internationalisation is also one that will receive our attention, however, in the current economic scenario, we would need to wait and watch. Our plant in China is now operational. All efforts will be put into making this investment worth our while.

The buzz of an organisation is its people. Training and developing internal talent are areas that the company will continue to give priority to. It is only through training our human assets that we will continue to add value to our customers and the organisation. The Thermax Leadership Development Programme, launched last year, has progressed well. We are also looking at specific training needs that include our supplier partners, channel partners and customers' operators. A unique one-year scheme titled the Thermax Graduate Programme, was started last year. Your company has trained 22 academically qualified BSc graduates from tier II towns and economically weaker sections of society. After successful completion of their Thermax-specific

training, they will be employed within the company.

The Thermax Social Initiative Foundation (TSIF), the corporate social responsibility arm of our company, has entered into its third year of operation. I am happy to state that it has undertaken a number of community initiatives, with education as the prime focus. We have created various avenues through which we encourage

our employees to participate in social causes as per their convenience and choice, such as the Payroll Giving Programme and volunteering opportunities at our schools. With the strategic partnership between TSIF and Akanksha, we are currently managing two Pune Municipal Corporation schools, established and scaled up on the basis of a shared vision and commitment to a common cause. Thermax has recently partnered "Teach for India" – an initiative which aims to bridge the inequity in education. The company encouraged two of its young engineers to apply and one of them has been selected. He has undergone intense residential training along with 88 others. From mid June, they will be placed as teachers in municipal schools for two academic years. Being a responsible corporate, we are committed to improving the quality of education in India through which we can make a small but significant difference to the less privileged sections of society.

Like everyone else, I look forward to better and more upbeat times when the full potential of the company can be actualised and we would continue to play a significant role in the energy and environment sectors. With political stability at the centre, industry looks forward to the much awaited reforms and genuine inclusive growth.

Finally, I would like to thank all our shareholders and well wishers for their continued support and trust in the company.

With best wishes,

Meher Pudumjee

It is these unpredictable times that force us to look at all markets with a different perspective and thereby, extend our reach to wider segments of society. New opportunities, not thought of earlier, are emerging to serve new customers and provide them with innovative solutions and services

Like everyone else, I look forward to better and more upbeat times when the full potential of the company can be actualised and we would continue to play a significant role in the energy and environment sectors.



LETTER FROM THE MANAGING DIRECTOR



Dear Shareholder,

I am very happy to write to you about the performance highlights of our company during the year. It has been a challenging year with business confidence at a new low, generating great uncertainty across all the business segments in which our company operates. The year started with a lot of optimism and we were able to capitalise well on the business growth trajectory by finalising a large number of project orders. The mood was upbeat and we were heading for another good year....

The financial crises hit at lightning speed towards the end of the first half leading to drying up of credit lines and overall liquidity across the globe. This coupled with a crisis of confidence forced our customers to put many large orders on a slower track of execution and in some cases, outright cancellations. Commodity prices nosedived in quick succession, compelling many of our customers to roll back production. The Indian rupee depreciated at an unprecedented rate, compelling companies to book mark-to-market losses quarter over quarter. Customers demanded renegotiation of contract prices, even for ongoing projects, to factor in the reduction in input costs.

In this critical scenario the management, guided by the Board, took a decision to consolidate the company's operations and concentrate on better cash-flow management. Despite the economic uncertainties, this has helped us maintain our revenues as well as profits, compared to the previous year. I am thankful to the senior management team for providing tenacious leadership to the organisation and the Board members for their support and guidance in navigating the company through these difficult times.

During the year, the Energy segment of our business contributed 77% and Environment 23% to the total income of the company. The substantial growth in exports revenues has helped us maintain our top line, and a repeat of this feat appears difficult during the forthcoming year, owing to a temporary shrinkage of our traditional export markets in the Middle East, South East Asia and some parts of Africa. The Service business portfolio of the company has made positive strides during the year by offering upgrades, revamps and operation and maintenance to customers to

improve the efficiency of their operations.

During the year, we have made substantial progress in transferring and absorbing the utility boiler technology from Babcock and Wilcox, USA and were successful in concluding our first order for two 200MW pulverized coal fired boilers in this segment. With many new medium size projects in the range of 150–300 MW in the power sector on the anvil, our company will benefit with better revenues from the utility segment. These projects, with gestation periods of 24–36 months, will positively support our revenue growth plan from FY 2011 onwards. Similarly, in order to commercialise the technology transferred from Georgia Pacific Chemicals, USA, we have set up a new manufacturing line for paper chemicals at our Paudh chemical factory. This new product line has received an encouraging response from the domestic paper and pulp industry and plans are afoot to take these products to the South East Asian markets too in the forthcoming year.

Continuing with the concept of technology partnerships for faster growth, our company has completed a tie up with a German company for difficult-to-treat wastewater technology. With this expertise, Thermax will achieve a unique capability to provide the full spectrum of industrial and municipal water treatment expertise. We have completed all formalities related to our strategic agreement with a leading global indoor comfort systems and services provider for the North American market.

Under the terms of this agreement, they will source and distribute vapor absorption machines (VAMs) designed and manufactured by Thermax, on an exclusive basis.

You will be happy to know that the capacity expansion plans announced last year – the boiler facility at Savli in Vadodara, the port assembly facility in Mundra, Gujarat, and the chiller plant in China – have all become operational. Implementation of a modern Enterprise Resource Planning (ERP) software was also undertaken in the Water and Waste Solutions as well as Enviro divisions of our company.

The Research and Development arm of our company was reorganised with a renowned leader at the helm who is acknowledged for his accomplishments in technology and innovation in the country. The strength of this team was enhanced substantially with the induction of high-calibre scientists to conduct directed and coordinated research with external networking and partnerships. It will operate with the singular objective of making Thermax a global energy and environment power house providing sustainable solutions for customers to improve their operations, thus making them more cost competitive.

Innovations in technology and manufacturing have always been key drivers of sustainable growth for Thermax. Our company has achieved a breakthrough in boiler design and chiller testing and manufacturing in India. Engineers of our Boiler division designed a high pressure boiler that can generate steam and power using the highly polluting distillery waste – spent wash. The first such boiler was commissioned successfully during the year for a distillery in Karnataka. This will help the distillery segment in eliminating ground water pollution and also generate energy – providing a dual-purpose solution.

Also, for the first time in India, your company has created an absorption chiller manufacturing and testing capability for capacities up to 3300 TR. This facility, one of the largest in the world, will put the company in a pivotal market position in the very large chiller segment, the demand for which is expected to gather momentum with the increased availability of gas in our

country. The company is also developing a green portfolio of products and services to align itself with the global initiatives towards climate change mitigation.

The operational excellence initiative established in the earlier years gained further impetus with the launch of Project Ever-Lean. More than 400 employees of the company – under the leadership of a senior member of

our management team – are undertaking a company-wide initiative to identify and eliminate waste across the various divisions, by building robust processes and systems in the company. This is enabling our organisation to remain lean, competitive and agile in this challenging environment.

We continue to invest in our people with a specific focus on competency enhancement and leadership development. Our Leadership Development Programme enables the company to identify talent at the early stages of an executives' career and groom them to take on the challenges of a globalised economy.

The stability and growth of the overall industry has a direct linkage to the performance of our company. Though global economic recovery still remains a distant possibility, the domestic market is showing signs of improvement. Business confidence is turning positive and project closures are expected towards the second half of the current year. It will be a year full of challenges and we have to make all extra efforts to stay ahead and not get disheartened by the recessionary mood. I am quite certain that Thermax will emerge stronger from these difficult times.

I would like to thank all our customers, employees, business associates, vendors and well wishers for their support and trust in Thermax. It is, as always, a great source of strength for us.

With best regards,

M S Unnikrishnan

More than 400 employees of the company – under the leadership of a senior member of our management team – are undertaking a companywide initiative to identify and eliminate waste across the various divisions, by building robust processes and systems in the company.

Business confidence is turning positive and project closures are expected towards the second half of the current year. It will be a year full of challenges and we have to make all extra efforts to stay ahead and not get disheartened by the recessionary mood.



DIRECTORS' REPORT

Dear Shareholder,

Your Directors take pleasure in presenting the Twenty-eighth Annual Report together with the audited accounts of your company for the year ended March 31, 2009.

FINANCIAL RESULTS

(Rupees in crore)

	2008-2009	2007-2008
Total income	3303.17	3245.94
Profit before interest, depreciation, tax and extraordinary items	453.23	451.35
Interest & depreciation	35.38	23.07
Profit before tax & before extraordinary items	417.85	428.28
Extraordinary items of (expenses)/ income	1.36	2.10
Provision for taxation (incl. deferred tax)	131.91	149.60
Profit after tax & extraordinary items	287.30	280.78
Balance carried forward from last year	359.20	222.97
Profit available for appropriation (cumulative)	646.50	503.75
Proposed equity dividend	59.58	95.33
Tax on dividend	10.12	16.20
Transfer to general reserves	28.80	33.02
Surplus carried forward	548.00	359.20

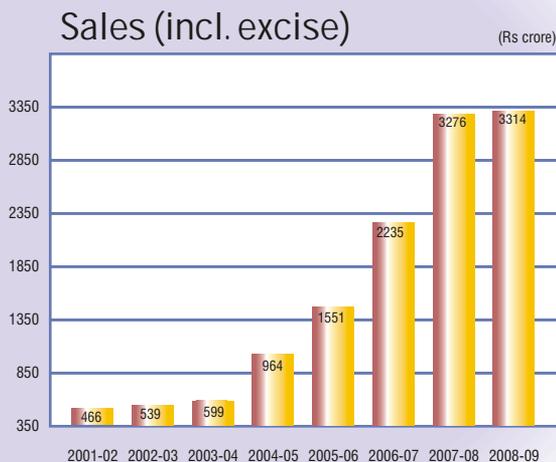
PERFORMANCE

Despite challenging economic conditions, your company has been able to post a marginal increase in the top line. Total income in 2008-09 was Rs. 3303.2 crore, 1.8% higher than the previous year. Profit after tax increased to Rs. 287.3 crore compared to Rs. 280.8 crore in the previous year.

Earnings per share (EPS) improved marginally to Rs. 24.11 from Rs. 23.56 in 2007-08.

During the year, exports – including deemed exports – have risen to Rs. 912.3 crore from Rs. 678.2 crore last year, a growth of 34.5%. Real exports, adjusted after deemed exports, have increased by 131.4%.

During the year, your company became a subsidiary of RDA Holding & Trading Pvt. Ltd., consequent upon a scheme of amalgamation between three promoter corporate bodies, namely, ARA Trading & Investment Private Limited, KRA Holding & Trading Private Limited and RDA Holding & Trading Private Limited, without any change in promoter holding of the company.



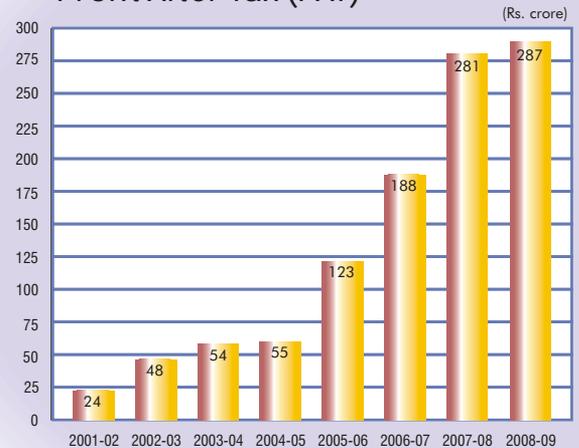
A detailed review of performance and future prospects is included in the section 'Management Discussion and Analysis' of the Annual Report.

CONSOLIDATED RESULTS

The consolidated income of the Thermax Group has

marginally reduced to Rs. 3500.7 crore from Rs. 3525.4 crore last year. Income from international business has increased to Rs. 958.8 crore from Rs. 715.3 crore. Profit before tax is Rs. 424.7 crore as against Rs. 447.8 crore in the previous year. Profit after tax and minority interest has marginally decreased by 0.6 % to Rs. 288.9 crore. Earnings

Profit After Tax (PAT)



per share (EPS) on a consolidated basis was Rs.24.25 as compared to Rs. 24.40 in the previous year.

The liquidation process of ME Engineering Ltd., the UK based step-down subsidiary, is expected to be completed during the current year. Voluntary winding-up of Thermax Energy Performance Services Ltd., the joint venture company, is under way. Accordingly, these companies have not been considered for consolidation.

In terms of approval granted by the Central Government pursuant to the provisions of Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet and Profit and Loss Account, Directors' Report and Auditors' Report and other documents of the subsidiary companies, in India and abroad, have not been attached to the Accounts of the company for the year 2008-09. However, on request by any member of the company/statutory authority interested in obtaining them, these documents will be made available for examination at the company's corporate office. The audited consolidated financial statement presented by the company include the financial information of all its subsidiary companies prepared in accordance with the Accounting Standard 21 (AS 21) issued by The Institute of Chartered

Accountants of India. Pursuant to the approval, a statement of summarised financials of all the subsidiaries is attached along with the consolidated financial statement.

DIVIDEND

The Directors have recommended a 250% dividend for the financial year 2008-09, which is Rs. 5 per equity share of face value Rs. 2.

The dividend, if approved by the shareholders, will entail a payout of Rs. 69.70 crore, including dividend distribution tax of Rs. 10.12 crore.

SUBSIDIARIES

Domestic

Thermax Engineering Construction Co. Ltd.

Thermax Engineering Construction Co. Ltd. (TECC), the company's wholly owned subsidiary, undertakes and executes engineering construction projects mainly for the Boiler and Heater (B&H) business unit of your company.

During the year, the company registered a turnover of Rs. 99.9 crore as against Rs. 113.7 crore last year. Profit after tax was also lower at Rs. 1.5 crore compared to Rs. 1.8 crore in the previous year owing to reduced business operations. The decline in revenues and profit was due to the lower inflow and execution of orders. The company is on target with respect to the execution of its largest project order for a refinery in Gujarat. The Mundra port assembly facility for boilers was commissioned and it shipped the largest ever single boiler unit of Thermax weighing 585 tons for an overseas customer.

Thermax Instrumentation Limited

Thermax Instrumentation Limited (TIL), a wholly owned subsidiary, focuses its operations on installation and commissioning of power and cogeneration plants including civil construction.

In 2008-09, the company earned a total income of Rs. 103.2 crore and profit after tax of Rs. 0.4 crore compared to Rs. 157.2 crore and Rs. 7 crore respectively, in the previous year. Reduction in revenues and profits is due to lower volume of business.

During the year, the subsidiary successfully commissioned eight power plants, comprising 10 units, which was the highest in any year.

Thermax Sustainable Energy Solutions Limited

The subsidiary Thermax Sustainable Energy Solutions Limited (TSES) – erstwhile Thermax Surface Coatings Limited – has been constantly evaluating opportunities which enhance the service and solutions businesses of the parent company. The company has chosen to venture into clean development mechanism oriented businesses. It was decided to change the name of the company to appropriately reflect the new business activities to be undertaken by it.

The Board of your company has also approved an investment of Rs. 4 crore towards the equity share capital of TSES for its foray into the new business.

Overseas

Thermax Inc., U.S.A.

This wholly owned step-down subsidiary is the front-end value chain for the parent company's two businesses in the USA – chemicals and cooling.

Despite a decrease in income of the company by 14.4% during the year to USD 14.78 million, the company maintained a profit after tax at USD 0.1 million.

Facing a deteriorating economic environment, impacting the top line, the initiative to focus on the right product mix and pricing discipline ensured margins for the chemical business. During the year, both top line and margins showed improvement for the cooling business segment.

The subsidiary signed an exclusive agreement with a US firm to manufacture absorption chillers for them, to be sold in the North American market.

Thermax Europe Ltd., UK.

This wholly owned subsidiary achieved an improved income of USD 8.04 million as against USD 6.98 million last year. Profit after tax was higher at USD 0.79 million as compared to USD 0.44 million in the previous year. An increased focus on energy efficiency and pursuit of carbon footprint reduction oriented projects resulted in the company bagging orders for four large heat pumps based on absorption technology.

The company continues to build on its strong position in this market especially in solar, district cooling and geo-thermal heat pump applications. The company has also supplied absorption heat pumps and chillers to the Government of Denmark for their energy conserving district heating and cooling projects.

Thermax Hong Kong Limited, Hong Kong

Thermax Hong Kong Limited (THKL), a wholly owned overseas subsidiary, posted an income of USD 0.98 million against USD 1.05 million last year. The current year's operations resulted in a loss of USD 13,209 against a nominal profit of USD 4,464 in the previous year.

The company was established with the dual purpose of making an initial foray into the Chinese absorption cooling market and to provide support for the sourcing activities of the various divisions of the parent company. The company has achieved its initial objectives on both fronts.

Subsequently, with your company setting up a subsidiary, Thermax (Zhejiang) Cooling and Heating Engineering Co. Ltd., in China, revenues are being pursued through this new subsidiary's manufacturing facility.

Since there is no further revenue stream planned, the operations of this subsidiary are in hibernation.

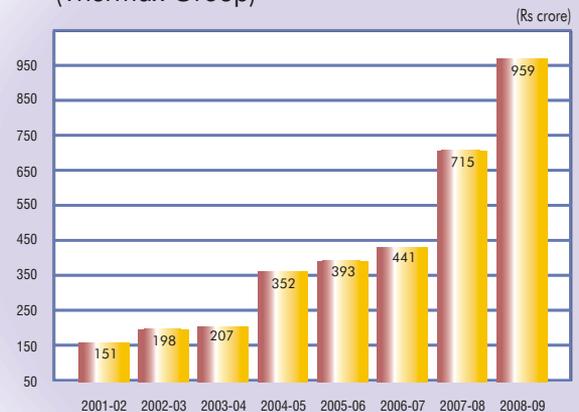
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., the wholly owned subsidiary, has set up an absorption chiller manufacturing facility in the Zhejiang province of China. The state-of-the-art facility is now fully functional complementing Thermax's Indian manufacturing base. This subsidiary will play a key role in the selective internationalisation programme of the company as well as the Chinese market.

The manufacturing facility went into commercial production in September 2008 and commenced sale of absorption chillers for the Chinese market and other selective overseas markets. In its first year of operation, the company has achieved a total income of USD 1.82 million and incurred a loss of USD 2.43 million, after accounting for all preoperative expenses and depreciation. It has been a challenging year and this market will continue to take its time to ramp up; however the company expects to scale up operations in the years ahead.

During the year, your company has invested USD 2.4 million in the share capital of this subsidiary. The total investment in this subsidiary towards share capital now stands at USD 10.4 million, out of the earmarked funds of USD 11.5 million.

International Business (Thermax Group)



Thermax do Brasil – Energia e Equipamentos Ltda., Brazil

During the fiscal year the subsidiary recorded an income of USD 0.06 million against USD 0.2 million and made a nominal profit after tax of USD 683.

Owing to the truncated market size of absorption chillers, it has been decided to hibernate this subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis report, highlighting the performance and prospects of the company's energy and environment businesses is attached.

CORPORATE GOVERNANCE

It has been the endeavour of your company to follow and implement best practices in corporate governance, in letter and spirit. A detailed Corporate Governance Report is included in this report.

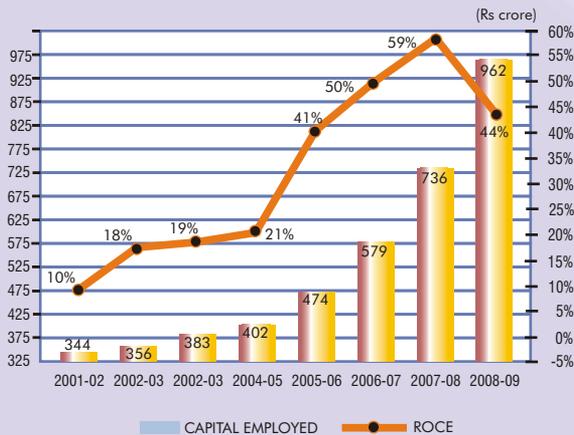
A certificate from the auditors of the company regarding compliance with the conditions of corporate governance as

required under Clause 49 of the Listing Agreement, is part of this report.

LISTING ON STOCK EXCHANGES

The company's equity shares are listed on two stock exchanges – National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

Return on Capital Employed



FINANCE, ACCOUNTS AND SYSTEMS

As on March 31, 2009, the company's cash and cash equivalents stood at Rs 463 crore. After an investment of Rs 164 crore in fixed assets, the company's net cash outflow was Rs 89 crore. The challenging financial environment prevailing in the second half of the year resulted in lower accretion of customer advances which also impacted working capital. The company's net working capital was Rs. 17.1 crore (adjusted to fixed deposits with banks) as against Rs. (-) 154.7 crore in the previous year.

The company's conservative investment policies ensured that there was no adverse impact due to the global financial crisis or the meltdown of the money markets and stock markets.

The management of the company would continue to focus on working capital management and cash flows. The company's funds are invested in debt funds and fixed deposits with reputed banks. The company has not traded or engaged in any derivative instruments or options during

the year.

The company has completed the ERP implementation for two of its business divisions – namely Enviro and Water & Waste Solutions – successfully and on time.

ICRA Ltd. has assigned the company LAA+ and A1+ rating for long term and short term bank limits respectively, availed.

In respect of misappropriation of funds by an ex-employee, referred to by the Auditors in their report under CARO, the company has taken appropriate steps to investigate the same and also to bring to book the persons concerned. It has also initiated various measures to further strengthen the internal control systems.

Public Deposits

The company had no unpaid / unclaimed deposit(s) as on March 31, 2009. It has not accepted any fixed deposits during the year.

In terms of the provisions of Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the company has transferred unclaimed dividend for the financial year 2000-2001 amounting to Rs. 0.65 lakh to the Fund.

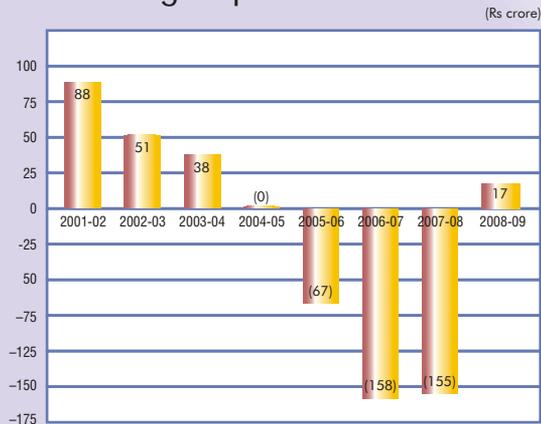
AWARDS AND RECOGNITION

Ms. Meher Pudumjee, Chairperson, was conferred with the Business Standard CEO of the Year award (2007-08) by a distinguished panel. The award acknowledges the sustained growth of Thermax and the value return to shareholders. In a year marked by reports of corporate misgovernance, Thermax's reputation in growing without compromising ethics came in for the jury's special mention.

Thermax also won the Enertia Award 2008 for Business Excellence and Financial Engineering. It was acknowledged for crossing the turnover mark of Rs. 3000 crore with a 47% growth in income and PBT and a 48% growth in PAT in 2007-08.

Your company has won accolades from the Federation of Indian Export Organisation (FIEO) for outstanding export performance. FIEO's Gold trophy and Certificate of Excellence (Niryat Shree) were awarded for exports made during 2005-06.

Working Capital



EMPLOYEE STRENGTH

The total number of permanent employees on the rolls of the company was 4752 as on March 31, 2009.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

A statement of the particulars required under Section 217(1) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed and forms part of this Report.

Particulars of the employees as required under Section 217(2A) of the Companies Act, 1956, read with the rules framed thereunder, are also annexed and forms part of this report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the corporate office.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Dr. Manu

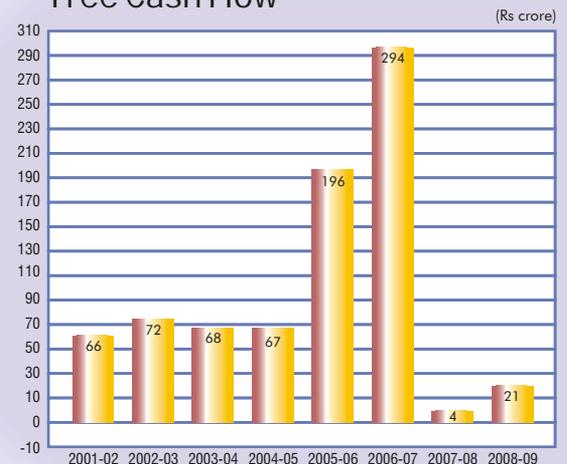
Seth and Dr. Valentin von Massow retire by rotation at the ensuing Annual General Meeting and being eligible, have filed their consent to act as Directors of the company, if appointed.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors accept responsibility for the integrity and objectivity of the Profit & Loss Account for the financial year ended March 31, 2009 and the Balance Sheet as at that date ("financial statements") and confirm that:

1. The financial statements have been prepared on a going concern basis. In the preparation of the financial statements the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by The Institute of Chartered Accountants of India as also the guidelines issued by the Reserve Bank of India applicable to the company have been followed.
2. Appropriate accounting policies have been selected and are being applied consistently. Judgements and estimates

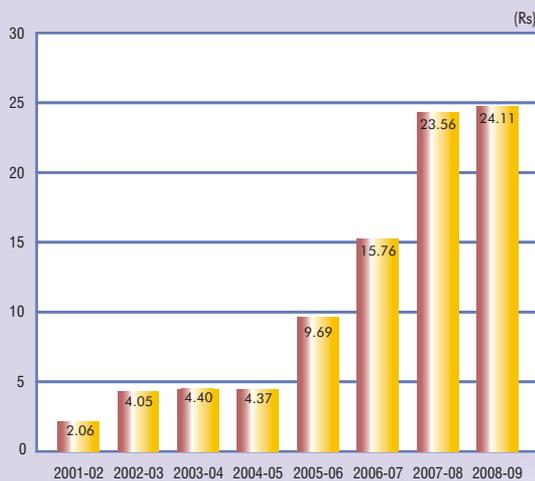
Free Cash Flow



that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period. Significant accounting policies and other required disclosures have been made in Schedule 18 annexed to the Financial Statements.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system, its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The company has an Internal Audit department which coordinates the internal audit process. The Audit Committee of the Board meets at regular intervals to review the internal audit function.

Earnings Per Share (EPS)



4. The financial statements have been audited by M/s. B. K. Khare & Co., the statutory auditors and their report is appended thereto.

COMMITTEES OF THE BOARD

During the year, changes have been effected in the following committees of the Board:

Remuneration and Compensation Committee: the Board at its meeting held on May 21, 2008 modified the terms of reference of the committee.

The Corporate Governance Report details the changes in respect of the aforesaid committee.

Audit Committee: Dr. R. A. Mashelkar was inducted as a member of the committee for the meeting of May 19, 2009. This was necessitated in view of the absence of two independent directors due to personal reasons.

AUDITORS

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

ACKNOWLEDGEMENTS

Your Directors also place on record their appreciation of the continued support extended by the company's clients, business associates, supplier partners, bankers and investors during the year. Your Directors also place on record their appreciation of the dedication and contributions made by employees at all levels, who through their competence, hard work and support have enabled the company to achieve growth and improved performance. Your Directors look forward to their continued support in the future as well.

For and on behalf of the Board

Meher Pudumjee
Chairperson

Pune: June 18, 2009

Annexure to the Report of the Board of Directors as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2009

A. CONSERVATION OF ENERGY

During the year, resource conservation worth Rs. 82 lakh was achieved as a result of implementing the following measures:

1. Electricity: Saved Rs. 16 lakh by reducing consumption with the use of energy saving devices.
2. Repair & Maintenance: Saved Rs. 3.5 lakh by modification and reuse of idle / older version of equipment.
3. Fuel:
 - i) Saved Rs. 8 lakh by improving the performance of the stress relieving furnace.
 - ii) Saved Rs. 53 lakh by shifting the weekly off from Sunday to Thursday and avoiding the use of DG sets.
4. Water: Saved Rs. 1.6 lakh by identifying and stopping leakages in old pipelines.

Health, Safety and Environment measures

Health, Safety & Environment is a very important priority for Thermax. In order to further enhance safety performance, various initiatives were undertaken during the year:

- (1) *Leadership & Commitment*: Safety performance is reviewed every quarter by the Board. The Managing Director reviews each division's safety performance every quarter.
In each division a safety council has been formed under the chairmanship of the SBU Head and a safety meeting is held every month.
In the plant a central safety committee and also a plant level safety committee is formed having equal participation of shop floor operators.
- (2) *Competency and Training*: There is an emphasis on safety training at all levels of employees, contractors, vendors and suppliers. A number of training programmes were conducted during the year.

- (3) *Asset Integrity*: Safe operating procedures for all old and new critical equipment have been developed. Any engineering change (i.e. changes in operating condition, replacement of spares or any temporary or permanent engineering modification) required for the equipment has been subjected to risk assessment and management review.
- (4) *Standards and Procedures*: To improve safety at the workplace, jobs that are undertaken go through a job hazard analysis process prior to starting the job.
- (5) *Incident Management and Investigation*: Site emergency management plans have been developed to deal with any emergency. Training on fire prevention and control and mock drills on emergency evacuation have been conducted in all Thermax offices.
- (6) *Audits*: Internal and external safety audits and inspections are carried out regularly and the compliance of audit action points is monitored. A total of 362 internal audits and 31 external audits have been conducted in 2008-09. The overall audit compliance level is 80% whereas the same is over 90% for 'A' category risks.

A surveillance audit of Chinchwad plant and Paudh plant was conducted successfully for OHSAS: 18001 (Occupational Health Safety Assessment Series) and ISO: 14001 (Environment Management System) International Standard by DNV and BVQI respectively.

B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

1. Specific areas in which R&D is carried out by the company:

A major restructuring was undertaken in the research and development wing of the company during the year. This function was rechristened as RTIC – Research Technology and Innovation Center – to encompass both process and technology innovation.

Actions have been initiated to create five Centres of Excellence (COE) viz., i) combustion & gasification, ii) heat transfer, iii) material science, iv) solar and v) bio-technology. An advanced computing centre is also under implementation to support all computation requirements across the organisation. These COEs are already working on 23 identified projects for fast track implementation.

2. Benefits derived:

The COEs will build several platforms and provide solutions / new products and technologies for the business divisions. Some of these, in the advanced stage, relate to electrostatic precipitators, new waste water recycle technologies and spent wash liquor combustion.

3. Future plan of action:

Your company is on the path of developing integrated energy and environment systems. Towards this, the company is working on state-of-the-art technology in the renewable sector more particularly in solar and biomass, clean coal technology and plans to enter into balance of plant for the nuclear industry, as well.

4. Expenditure on R&D

- a. Capital : Rs. 0.19 crore
- b. Recurring : Rs. 8.96 crore
- c. Total : Rs. 9.15 crore
- d. Total R&D : 0.3% expenditure as a percentage of turnover

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Indigenous development of spent wash-fired boilers, which use the distillery effluent to generate useful energy and at the same time reduce ground pollution.

2. Benefits derived as a result of the above efforts - product improvement, cost reduction, product development, import substitution, etc.:

The company has commissioned its first spent wash boiler project for a distillery in south India. More orders are in the pipeline.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information is furnished:

Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed reasons thereof and future plan of action
Sub critical utility boiler technology	2008	No	Presently using the technology for design of boiler for one order. However, full absorption will take place on manufacturing supply, erection and commissioning of such boilers. This will take a minimum period of three years
Paper process chemicals	2007	Yes	N.A.
Electrostatic Precipitators	2007	Yes	N. A.
Cement plant waste heat recovery boiler	2005	Yes	N.A
Cyclone & fully evaporative agglomeration spray systems	2004	Yes	N.A

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the company had a net foreign exchange inflow of Rs. 276.6 crore as against a net outflow of Rs. 37.3 crore in the previous year. This is due to substantial increase in exports.

The details on foreign exchange earnings and outgo are given in the Notes 6(E), 6(F) and 6(G) of Schedule 18 to the Accounts, which form part of the Annual Report.



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The world experienced an unprecedented economic upheaval in the year 2008-09. What started as a minor crisis in the housing sector in the US, snowballed into a major economic disaster, last witnessed only during the Great Depression of the 1930's. The impact of this crisis was felt globally with top manufacturing companies and banks toppling and some countries going bankrupt leaving close to 20 million people jobless.

The governments of U.S, U.K, China, Germany and many other countries have provided trillions of dollars of financial support and implemented other fiscal measures. Issues related to corporate governance and unhealthy financial practices have emerged as the root cause of this economic chaos. Dented trust and business confidence alongside low morale have aggravated the situation with protectionist tendencies creeping into policy measures across many countries.

As India is not decoupled from the world economy, exports as well as investment led consumption dissipated to a large extent. Labor intensive sectors dependent on exports – like leather, textiles, marine foods, metals and machinery – plunged with the dollar-rupee volatility at its peak. The oil prices dropped to a new low negating the fuel shift from oil to biomass, envisaged in the Southeast Asian market. Even domestic consumption was considerably low, resulting in many sectors like auto, cement, and steel either shutting down the facilities or operating at low capacities. The infrastructure related projects of power, housing and capacity expansion have been deferred due to unavailability

of quality credit. This resulted in unemployment of nearly 1.5 million people in India.

Though India continues to be one of the fastest growing economies of the world, the GDP growth declined to 6.7% in March 2009 compared to the 9% levels of previous years. The negative Index of Industrial Production (IIP) growth and increasing inventory levels in the last quarter of 2008, along with inflation and currency volatility, have highlighted the

subdued economic activity in the country.

The Indian government declared three fiscal stimulus packages between December 2008 and February 2009 and the Reserve Bank eased its monetary stance with the rapidly receding inflation.

Though the outlook for the near term looks challenging, business opportunities are emerging in hitherto untouched sectors. Food processing, pharma and consumer sectors along with central and state government spending on infrastructure have opened up new areas of business. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) undertaken by the union government for fast track planned development in 63 identified cities has set forth ambitious targets in the field of water supply and sewerage services. The power projects delayed earlier are obtaining

financial closure with funding from domestic and nationalised banks. The government needs to increase power generation through fossil fuels as well as other sources of energy, preferably renewable. At the same time, the onus is also for environmental issues relating to water and air pollution as water scarcity, poor quality of available water sources and carbon emissions are increasing day by day. These issues still need to be addressed and will provide new avenues in the current economic scenario.

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Review of Operations

During the fiscal year 2008-09, despite the global and domestic economic crisis, your company has been able to consolidate its performance. It generated a total income of Rs. 3303 crore, with profit after tax at Rs. 287 crore. Exports, including deemed exports, represented 28% of the total income. Your company's performance was commendable considering the prevalent economic and business environment.

Continuing with the trend from previous years, the company's Energy business comprising Boiler & Heater, Power, Cooling & Heating contributed 77% of the company's income while the Environment business comprising Air Pollution Control, Chemicals along with Water and Wastewater Solutions generated 23%.

Thermax, being a business-to-business company, is dependent on industrial growth and development of private as well as public sector projects. All investments directly dependent on consumption and investor confidence are still weak at this time. The energy and environment sectors need considerable capital for initial outlay as well as for expansion. Many Indian companies, which have made huge growth plans in the last couple of years, have either deferred or are shelving their plans at the moment. Order finalisations have been delayed as financial closures have been difficult to accomplish. The energy segment witnessed de-growth in the current year due to major volatility in coal prices and the availability of coal in India. The fuel shift which was being favoured due to high oil prices took a U-turn with oil prices dropping to a new low. In the power generation space, many power projects undertaken by private players were deferred due to financial closure issues and perceived overcapacity in the steel and cement sectors.

India faces a deficit of 12% in its energy needs. An average of 10,000 MW is needed every year to meet the current and future requirements. But only 4,900 MW, or 44 per cent of the targeted addition of about 11,061 MW, was achieved in the twelve months ended March 31, 2009. Same is the case

with many water and environment related projects, which are facing difficulties in financial closure or execution. In this scenario, several small and medium size projects are emerging as potential opportunities.

During the year your company witnessed major consolidation of processes, products and internal systems in order to improve and provide better solutions to the customer. This included development of new cost effective products for the Heating & Cooling businesses, innovative solutions in the Service business, participation in municipal and public sector projects, along with advanced technology tie-ups and internal process enhancement for cost leadership and on-time execution.

Also, the public water and wastewater treatment space is emerging as a potentially attractive market for private sector participation in terms of providing skills and technologies for effective solutions to manage water, wastewater and its disposal, on a turnkey basis.

In 2008-09, to support the company's growth plans, the Board of Directors sanctioned investment for a Research, Technology and Innovation Centre (RTIC). The building blocks for RTIC are already in place with a program to establish Centers of Excellence in the key technology areas critical for Thermax businesses such as combustion, heat transfer, water recycle and advanced computing. Partnerships with leading academic and research institutions would be a distinct feature of the RTIC agenda. Twenty-three projects across strategic business units have been launched to leapfrog technology development within

Thermax. Some of these projects have a gestation period of 12 to 18 months, and are essentially of three types – improvement of existing products, technology solutions for persistent problems and launch of new products and technologies. Some of the projects like compact and highly efficient effluent treatment plants and applications of solar thermal energy will be ready for deployment in the coming year. These would help open new business lines for the company.

Your company has conducted a study with the help of an external agency to estimate the carbon footprint of its

Continuing with the trend from previous years, the company's Energy business comprising Boiler & Heater, Power, Cooling & Heating contributed 77% of the company's income while the Environment business comprising Air Pollution Control, Chemicals along with Water and Wastewater Solutions generated 23%.

operations and processes and it was found to be low compared to other manufacturing companies. However, Thermax is evaluating the balance between fossil fuel based products and other carbon neutral/negative products and renewable energy to enhance the green portfolio range of products and solutions.

Energy Segment Analysis

In 2008-09, your company's energy business income stood at 77% of the total income.

Year	Energy Business			
	Sales (Rs. cr)	Growth % YOY	Exports (Rs. cr)	Growth % YOY
2006-07	1,682	52	324	30
2007-08	2,580	53	614	90
2008-09	2,471	-4	830	35

The business scenario in the energy segment was not favourable during the year, due to the crisis impacting the country's economy. Many customers faced difficulties in obtaining financial closure for large scale projects. Even smaller projects were impacted due to loss in business confidence and banks' unwillingness to provide finance even to meet the working capital requirements of many companies.

Though the energy business of the company witnessed a slight decline, the development of new products for power generation from waste like spent wash and waste heat proved to be emerging opportunities. This included the design, construction and commissioning of a spent wash fired boiler for a distillery in South India. The energy business completed the successful commissioning of heat recovery systems and auxiliary boilers for a major refinery. The new facility at Savli, Vadodara started operations and is ready for manufacture of the utility range of boilers. The technology partnership with Babcock and Wilcox of USA initiated last year has resulted in the first utility boiler order for the company.

In the Cooling and Heating division, innovation has resulted in new application identification as well as new product development. This included the setting up of an in-house test bay of 3300 TR capacity, one of the largest facilities of its kind in the world, to design, manufacture and test absorption chillers.

In the Power business, eight power plants comprising 10 units were commissioned in the 12 months ending – the highest ever for any year. The operations and maintenance business for captive power plants has increased to 13 plants comprising 19 units.

The energy business foresees developments in the alternate energy area providing eco-friendly solutions to customers. These will include multiple forms of waste to energy conversion, energy efficiency methods assisted by advanced technologies, and power generation from renewable sources like biomass and solar. Medium gestation projects will be the focus for the next couple of years.

Environment Segment Analysis

In 2008-09, your company's environment business income as well as the exports increased by 28% as compared to the previous year.

Year	Environment Business			
	Sales (Rs. cr)	Growth % YOY	Exports (Rs. cr)	Growth % YOY
2006-07	455	28	78	32
2007-08	576	27	64	-18
2008-09	740	28	82	28

The environment segment witnessed higher growth this year largely because the enforcement of stringent pollution control norms has seen many customers opting for environmental products and solutions. Your company has built sufficient capabilities in terms of technology and supply chain to be a major player in large environmental projects. The technology tie-up with Balcke Dürr last year has resulted in the air pollution control division's capability to participate in large projects.

The Chemical division's tie-up with Georgia Pacific last year for paper chemicals has resulted in the company setting up the manufacturing of paper and pulp industry related chemicals to produce eco-friendly products. This will provide a major thrust in the export markets of South East Asia and the Middle East over time. In addition, the thrust on performance chemicals continues with better efficiency, performance and reliability as parameters for serving the oil & gas, petrochemicals and refining sectors.

The ever increasing water scarcity and deterioration of water quality needed for specialised applications, along with stringent discharge norms have been the defining reasons for additional thrust in the water and wastewater segment. Thermax is well positioned to leverage on the available opportunities in the public sector water and waste solutions space. Having served the water and wastewater market for over three decades, your company has all the prerequisites to provide sustainable solutions to select municipal corporations. Thermax today is well equipped with a range of technology solutions for sewage treatment, water recycle, sea water desalination, and waste to energy applications.

Energy Business Group

Boiler & Heater

The Boiler & Heater business witnessed a marginal decline in income as compared to the previous year. As domestic consumption decreased, many projects were delayed due to the deferment of capacity expansion plans in sectors like steel, cement, paper. In the export markets, though the South East Asian market witnessed a major slowdown, new demand for Retrofit and Modernization (R&M) projects in South East Asia and Middle East emerged. The division successfully commissioned the heat recovery systems and auxiliary boilers for a major refinery.

Reinforcing the company's theme of 'Conserving Energy and Preserving the Environment', the division initiated new measures with the launch and successful commissioning of new products, mainly in the area of green energy. These included design, construction and commissioning of a spent-wash fired boiler for a distillery in South India and new boilers for power generation using municipal waste and waste heat from cement plants.

Spent wash is a major pollutant and environmental hazard in distilleries. This new boiler from Thermax not only helps in converting waste to energy but also helps in reducing the negative impact on the environment. The waste heat boilers help the customer in getting more from less; lower energy costs and higher efficiency with minimum investment.

The division has developed new markets in the distillery and cement sectors, thereby contributing to the green energy portfolio of the company. As part of the company's capital expansion plans initiated last year, new boiler manufacturing and port assembly facilities at Savli in Vadodara and Mundra in Gujarat were commissioned.

For the year 2009-10, the division expects improvement in the overall business scenario with a stable pricing environment and a better investment climate. However, with the gestation period of 12 – 18 months for most projects, growth is expected only in FY11. The company's foray into the utility range of boilers will help in executing orders in the sub critical segment. Furthermore, the division expects to develop the green product portfolio for new sectors where more opportunities are expected in domestic as well as for export markets.

The public water and wastewater treatment space is emerging as a potentially attractive market for private sector participation in terms of providing skills and technologies for effective solutions to manage water, wastewater and its disposal, on a turnkey basis.

The service business of this division saw a better performance this year. New opportunities are emerging for Retrofit & Modernisation (R&M) of many facilities with a first order from a South East Asian company. Several plant upgrade projects, mainly in the Balance of Plant (BOP) area are emerging as possible business opportunities.

Power

Your company's Power business execution capability was highlighted with the commissioning of eight plants comprising of 10 units totaling 198 MW – the highest ever for any year.

Interestingly, some of the projects were commissioned on washery rejects. The plants commissioned also included small power plants catering to less than 12 MW requirement with customers identifying the benefits and EPC capability of Thermax. This was achieved due to the division's internal capability building and efficiency improvement by way of Enterprise Resource Planning (ERP) and automation software for faster engineering.

The division's project on biomass based power plant in Philippines brought in significant know-how in overseas project execution. The selective internationalisation initiative of the company has provided impetus for foray into key markets of South East Asia, especially the green energy /

renewable energy market. Waste heat recovery and renewable energy generation projects are expected to be of considerable interest to customers in the domestic and international markets; however these would be of smaller sizes. The Operations and Maintenance (O&M) or the Service segment of this business has made considerable progress since its start. This segment has increased its O&M capability to 13 plants comprising 19 units totalling 435 MW as on March 31, 2009.

With the current market conditions of delays in financial closures and deferment of capex among private sector players, the division has entered select public sector projects for diversification and to avail new opportunities. The division is identifying the possibility of power plants based on spent wash, a waste in distilleries. The Power division is also working in cooperation with the Government of India, for building a prototype of a solar thermal power plant of 200 kW for rural electrification needs. These initiatives would have an impact on the company's income in FY11.

Cooling

The Cooling business has sustained its growth and performance during this year with exports contributing to 41% of the income. The business achieved an overall double digit growth of 15% compared to the previous year in order booking. It once again emerged as the leader in the domestic market.

The division has consistently achieved its objectives of growth through technology and innovation which included a new test bay and the launch of the next generation series of chillers. A state of the art testing facility was successfully commissioned which is capable of testing various types of machines upto 3300 TR capacity. A 3300 TR exhaust fired chiller was also successfully tested at this new test bay, which has applications in malls and other commercial establishments.

The next generation absorption chillers launched have a unique shell design capable of delivering 20% higher output with reduced steam generation. The launch of chillers, which can operate by air cooling instead of traditional water cooling towers are useful in water shortage regions such as the

Middle East, thereby opening up new opportunities for business.

For better reach and higher visibility, your company has entered into an agreement with an American firm for manufacturing absorption chillers and will be sold under the Thermax brand in the North American market. The division is already working with a German company to promote inlet air cooling projects to enhance power generation by improving turbine efficiency.

Internally, the division has initiated operational excellence projects to reduce throughput time and cost of poor quality, thereby enhancing output from the plant without any major capital investment.

Heating

The Heating business posted an increase of 30% in total income as compared to last year with exports accounting for 34% of its business. During the first half of the year, your company's heating business performed well. This was due to better engineering solutions provided to customers who were impacted by high fuel oil prices. The neighbouring markets of Sri Lanka and Thailand along with other overseas markets adopted the fuel shift – from oil to biomass based heating systems. In the second half, the sentiments

reversed with declining oil prices, and volatile commodity prices contributing to projects being deferred or put on hold. The fuel shift concept – from coal to biomass based boilers, which was envisaged as economical during the earlier part of the year was not viable in the latter part.

In addition, all boilers were brought under the purview of the Indian Boiler Regulation (IBR) through a regulatory change. This demanded a clear shift in the product mix from the coil type to shell type boilers and many of the company's products had to be changed. Hence the division adopted a new product mix to replace coil boilers and also to create next generation products to serve customers better. The division has identified food processing, chemical, hotel and hospitality as the areas of growth and adopted a strategic focus to offset the current economic trend.

Continuing with the concept of innovation for better growth, the division has identified many new products for

Thermax is evaluating the balance between fossil fuel based products and other carbon neutral/negative products and renewable energy to enhance the green portfolio range of products and solutions.

development – solutions based on waste to energy as well as combustion systems capable of waste (non toxic) to energy. The division is continuing to improve the efficiency of many products by design changes and control automation.

Though the business envisages margin pressures, many sectors and applications are being identified to increase the portfolio of products. Some of the overseas markets of Middle East, Africa and Philippines are expected to be stable in the next year with a possibility of Latin America providing new opportunities for business.

Cooling and Heating Services

The Cooling and Heating Service (C&HS) business continued its focus on generating income from the revenue side of the customer's budget. In line with this focus, the spares and O&M business along with revamp / retrofit services have shown good growth. With the addition of new products in Facility Energy Management Services (FEMS), this portfolio has grown by about 25%.

The SBU has also made an entry into the utility delivery business (steam on hire) to capture additional revenue. Two such contracts are under execution at present and will impact income generation by the end of 2010. This strategy, aimed to balance the volatility of the product businesses, will continue and the emphasis will be on generating more business from operations and maintenance of multi-utility equipment, energy audit services, steam rentals and new services products. With decrease in project activities around the world, service offerings aimed at the revenue side of customer spending will help in stabilising the business for Cooling and Heating (C&H) in 2009-10.

The SBU is also working with the Research, Technology and Innovation Centre (RTIC) to expand its service solutions basket by adding special service products to address customer issues related to heavy fuel firing. Development of such fuel side service products will add a new revenue stream for services business in the immediate future. Over all, the outlook for this business continues to be positive.

Environment Business Group

Enviro (Air pollution control)

The Air Pollution Control business has been able to contain the impact of market disturbances to a minimum. Despite a slowdown in the cement sector, the division focussed on segments like captive power, steel, sponge iron and process industries.

The division's international business obtained orders from the identified focus sectors during the year, with one of the export orders being the largest ever for the division. This will provide the company a firm entry in the export market in the

pollution control equipment and will help build up further capabilities in new markets. The air pollution control business has identified a right mix of standard products as well as customised solutions to cater to the needs of customers. While the standardised offerings are addressed through our channel partners ensuring consistent order intake, the customised solutions are being handled through the direct route, giving Thermax the all-important experience in critical jobs.

The company's technology tie-up with Balcke-Dürr GmbH last year for large electrostatic precipitators has helped the company address new applications for established industries. After the completion of the technology absorption

process from our partner, the first electrostatic precipitator built with the new technology was dispatched this year. Thermax has partnered with an American company to design and build the first set of chemical filters, thus creating a new line of products catering to the air purification segment.

With its quest for operational excellence by process integration, the division implemented Enterprise Resource Planning (ERP) in January 2009. This will help in enhanced process monitoring throughout the supply chain, enabling Thermax to serve customers better.

For the year 2009-10, though the immediate market situation seems volatile due to global economic turmoil as well as steel price volatility, the division expects the conditions to improve

The energy business foresees developments in the alternate energy area providing eco-friendly solutions to customers. These will include multiple forms of waste to energy conversion, energy efficiency methods assisted by advanced technologies, and power generation from renewable sources like biomass and solar.

for the better. New opportunities are expected from power, infrastructure development and hospitality sectors.

Chemical

The chemical business of the company performed better than last year with a 20% increase in total income with exports contributing 42% of business volume. The division's focus on specialty resins helped it to compete successfully with market leaders. Increased presence in performance chemicals in domestic markets as well as in South East Asia and Middle East helped the division achieve better growth. The main sectors of oil refinery, petrochemicals and steel contributed to this growth in 2008-09. Due to the diversified offering of chemical products, independent of capex, the impact of the recession was not severe on this business.

Based on the technology tie-up with Georgia Pacific last year, your company has set up a manufacturing unit for producing paper chemicals, used as consumables in the paper and pulp industry. These chemicals help produce paper in an eco friendly manner especially for alkaline and neutral sizing. They are currently being offered in the domestic markets and will expand into overseas markets, mainly in the Middle East. This year, the division has entered into an agreement for the distribution of Reverse Osmosis membranes with a major international player.

The suit filed by one of the company's competitors in a US court for alleged violation of intellectual property rights, still continues. After extended proceedings, the Court indicated that it would commence the preliminary hearings in August, 2009 and the calendar for the Trial would also be fixed accordingly, in due course. Based on the facts of the case and feedback from the US attorneys, the management does not expect any serious liability arising from this case.

In 2009-10, the business will continue its focus on specialty resins and performance products by increasing its reach to other sectors. While maintaining leadership in domestic markets, our presence in South East Asia and the Middle East will be enhanced. The paper chemicals business is in the process of identifying export markets for growth. Business is

The enforcement of stringent pollution control norms has seen many customers opting for environmental products and solutions. Your company has built sufficient capabilities in terms of technology and supply chain to be a major player in large environmental projects.

expected to grow on a steady and continuous manner in a year of economic challenges.

Water and Waste Solutions

Your company's Water and Waste Solutions division witnessed a marginal decline in its income as compared to last year. Better management of costs, resources and enhanced project execution skills contributed to increased profitability and closure of a higher number of projects than expected. Though the project business was affected in the first half of the year, several major orders were bagged in the second half of the year.

To increase focus on the opportunities under various segments, the business was reorganised into three verticals – namely Industrial, Municipal and Standard Products. The industrial and standard products businesses continued their growth, although in a subdued manner. The municipal projects business performed well with good orders for sewage treatment plants from several municipalities across many states in the country.

In addition to the reorganisation, the water and waste solutions business has completed a technology tie up with a German company for the Sequential Batch Reactor technology, which is widely accepted in the industry. Also, the division is in the process of acquiring technology to provide solutions in the area of tough-to-degrade wastes. Water recycle will be a focus area as tough environmental norms are driving industries to adopt green practices.

The division has also undertaken operational excellence initiatives resulting in cost leadership. This will help in increased participation in schemes related to public sector undertakings and power projects.

In the next year, the focus will be on the metals and steel along with power, oil & gas and the refinery sectors. The business will target sewage treatment, water recycling as the core opportunities. The business is actively participating in government infrastructure projects at the state and central levels.

Chemical and Water Solutions Services

To address the available market potential, the Chemical and Water Solutions Service (CWSS) business has enhanced its competencies in handling operations and maintenance, retrofit and water augmentation projects. Upgrade and refurbishing programmes of water and wastewater facilities are helping the customers in reducing their capital investments. The division expects a steady growth in the service business.

Risk Management

The year 2008-09 witnessed significant volatility, thereby affecting many companies, large and small alike. Companies with robust risk management systems have endured the current situation in a better manner.

While risks are an inevitable part of business, your company realises the importance of forecasting, managing and containing risks. Under the current business conditions, your company has been enhancing its risk management processes. The executive management at all divisions and at centralised functions have been empowered to initiate suitable measures to identify and control risks – by reporting and reviewing business as well as process related risks, at defined intervals. The company's management reviews and monitors the risks associated with its various businesses at periodic intervals.

Analysis and comments on key business risks:

Risk of cyclical business

The capital goods sector in which your company operates is cyclical in nature. The company's project business is predominantly from sectors like power, steel and cement which have witnessed volatility. To manage the risk of cyclical business, Thermax reviews significant developments taking place in the industry sectors and also closely monitors the projects under execution. Your company continues to reduce the impact of the cyclical business risk by developing its product and service businesses and through selective internationalisation.

Customer concentration risk

Particularly in the project business, large orders from a few customers can result in customer concentration risk. To

mitigate this risk, your company continues to broad base the orders. However given the nature of the Power, Boiler & Heater and Utility Boiler businesses, where individual orders are of large value, the company reviews such orders on a case to case basis and monitors them closely.

Risk of concentration in one business segment

As large value projects in the energy segment form a significant share of income, the company faces the risk of concentration in a single business. However as the energy segment offerings are under diverse businesses that cater to different market requirements, risk concentration to a single business segment is sufficiently mitigated. The environment segment too includes three different businesses, making the company's portfolio diverse. The management closely reviews and monitors the overall business situation.

Competition risk

The global markets are integrated and today there is seamless movement of goods and services across countries. Thus competition is faced not only from domestic players but also from foreign companies. The company recognises this risk and continues to focus on quality, cost and delivery to maintain its leadership position. It aims to create sustainable competitive advantage and as part of its selective internationalisation programme, benchmarks its products and services against global competitors.

Project management risk

Being in the project business, Thermax faces risks associated with project execution. Project delays can affect the company financially as well as in terms of reputation. The management reviews all risks related to key projects on a case to case basis depending on their size and complexity. The management has established processes and systems to review the progress and costs of projects.

Risk related to safe operations

Your company places great importance on the safety of its people. The company's operations are spread across multiple locations and towards this, the management has put in place policies, procedures and processes to enhance and monitor safety.

Thermax has a Health, Safety & Environment (HSE) Policy

in place and has deputed safety officers at all major project sites. The safety function is monitored and reviewed by a Corporate Safety Officer. The company continues to focus on enhancing safety awareness and inculcate a safety culture across the organisation.

Risk related to human resources

Thermax recognises that its people are its assets and strives to motivate and retain them. Attrition risk and manpower availability risk are reviewed periodically by the management and necessary measures taken to mitigate the impact of this human resource related risk.

Risk of energy price fluctuation

The year saw wide fluctuations in oil prices. As your company is in the energy business, fluctuations in fuel and energy prices can impact viability of projects under execution and future orders. The company has proven capability of handling a variety of fuels, including a wide range of biomass, and is a leader in harnessing waste heat as a source of energy for its clients. These capabilities place your company in a position where it can capture opportunities as well as reduce the impact of energy price fluctuations on the company's businesses.

Input price increase and supply chain management risk

Rise in raw material prices could impact the profitability of the company. To reduce this risk, when quoting for large orders, the company obtains price quotations to ensure that input prices are determined and are firm for the contract period. At the time of quoting for projects, your company also takes into cognisance the possible escalation of input prices. The company's Central Sourcing Group, works closely with existing vendors even as it continues to broad base its vendors and establish new sources including overseas suppliers. These efforts help in reducing the risk of delays of critical inputs.

Exchange fluctuations and interest rate risks

The current volatility in the markets has reiterated the need for robust forex management systems and prudent investment practices. Your company has a conservative forex management policy which ensure that forex exposures are

hedged immediately upon the occurrence of an exposure. Currently, the company uses only forward contracts to hedge both its imports and exports and continues to maintain the philosophy of protecting the cash flows. The company does not speculate in the forex market.

With respect to deployment of surplus funds, the company continues to maintain its conservative policy and accordingly invests the funds only in fixed deposits of reputed banks and in rated debt mutual funds. The company does not have any long term borrowings and therefore does not face any impact on account of interest rate fluctuations on long term borrowings.

Human Resources

The year under review saw Human Resources consolidate processes and systems launched in the previous years and also the roll out of a series of new initiatives which were designed to support and be a part of the business.

The Thermax Leadership Development Programme (TLDP) launched in 2007 cumulatively saw more than 450 executives attend the development centres and around 200 executives participate in the leadership programme. It is making remarkable progress in catering to the long term development needs of employees. It also strategically addresses Thermax's long term quest to build a talent pipeline at different organisational levels to continuously make available capable leaders, who consistently deliver high quality results.

Your company embarked upon evolving the Thermax Graduate Programme (TGP) that aims to provide an opportunity to young graduate students from the science stream – physics, chemistry and mathematics – across the country to build careers with Thermax. The aim of this initiative is to address the issue of attrition amongst engineer trainees in the company, to enhance cost competitiveness in the market place and to provide a ready source of competent and technically qualified individuals to the Cooling & Heating business in the area of sales, logistics and services.

Open Forums were held in Pune and regional offices by using video conferencing for the first time, proving to be an effective and economical method of communication. The Employee Engagement Survey has become an annual feature and the follow through actions will help to create a more engaged workforce.

During the year, Industrial Relations remained cordial and the Thermax Kamgar Sanghatna based at Chinchwad obtained the ISO 9001-2000 accreditation.

Compliance with law

Your company operates from a large number of countries across the globe and ensures adherence to all laws including laws relating to local employment. It has initiated a comprehensive framework for reporting and reviewing of compliance. This process is facilitated by creating and updating a data base on applicable provisions of various laws. Compliance reporting and reviews are monitored under close supervision.

Cautionary statement

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.



CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

Thermax Limited continues its commitment to high standards of corporate governance. In all its operations and processes, the company adheres to stringent governance norms so that its stakeholders are ensured of superior and sustained financial performance.

Through its corporate governance measures, the company aims to maintain transparency in its financial reporting and keep all its stakeholders informed about its policies, performance and developments. Thermax will contribute to sustain stakeholder confidence by adopting and continuing good practices, which is at the heart of effective corporate governance.

Your company's Board has empowered responsible persons to implement policies and guidelines related to the key elements of corporate governance – transparency, disclosure, supervision and internal controls, risk management, internal

and external communications, high standards of safety, accounting fidelity, product and service quality. It has also set up adequate review processes.

COMPLIANCE OF CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS AND PROCEDURES

Currently, the Board of your company comprises nine directors – three non-executive promoter directors, five independent directors and the managing director.

The table gives the composition of the Board and inter alia the outside directorships held by each of the directors of the company during the financial year 2008-09.

Composition of the Board

Name of the Director	Pecuniary or business relationship with the company	Relationship with other Directors	No of other Directorships @	Committee position (excluding private, foreign and Section 25 Companies)		No of shares held in the company
				Chairperson	Member	
NON-EXECUTIVE PROMOTER						
Mrs. A. R. Aga	None except*	Yes	2	–	1	68,88,305 ^{&}
Mrs. Meher Pudumjee	None except*	Yes	3	1	2	22,75,500 ^{&}
Mr. Pheroze Pudumjee	None except*	Yes	–	2	3	3,57,000
INDEPENDENT						
Dr. Raghunath A. Mashelkar	None	No	6	–	4	–
Dr. Valentin von Massow	None	No	1	1	–	–
Mr. Tapan Mitra	None	No	6	7	5	–
Dr. Manu Seth	None	No	1	–	2	–
Dr. Jairam Varadaraj	None	No	10	1	4	–
EXECUTIVE						
Mr. M. S. Unnikrishnan	N. A.	No	–	–	4	–

@ Excludes directorship in private, foreign & Section 25 companies.

\$ In addition to the shares held by Mrs. Meher Pudumjee in her personal capacity she also holds 36,35,190 shares as a joint Trustee for the various Thermax Employees Welfare Trusts.

& In addition to the shares held by Mrs. A. R. Aga in her personal capacity she also holds 29,06,250 shares as a joint Trustee for the Thermax ESOP Trust.

* During the year, the company has paid Rs. 5,28,000/- to Mrs. Aga and Rs. 1,20,000/- to Mrs. Pudumjee as rent for premises taken on lease. The company has maintained security deposit of Rs. 40,00,000/- with Mrs. Aga for the premises taken on lease. The company has also paid Rs. 16,26,525/- to Mr. Pheroze Pudumjee, being rent for premises taken on lease and Rs. 18,00,000/- as security deposit.

Non-executive directors are entitled to reimbursement of expenses incurred in performance of the duties as directors, members of the committees appointed by the Board.

The expression 'independent director' as defined in Clause 49 of the Listing Agreement, signifies non-executive director of the company, who

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- has not been an executive of the company in the immediately preceding three financial years;
- is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the following:
 - the statutory audit firm or the internal audit firm that is associated with the company, and
 - the legal firm(s) and consulting firm(s) that have a material association with the company
- is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and
- is not a substantial shareholder of the company, i.e. owning two percent or more of the block of voting shares.

As per the disclosures received from the directors, none of the directors serve as members of more than 10 committees nor are they chairman / chairperson of more than 5 committees, as per the requirements of the Listing Agreement.

The Board met eight times during the financial year 2008-09 on the following dates: May 21, 2008, July 22, 2008, October 25, 2008, November 14, 2008, November 15, 2008, November 16, 2008, January 28, 2009 and February 25, 2009. The maximum time gap between any two meetings was not more than four calendar months.

Attendance and remuneration of each Director on the Board during the financial year 2008-09

Name of the Director	Total attendance at Board meetings	Attendance at the AGM held on July 22, 2008	Sitting fees * (Rs.)	Salary and perquisites (Rs.)	Commission† (Rs.)	Total remuneration (Rs.)
Mrs. Meher Pudumjee	8	Yes	3,00,000	NA	15,00,000	18,00,000
Mrs. A. R. Aga	6	Yes	1,40,000	NA	3,00,000	4,40,000
Dr. Raghunath Mashelkar	7	Yes	1,40,000	NA	8,00,000	9,40,000
Dr. Valentin von Massow	6	Yes	2,00,000	NA	16,69,000	18,69,000
Mr. Tapan Mitra	7	Yes	2,60,000	NA	8,00,000	10,60,000
Mr. Pheroze Pudumjee	8	Yes	4,00,000	NA	8,00,000	12,00,000
Dr. Manu Seth	5	Yes	1,40,000	NA	3,00,000	4,40,000
Mr. M. S. Unnikrishnan	8	Yes	NA	1,03,74,941	35,00,000	1,38,74,941
Dr. Jairam Varadaraj	6	Yes	2,00,000	NA	8,00,000	10,00,000

NA = Not applicable

* Sitting fees include payments for Board appointed committee meetings also.

† The commission proposed for the year ended March 31, 2009 will be paid, subject to deduction of tax, after adoption of accounts by shareholders at the ensuing 28th Annual General Meeting.

BOARD AGENDA

Agenda papers are circulated well in advance of the Board Meeting to the members. It contains important and adequate information facilitating deliberations at the meeting. The draft minutes are circulated to the Board members. These are approved at the next meeting after incorporating changes, if any, which are affirmed by the Chairperson.

As a process of governance, the agenda also includes a review of the action taken / pending on the decisions of the Board.

Information placed before the Board of Directors

The following information forms part of the Board meetings agenda papers:

1. Annual Business Plan which includes capital expenditure and manpower budget. The capital expenditure proposals sanctioned and actual amounts incurred are reported to the Board on a quarterly basis.
2. Information on recruitment of senior officers just below

the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

3. Report on matters relating to foreign collaborations/ joint-ventures/ acquisitions/ mergers/ opening of overseas offices, etc.
4. A report on treasury operations is presented. This report comprises the investment portfolio, details of foreign exchange exposures and steps taken to mitigate risks of adverse exchange movements, if material.
5. Report on statutory compliance highlighting defaults, show cause notices, penalties, suits filed by/against the company, etc.
6. Quarterly financial results for the company and for the group companies with analysis of performance.
7. Minutes of the meetings of Board appointed committees.
8. Significant labour problems and their proposed solutions, wage agreements, VRS, etc.
9. Safety issues - fatal or serious accidents in the plants, dangerous occurrences, any material effluent or pollution problems.

10. Any material default in financial obligations to and by the company.
11. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

B) BOARD COMMITTEES

The Board at present has six Committees:

1) Audit Committee, 2) Remuneration & Compensation Committee, 3) Share Transfer & Shareholders' Grievances Committee, 4) Borrowing & Investments Committee, 5) Strategic Business Development Committee and 6) Overseas Investment Committee. The Board constitutes the committees and defines their terms of reference. The members of the committees are co-opted by the Board.

1) Audit Committee

The committee comprises four members, all non-executive directors. The chairman of the committee, Mr. Tapan Mitra, is a Fellow Member of The Institute of Chartered Accountants of India. Mr. Pheroj Pudumjee, Dr. Manu Seth and Dr. Jairam Varadaraj are the other members of the committee.

The committee has met four times during the financial year 2008-09 on the following dates i.e. May 20, 2008, July 21, 2008, October 24, 2008 and January 27, 2009. Details of meetings attended by the members are as follows:

Committee members	Category	No. of meetings attended
Mr. Tapan Mitra	Independent	4
Mr. Pheroj Pudumjee	Non-executive Promoter	4
Dr. Manu Seth	Independent	2
Dr. Jairam Varadaraj	Independent	3

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

The committee reviews various aspects of internal controls, reviews the internal auditors' reports and risk management policies on a regular basis. The requirements enumerated

under Clause 49 of the Listing Agreement and as amended from time to time are also reviewed by the committee.

The internal auditor presents to the committee observations and recommendations of the auditors and also on issues having an impact on control system and compliance. The Chief Financial Officer, Head of Internal Audit and the representatives of Statutory Auditors are permanent invitees and attend all the meetings of the committee. The Company Secretary is the Secretary to the committee.

The terms of reference of the Audit Committee broadly includes:

- ▶ Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ▶ Reviewing with management and external auditors the financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices
 - major accounting entries based on exercise of judgment by management
 - qualifications in draft audit report
 - significant adjustments arising out of audit
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements concerning financial statements
 - any related party transactions i.e. transactions of the company of material nature with the promoters or the management, their subsidiaries or relatives etc. that may cause potential conflict with the interests of the company
- ▶ Reviewing with the management, external and internal auditors the adequacy of internal control systems including management information system.
- ▶ Reviewing the company's financial and risk management policies.
- ▶ Looking into the reasons for substantial defaults in payments to the depositors, shareholders and creditors.
- ▶ Recommending the appointment and removal of external auditor, determine audit fee and also approve payment for any other services.

- ▶ Discussing with external auditors, before the audit commences, the nature and scope of audit. Also conduct post-audit discussion to ascertain any area of concern.
- ▶ Reviewing the scope and adequacy of internal audit function, including the system, its quality and coverage and effectiveness in terms of follow-up, the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit. Outsourcing to firms specialised in carrying out internal audit services, detailing their scope of work and deciding their professional charges.
- ▶ Reviewing the coverage and frequency of internal audit.
- ▶ Reviewing the annual plan of work of the internal audit function.
- ▶ Discussing with internal auditors significant audit findings and follow up action initiated.
- ▶ Assigning and reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ▶ Any other matter that may be referred by the Board from time to time.

2) Remuneration and Compensation Committee

The committee comprises Dr. Jairam Varadaraj, chairman, Mrs. A. R. Aga and Mr. Tapan Mitra.

The Board at its meeting held on May 21, 2008 has modified the committee's terms of reference, which are broadly enumerated below:

- a) Review the remuneration of the Managing Director and any Whole-time Director of the Company and to deal with all elements of remuneration package of all such Directors.
- b) Specify guidelines for the compensation and benefits of the Executive Council and top management employees and benchmarking with other companies.
- c) Review and approve the annual compensation and benefit plan for employees of the company.

- d) Review the identified job talent and their career/retention plan.
- e) Succession planning of senior management employees within the company.
- f) Any other matter that may be referred by the Board from time to time.

During the financial year, the committee met once on May 20, 2008 where all the members were present.

The company presently does not have an ESOP scheme.

Details of remuneration:

Non-executive directors

In the changing business context of the company, the Chairperson and the non-executive directors are required to devote more time and attention, more so with the requirements of corporate governance practices and policies to be followed. It is only appropriate that the company recognises and suitably remunerates the non-executive directors by payment of commission. As per the guideline adopted by the Board based on the regulatory provisions, at present non-executive directors are entitled to individually receive Rs. 3 lakh remuneration by way of commission for each financial year. Moreover, chairpersons of select Board committees – Audit, Overseas Investment, Strategic Business Development and Remuneration and Compensation – receive an additional amount of Rs. 5 lakh for each financial year, which acknowledges their time and involvement to strengthen systems and processes, and also their contributions in offering strategic direction. Taking into account the contribution of Dr. Raghunath A. Mashelkar in chairing and guiding the company's Innovation Council, the Board has approved payment of Rs. 5 lakh as commission for the financial year. Further, based on the guideline, the Chairperson of the Board receives remuneration by way of commission Rs. 15 lakh for the financial year. Non-executive directors are also entitled to sitting fees of Rs. 20,000 for attending each meeting of the Board and committees.

Managing Director

The company's Board at present comprises one Executive Director, namely, Mr. M. S. Unnikrishnan, Managing Director. The remuneration of the managing director is governed by the agreement dated July 2, 2007, between the

company and Mr. Unnikrishnan, which has been approved by the Board of Directors. The terms and conditions of the agreement have been approved by the shareholders. The remuneration broadly comprises fixed and variable components. The increment and commission of the managing director is determined on the basis of the company's performance and the individual contribution related matrix developed by the HR department. The managing director is not entitled to sitting fees for attending meetings of the Board and committees.

3) Share Transfer and Shareholders' Grievance Committee

The investors' grievance committee under the nomenclature Share Transfer and Shareholders' Grievance Committee comprise three members, Mr. Pheroze Pudumjee (chairman), Mrs. Meher Pudumjee and Mr. M. S. Unnikrishnan. The Company Secretary is the Compliance Officer.

The committee reviews the performance of Karvy Computershare Private Limited, the company's Registrar and Transfer Agent (RTA) and also recommends measures for overall improvement for better investor services. The committee specifically looks into complaints of shareholders and investors pertaining to transfer of shares, non-receipt of sub-divided share certificates, non-receipt of dividend warrants, etc.

Procedure of share transfer

The Board has empowered the committee, *inter alia*, to approve share transfers to reduce the lead-time for processing transfer of shares lodged, the committee has empowered the RTA to approve share transfer, transmission and transposition. The committee members usually meet once a month to review activities of RTA. The committee met nine times during the year to *inter alia* approve share transfers and resolve complaints to the satisfaction of the investors.

As per the certificate issued by the RTA, 25 complaints were received from shareholders / investors during the financial year ended March 31, 2009.

Summary of complaints during 2008-09

Nature	Opening balance	Received	Resolved	Pending
No. of sub-divided share certificates	Nil	8	8	Nil
Non-receipt of dividend	Nil	11	11	Nil
Non-receipt of Annual Report	Nil	2	2	Nil
Letters from Statutory Authorities	Nil	4	4	Nil

All complaints were resolved to the satisfaction of the shareholders and no complaints remained unattended / pending for more than 30 days as on March 31, 2009.

During the year the company processed 24 physical transfers comprising 4,28,74,511 number of equity shares.

4) Borrowing and Investments Committee

The committee comprises three members, Mrs. Meher Pudumjee (chairperson), Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan.

The mandate of this committee is to review the treasury operations, lay down funds deployment policy and monitor that investments are made in accordance with the policy.

During the financial year, the committee met once on October 17, 2008 where all the members were present.

5) Strategic Business Development Committee

The primary objective of this committee of the Board is to review and guide the strategic initiatives of the company.

The committee comprises Dr. Valentin von Massow (chairman), Mrs. Meher Pudumjee, Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan.

The committee met five times during the financial year on May 22, 2008, July 21, 2008, October 24, 2008, November 14, 2008 and January 27, 2009. Details of meeting attended by the members are as follows:

Committee members	Category	No. of meetings attended
Dr. Valentin von Massow	Independent	4
Mrs. Meher Pudumjee	Non-executive Promoter	5
Mr. Pheroze Pudumjee	Non-executive Promoter	5
Mr. M. S. Unnikrishnan	Executive	3

6) Overseas Investment Committee

The committee comprises three members, Mr. Pheroze Pudumjee (chairman), Mr. Tapan Mitra and Mr. M. S. Unnikrishnan.

The purpose of the committee is to:

- ▶ ensure governance in the operations of the overseas wholly owned subsidiaries (WOS).
- ▶ check the reliability and adequacy of financial information, control systems and internal accounting.
- ▶ act as a link between the management of WOS and the Board of Directors of Thermax Limited.

The terms of reference of this committee, assigned by the Board :

1. Oversee the subsidiaries' financial reporting process and the disclosure of its financial information to ensure integrity and credibility. Half-yearly review of the financial statements with the management and external auditors, focuses primarily on:
 - any changes in accounting policies and practices
 - major accounting entries based on exercise of judgment by management
 - qualifications in audit report
 - significant audit observations and adjustments arising out of audit
 - compliance with accounting standards, corporate laws and transfer pricing policy and corporate governance of both host country and India
2. Review with the management, external and internal

auditors, if any, the adequacy of internal control systems including management information system.

3. Review the company's financial and risk management policies.
4. Advise WOS on matters that create charge/expense of a permanent or long-term nature, including product and service liabilities.
5. Review remuneration of the senior managers of the subsidiaries.
6. Review Compliance Certificate of the laws of the state/country.
7. Any other matter that may be referred by the Board, from time to time.

The committee met once during the financial year on October 24, 2008 where all the members were present.

C) OTHER DISCLOSURES RECOMMENDED BY SEBI

i) Subsidiary Companies

The company has three non-listed Indian subsidiaries. In terms of Clause 49 (III) of the Listing Agreement, none of these subsidiaries is a 'material non-listed Indian subsidiary', whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Audit Committee reviews the financial statements, and in particular, the investments made by the unlisted subsidiary companies. The summary of the minutes of the Board meetings of the subsidiary companies are circulated with the agenda papers and the minutes are tabled before the Board at periodic intervals.

ii) Disclosure regarding appointment or reappointment of a director

In terms of Clause 49 (IV) of the Listing Agreement, information of directors who are being appointed or re-appointed at the ensuing Annual General Meeting is given overleaf:

Dr. Manu Seth

Dr. Manu Seth, 57, is a Director of the company since January 15, 2001. He holds a Bachelor's degree in Chemical Engineering from the IIT, Kanpur and has done his Ph.D. on a scholarship at the University of California, Berkley. Dr. Seth is the Chairman & Managing Director of Gyanada Holdings Pvt. Ltd. and Director on Gyanada group of companies. He has held senior positions in the Tata Group of companies and was also the Managing Director of Tata Chemicals Ltd. for a period of six years. Before joining Tata Group, he was part of the international staff of the Royal Dutch/Shell Group in the Netherlands.

The other companies on which Dr. Seth holds directorship and is also a chairman/ member of committees of the Board is given below:

	Directorships	Chairmanship(s) and membership(s) of committees
1.	Deepak Fertilizers & Petrochemicals Corporation Ltd.	Member of the Audit Committee
2.	Gyanada Holdings Pvt. Ltd.	—
3.	Gyanada Logistics Services Pvt. Ltd.	—
4.	Gyanada Software Pvt. Ltd.	—
5.	Gyanada Pharma Pvt. Ltd.	—
6.	Gyanada Agro-Services Pvt. Ltd.	—
7.	Ikhlas Investments and Services Pvt Ltd.	—
8.	Ikhlas Overseas Trading FZE.	—

Dr. Seth is also a member of the Audit Committee of the company. He does not hold any shares of the company.

Dr. Valentin von Massow

Dr. Valentin von Massow, 52, is a German National and resident of UK. He has done a Diploma Engineer degree in Agriculture and a Ph.D. in Agricultural Economics (both with distinction) at Georgia Augusta University in Göttingen, Germany. He worked with The Boston Consulting Group (BCG) from 1986 to 2005, since 1993 as Vice-President and Director. During his tenure as Managing Director of BCG India he has worked with the company for

its turnaround and growth. He is a Non-executive Director of Crompton Greaves Limited and of other European companies in the renewable energy, agriculture and environment sectors and serves on the Board of Trustees of the Worldwide Fund for Nature (WWF) in UK and Germany.

The other companies where Dr. von Massow holds directorships are given below:

	Directorships	Designation
1.	Crompton Greaves Limited	Director (Non-executive)
2.	Agrosolar GmbH & Co. K.G.	Joint Managing Director
3.	Pauwels International N.V.	Director (Non-executive)
4.	Solarlite GmbH	Chairman Advisory Board
5.	ADAS Group, UK	Chairman (Non-executive)
6.	Ritterschafiliches KreditInstitut Stade	Member of the Board (Non-executive)

Dr. von Massow does not hold any shares of the company.

iii) Annual General Meeting

The last three Annual General Meetings of the company were held, as under:

Financial Year	Location	Date & Time
2006 25th AGM	Firodia Hall, The Institution of Engineers, 1332, J.M. Road, Shivajinagar, Pune- 411005	July 20, 2006 at 11.00 a.m.
2007 26th AGM	Bal Gandharva Rang Mandir, J.M. Road, Shivajinagar, Pune - 411005	July 25, 2007 at 11.00 a.m.
2008 27th AGM	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune - 411007.	July 22, 2008 at 11.00 a.m.

Special Resolution passed through postal ballot:

A special resolution was passed on June 2, 2008 by the company's members through postal ballot for amending the Objects Clause of the Memorandum of Association of the company by inserting a new sub-clause 68.

The company had appointed Mr. S. V. Deulkar, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The result of the voting is given below:

Particulars	Number of forms / votes
Number of valid postal ballot forms received	1,665
Votes cast in favour of the resolution	848,78,463
Votes cast against the resolution	3,186
Number of invalid postal ballot forms received	72

No special resolution was passed during financial year 2006-07 and 2007-08 that required approval through postal ballot.

iv) Disclosures

1. Related party transactions during the year have been disclosed as part of Accounts as required under Accounting Standard 18 issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions.
2. The company has prepared a risk management framework to identify, minimise, report and review business and process related risks at pre-defined intervals. This framework has been reviewed by the Board to assess control mechanism for risk evaluation and mitigation.
3. There were no instances of non-compliance by the company or penalties, strictures imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
4. Code of Conduct: To promote ethical conduct and maintain high standards in carrying out business transactions of the company, a Code of Conduct has been laid down for procedures to be followed by Board

members and the senior management employees. This Code is also posted on the company's web-site.

All Board members and senior management employees have affirmed adherence to the said Code for the financial year ended March 31, 2009. The declaration of the Managing Director is given as an annexure.

5. CEO / CFO Certification: A certificate signed by the Managing Director and Executive Vice President & CFO of the company, pursuant to the provisions of Clause 49 of the Listing Agreement, was tabled at the meeting of the Board of Directors held on May 19, 2009.

v) Means of Communication

1. As the company publishes the quarterly and half-yearly financial results in prominent English and regional languages newspapers and also displays the same on its' website, individual communication of half yearly results is not being sent to the shareholders. The quarterly and half-yearly financial results and the quarterly shareholding pattern are also posted on the EDIFAR website i.e. www.sebiedifar.nic.in
2. Quarterly financial results are published in prominent financial and mainline dailies. The annual results are also made available on the company's website.
3. All important information and official press releases are displayed on the website for the benefit of the public at large.
4. Management Discussion and Analysis forms part of the annual report.
5. Transcripts of tele-conferences with analysts are also available on the website of the company.
6. Reminders for unpaid /unclaimed dividend are sent to the shareholders every year.
7. Printed copy of chairperson's speech is distributed to all the shareholders at the Annual General Meeting.
8. The company has designated igkcp1@karvy.com and cservices@thermaxindia.com as Email ids for investor servicing.

The company's website can be accessed at www.thermaxindia.com

vi) Code for Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 1992, the company has adopted a Code for Prevention of Insider Trading. The objective of the code is to restrict an insider from dealing in the shares of the company either on his/her own behalf or on behalf of another person when in possession of unpublished price sensitive information. The code is applicable to the directors and designated employees / persons associated with the company. The code enumerates the procedure to be followed for dealing in the shares of the company and periodic disclosures to be made. It also restricts the insiders from dealing in the company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

D) SHAREHOLDER INFORMATION

i) 28th Annual General Meeting

Date and Time : July 21, 2009 at 11.30 a.m.

Venue : Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune - 411 007

ii) Financial Calendar

Financial Year: 1st April to 31st March

For the year-ended on March 31, 2009 the financial results were announced on:

	As indicated	Actual Date
Quarter ended June 2008	July 22, 2008	July 22, 2008
Quarter ended September 2008	October 25, 2008	October 25, 2008
Quarter ended December 2008	January 28, 2009	January 28, 2009
Year ended March 2009	End May, 2009	May 19, 2009

For the year 2009-10 the indicative announcement dates are:

Results for the quarter ended June 2009	July 21, 2009
Results for the quarter ended September 2009	October 30, 2009
Results for the quarter ended December 2009	January 29, 2010
Results for the year ended March 2010	End May 2010

iii) Book Closure Date

The company's Share Transfer Books and Register of Members of equity shares shall remain closed from July 13, 2009 to July 21, 2009 (both days inclusive), to determine the entitlement of shareholders to receive dividend for the year ended March 31, 2009.

iv) Listing

The company's shares are listed on two stock exchanges viz., National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

The company has paid listing fees to both the Stock Exchanges for the year 2009-10.

Custodial fees to Depositories: The company has paid custodial fees for the year 2009-10 to National Securities Depository Limited and Central Depositories Services (India) Limited on the basis number of beneficial accounts maintained by them, as on March 31, 2009.

Stock Codes

Trading symbol at	National Stock Exchange of India Ltd.	Thermax EQ
	Bombay Stock Exchange Ltd.	Physical – 411 Demat – 500411
International Security Identification No. (ISIN) in NSDL and CDSL for demat	Equity Shares	INE 152A01029
Reuters RIC	For price on NSE For price on BSE	THMX.NS THMX.BO
Corporate Identification No (CIN)	L29299MH1980PLC022787	

Stock Data

Month	MKT QUOTE - NSE		MKT QUOTE - BSE	
	High	Low	High	Low
Apr. 2008	625.00	442.25	619.00	455.05
May. 2008	532.20	425.00	514.80	425.00
Jun. 2008	463.50	364.00	456.90	363.65
Jul. 2008	452.00	332.30	452.00	354.00
Aug. 2008	526.00	425.00	530.00	429.00
Sep. 2008	510.15	390.00	515.00	399.70
Oct. 2008	420.00	225.50	433.00	238.10
Nov. 2008	349.90	168.50	348.00	170.10
Dec. 2008	224.00	150.00	222.00	150.50
Jan. 2009	214.90	153.00	214.95	153.00
Feb. 2009	169.00	150.00	169.80	151.10
Mar. 2009	187.15	151.10	187.00	151.00

v) Registrar and Share Transfer Agent

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar,

Madhapur, Hyderabad – 500 081

Telephone: 040 – 23420818 and 828

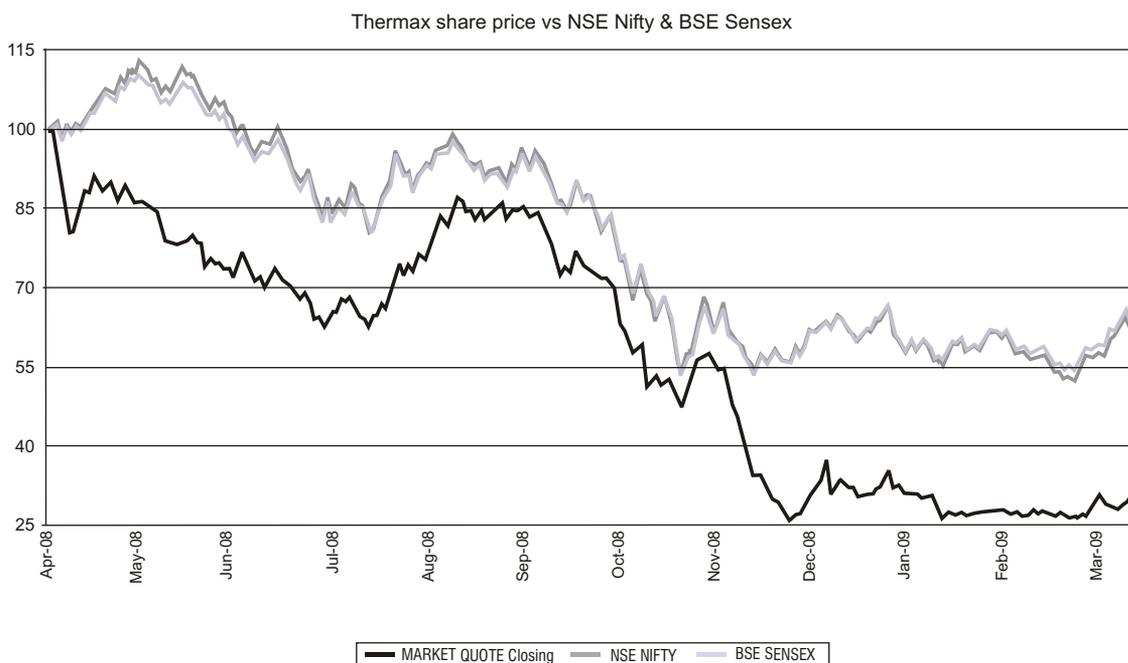
Fax: 040 – 23420814

E-mail id for redressal of grievances of shareholders / investors: igkcpl@karvy.com

vi) Share Transfer System

The company's shares are traded on the stock exchanges only in electronic mode. Shares received for transfer by the company or its Registrar and Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/ are duly transferred and despatched within a period of 15 to 20 days from the date of receipt.

vii) Stock Performance



NOTE: The company's share price and indices have been indexed to 100 as on the first working day of the financial year 2008-09 i.e. April 1, 2008

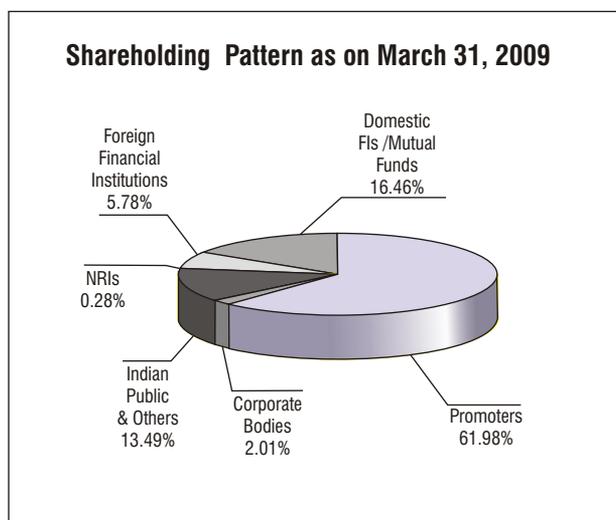
vii) Shareholding pattern

Distribution of equity shareholding as on March 31, 2009

No. of shares	No. of shareholders	%	No. of shares held	% of shareholding
1-500	37,783	94.09	40,48,133	3.40
501-1000	1,134	2.83	9,21,341	0.77
1001-2000	575	1.43	8,64,156	0.73
2001-3000	154	0.38	3,93,042	0.33
3001-4000	77	0.19	2,79,446	0.23
4001-5000	70	0.18	3,34,421	0.28
5001-10000	110	0.27	8,16,589	0.69
10001 & Above	252	0.63	11,14,99,172	93.57
TOTAL	40,155	100.00	11,91,56,300	100.00

Category of equity shareholders as on March 31, 2009

Category	No. of shares held	% of shareholding
(A) Promoters holding		
1. Individuals	95,26,805	7.99
2. Corporate bodies	6,43,28,500	53.99
Total shareholding of promoters	7,38,55,305	61.98
(B) Non-Promoters Holding		
1 Mutual Funds, banks, financial institutions, insurance companies, etc.	1,96,15,341	16.46
2 Foreign institutional investors	68,92,441	5.78
3 Corporate bodies	23,93,603	2.01
4 Non-resident individuals	3,37,548	0.28
5 Indian public & others	1,60,62,062	13.49
Total public shareholding	4,53,00,995	38.02
Total (A) + (B)	11,91,56,300	100.00



viii) Details of Dematerialisation

The company's equity shares are under compulsory demat trading by all categories of investors. As on March 31, 2009, 3,76,73,963 shares have been dematerialised which account for 31.62% of the total equity.

Top ten shareholders under non-promoter category as on March 31, 2009 is as under:

Name of shareholder	No of shares held	% of shareholding
SAIF III Mauritius Company Limited	31,93,419	2.68
Life Insurance Corporation of India	16,55,108	1.39
SBI Mutual Fund - Magnum Tax Gain 1993	11,75,975	0.99
Reliance Capital Trustee Co. Ltd. A/c Reliance Div.	11,49,100	0.96
HDFC Trustee Company Limited - HDFC Tax Saver Fund	9,28,695	0.78
SBI Mutual Fund A/C MMPS 93	8,27,736	0.69
LIC of India - Market Plus	8,19,222	0.69
SBI Mutual Fund A/C Magnum Global Fund	8,12,366	0.68
SBIMF - SBI Infrastructure Fund - Series I	8,10,000	0.68
Matthews India Fund	7,85,000	0.66

ix) Plant Locations

Pune Works

D-13, MIDC Industrial Area,
R. D. Aga Road,
Chinchwad, Pune - 411 019.
Maharashtra State

D-1 Block, MIDC Industrial Area,
Chinchwad, Pune - 411 019.
Maharashtra State

Paudh Works

At Paudh, Post Mazgaon,
Tal. Khalapur,
Dist. Raigad- 410206, Maharashtra State

Savli Works

Plot no. 21/1-2-3
GIDC Manjusar, Taluka – Savli,
Dist. Vadodara-391775, Gujarat State

Mundra SEZ

Survey no-169, Village Dhruh, Taluka Mundra,
Mundra-370201, District Kutch, Gujarat State

x) Address for correspondence

Investors should address their correspondence to the company's Registrar and Transfer Agent, Karvy Computershare Private Limited, whose address has been provided at D(v) above.

Shareholders holding shares in dematerialised form should address their queries such as change in bank account details, address, nomination, etc., to their respective Depository Participants (DPs).

Queries relating to the Annual Report may be addressed to:

The Company Secretary
Thermax Limited
Thermax House,
14, Mumbai-Pune Road,
Wakdevadi,
Pune - 411 003
Email: cservice@thermaxindia.com

E) NON-MANDATORY REQUIREMENTS

The company has adopted part of the non-mandatory code of corporate governance recommended under Clause 49 of the Listing Agreement.

The Chairperson's office is maintained at the company's expense, which is equipped with all required facilities. The Chairperson is also allowed reimbursement of expenses incurred in performance of her duties.

The company has a remuneration committee under the nomenclature 'Remuneration and Compensation Committee'. The details of this committee are provided in this Report under the section Board Committees.

The Board has adopted a Whistle Blower Policy to promote reporting of any unethical or improper practice or violation of the company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the company. It gives platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. No personnel have been denied access to the Audit Committee.

SHAREHOLDER REFERENCE

Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2000-01 has been transferred to the General Revenue Account / the Investor Education & Protection Fund (IEPF), established by the Central Government, as applicable. Shareholders who have not encashed their dividend warrants relating to financial year(s) upto and including 1994-95 may claim such dividend, which has been transferred to the General Revenue Account, from the Registrar of Companies, 3rd Floor, PMT Building, Deccan Gymkhana, Pune - 411 004, in the prescribed form. This form can be downloaded from the Company's website www.thermaxindia.com under the section 'Investor Relations'.

Financial year	Dividend	Date of declaration	Total dividend amount (Rs. crore)	Unclaimed Dividend as on March 31, 2009		Due for transfer to IEPF on
				(Rs.)	%	
2001-02	Final	27.09.2002	11.63	2,28,687	0.19	30.10.2009
2002-03	Final	31.07.2003	28.60	5,83,896	0.20	04.09.2010
2003-04	Final	27.07.2004	Equity: 28.60	4,58,160	0.16	02.09.2011
			RPS : 1.50	73,720	0.49	
2004-05	Final	26.07.2005	Equity: 28.60	3,45,636	0.12	31.08.2012
			RPS : 2.86	61,570	0.22	
2005-06	Final (pro rata)	26.07.2005	RPS : 0.92	20,587	0.22	31.08.2012
2005-06	Final	20.07.2006	40.51	6,58,415	0.16	30.08.2013
2006-07	Interim	13.03.2007	40.51	6,43,339	0.16	18.04.2014
2006-07	Final	25.07.2007	30.98	5,26,306	0.17	30.08.2014
2007-08	Final	22.07.2008	47.66	15,59,512	0.33	27.08.2015

Dividend for the years noted below, if remains unclaimed for seven years, will be transferred by the company to the IEPF in accordance with the provisions of Section 205C of the Companies Act, 1956. Attention is drawn that the unclaimed dividend for the financial year 2001-02 will be due for transfer to IEPF later this year as detailed above. Letters have been sent by the company to the shareholders concerned advising them to lodge their claim with respect to such unclaimed dividend.

Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Bank details

Shareholders holding shares in physical form are requested to notify / send the following information to the Registrar and Transfer Agent of the company:

- Any change in their address / mandate / bank details etc.
- Particulars of the bank account in which they wish their dividend to be credited, in case the same has not been furnished earlier and should include the following particulars namely, Bank Name, Branch Name, Account Type, Account Number and MICR Code (9 digit).

Permanent Account Number

Securities and Exchange Board of India has made it mandatory for every participant in the securities/ capital market to furnish Permanent Account Number (PAN) issued by the Income Tax Department. Accordingly all shareholders are required to submit their PAN along with a photocopy of both sides of the PAN card, duly attested.

Shareholders with shareholding in physical form are requested to send a copy of the PAN card of all holders including joint holders duly attested, by the Notary Public/ Gazetted Officer/ Bank Manager under their official seal and stating their full name and address, folio no. to the company or its Registrar and Share Transfer Agent.

Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participant with whom they maintain their account along with the documents as required by them.

Nomination facility

Shareholders, holding shares in physical form and desirous of submitting / changing nomination in respect of their shareholding in the company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956 to the company's Registrar and Transfer Agent.

ELECTRONIC CLEARING SERVICE (ECS) FACILITY

The company pays dividend through ECS i.e. by crediting the shareholders' bank account directly.

- Members holding shares in PHYSICAL FORM and desirous of availing this facility are requested to send their details in ECS mandate form. The ECS mandate form may be collected from the company's Corporate Office or its Registrar and Transfer Agent or may also be downloaded from the company's website (www.thermaxindia.com). To avail of the ECS facility the mandate form should be sent by post or hand delivered to the company's Corporate Office or its Registrar and Transfer Agent so as to reach before commencement of the book closure date i.e. July 13, 2009.
- Members holding shares of the company in DEMATERIALISED (electronic) form are requested to intimate all changes pertaining to their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc., to their Depository Participant (DP) only and not to the company or its Registrar and Transfer Agent. Changes intimated to the DP would be downloaded and updated in the company's records for disbursement of dividend or any corporate benefits.

ANNEXURE

To the Shareholders of Thermax Limited

Sub: Compliance with Code of Conduct

The company has adopted a Code of Conduct which deals with governance practices expected to be followed by Board members and senior management employees of the company.

I hereby declare that all the Directors and senior management employees have affirmed compliance with the Code of Conduct adopted by the Board.

M. S. Unnikrishnan

Managing Director

Pune: May 19, 2009

AUDITORS' CERTIFICATE on Corporate Governance

To the Members of Thermax Limited

We have examined the compliance of conditions of Corporate Governance by Thermax Limited, for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For B. K. Khare & Company
Chartered Accountants

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

Pune : May 19, 2009

CODE OF CONDUCT

for Directors and Senior Management

1. Fulfill functions of the office with integrity, professionalism, and exercise powers attached thereto in good faith and with due care and diligence, without the influence of personal interest.
2. The Board should act in the best interests of, and fulfill the fiduciary obligations to the company's shareholders, whilst also considering the interests of other stakeholders.
3. Ensure that the company's assets, proprietary confidential information and resources are used by the company and its employees only for legitimate business purposes of the company.
4. Minimise any situation or action that can create conflict of interests of the company vis-à-vis personal interest or interests of associated persons and make adequate disclosures, where necessary.
5. The senior management shall have the primary responsibility for the implementation of internal controls to deter and detect fraud. The company shall have zero tolerance for the commission or concealment of fraud or illegal acts.
6. The senior management will ensure that its dealings and relationships with business associates/customers are maintained in the best interest of the company. Its relationship in regard to the company work should be professional and commercially appropriate.
7. Seek to comply with all applicable laws, regulations, confidentiality obligations and corporate policies of the company. Encourage reporting of a material violation of any laws, rules or regulations applicable to the company or the operation of its business and ensure that the person reporting such violation is not aggrieved in any manner.
8. Comply with the terms of the Code of Conduct for Prohibition of Insider Trading approved by the Board of Directors and any other code that may be formulated from time to time, as applicable.
9. Conduct business in a responsible manner and commit to undertake:
 - (a) compliance with environmental laws, regulations and standards
 - (b) to incorporate environment friendly and protective measures as an integral part of the design, production, operation and maintenance of the company's facilities
 - (c) encourage wise use of energy, and minimise any adverse impact on the environment
 - (d) ensure health and safety measures for all the employees and workmen
10. The senior management shall not, without the prior approval of the Managing Director, accept part time employment or a position of responsibility (such as a consultant or a director) with any other organisation, for remuneration or otherwise.
11. Establish processes and systems for storage, retrieval and dissemination of documents both in physical and electronic form, so that the obligations of this code are fulfilled.



REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Thermax believes that in a country where there are enormous challenges like poverty and injustice, it is the responsibility of the corporate world to help society overcome these. Since corporate houses are blessed with vast resources – financial and manpower – they should definitely be reaching out to society instead of solely concentrating on their bottom lines.

Thermax Social Initiative Foundation (TSIF), the CSR arm of the company, has successfully completed two years and has entered its third year of operation. With education as its focus area, it has undertaken a number of community initiatives.

EDUCATIONAL INITIATIVES

Thermax, as a socially responsible organisation, views education as the best antidote to poverty. It believes that through education, talent is created and harnessed, which in turn strengthens the social and economic fabric of society. To achieve this, the company has undertaken the following educational initiatives:

K C Thackeray Vidya Niketan English Medium School

This is the first educational initiative of TSIF. It signed a Memorandum of Understanding (MOU) for 30 years in February 2007, with the Pune Municipal Corporation (PMC) School Board to run and manage the school. The school started with 3rd, 4th and 5th standards from June 2007. With the 7th standard being added for the academic year 2009-2010, its student strength has reached 294.

To accommodate the growing number of students it has constructed a school building in the existing location with an investment of over Rs. 2 crore. The renovated school started functioning from June 1, 2009.

Savitribai Phule English Medium School

Having seen the success and quality of the first initiative, PMC was keen to hand over more schools to TSIF. To take its educational initiative further, TSIF along with its NGO

partner Akanksha, has signed the second MOU for 30 years with the PMC School Board to run and manage the Savitribai Phule English Medium School. This school started functioning from June 16, 2008 with 66 students in senior kindergarden. The school will grow by adding one standard every year till the 10th standard.

Both schools are for children from economically weaker sections who are provided the best of education, free of charge.



PARTNERSHIP WITH AKANKSHA FOUNDATION

The partnership between Thermax and Akanksha seeks to positively impact the lives of children from underprivileged backgrounds, enabling them to maximise their potential and become responsible citizens.

The partnership is built on a foundation of mutual trust and respect, and fostered by a shared vision to empower the children through education. To achieve the objectives, Akanksha brings in the technical expertise, and Thermax provides the resources.

Thermax currently sponsors two of the Akanksha learning centres in Pune as a part of its regular sponsorship. The

children in the centers are taught English, Math and Values through a non-formal mode of education. They also participate in regular art and sports classes. The two Akanksha learning centres and the Akanksha office operate from the new corporate office of Thermax in Pune.

TEACH FOR INDIA

Teach for India aims to narrow the educational gap in India by placing India's most outstanding college graduates, postgraduates, and young professionals in low-income schools as teachers for two years.

Thermax has sponsored one of its employees from the Boiler & Heater division to *Teach for India* for a period of two years. The company believes that it is investing in addressing inequity in education as also enhancing the individual's leadership qualities by finding innovative ways to reach out to students.

AFFIRMATIVE ACTION

CYDA-TSIF Leadership Development Programme: Thermax, through its CSR wing TSIF has sponsored 10 interns of Centre for Youth Development and Activities (CYDA) coming from SC / ST backgrounds, from remote rural areas, for a period of 10 months. This initiative was undertaken to encourage SC/ST youth to develop social leadership skills through their engagement in socially meaningful activities, and also provide them higher education and employment opportunities. Out of the 10 interns, one has already got admission in the Tata Institute of Social Sciences (TISS), and another has got employment in the corporate sector. The interns will complete their internship by mid June 2009.

Finishing School: Thermax along with other corporate bodies in Pune has been involved with the CII-Symbiosis Finishing School, since its inception. It has sponsored the second batch of the finishing school. Till now, five batches have already completed the course. The purpose of the finishing school is to strengthen the capability of the students from SC / ST backgrounds to improve chances of their employability once they complete their education.

EMPLOYEE INVOLVEMENT

Thermax encourages its employees to participate in various social initiatives. Hence, it has brought forth various opportunities through which employees can participate and can contribute towards society:



Thermax currently sponsors two of the Akanksha learning centres in Pune as a part of its regular sponsorship. The children in the centers are taught English, Math and Values through a non-formal mode of education. They also participate in regular art and sports classes. The two Akanksha learning centres and the Akanksha office operate from the new corporate office of Thermax in Pune.

Payroll Giving: This initiative was launched in 2007 to enable employees to contribute any amount as per their ability on a monthly basis, towards a cause / charity of their choice. Around 800 employees have been contributing regularly through the payroll.

Pune & Mumbai Marathon: For the last three years, Thermax has been participating in the Pune and Mumbai Marathons and has been raising funds for its NGO partner, Akanksha. This year, once again, it raised over Rs. 5 lakh for Akanksha.

Blood Donation Camps: There is no gift more valuable than the gift of blood for needy patients. Many people die everyday because they do not have access to safe blood when they need it. To address this issue, Thermax organised a blood donation camp through Akshay Blood Bank. During the camp a total of 269 employees donated blood.



Auditors' Report

To the members of Thermax Limited

1. We have audited the attached Balance Sheet of **Thermax Limited** as at 31st March 2009, the relative 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 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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 2009;
 - (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)

Place : Pune
Date : May 19, 2009

Annexure to the Auditors' Report
(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and the discrepancies noticed have been properly dealt with in the books of account.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
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, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (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 considering that having regard to certain items purchased / sold 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. We have broadly reviewed the books of accounts maintained by the company in respect of product where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.
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 2009, according to the records of the Company and the information and explanations given to us, the following are the particulars of 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 on account of a dispute:



Name of the statute	Nature of dues	Amount under dispute not yet deposited (Rs. Crore)	Period to which the amount relates	Forum where the dispute is pending			
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	0.025	1992-93	Appellate Authority - upto Commissioner's level			
		0.001	2000-01				
		0.010	2001-02				
		3.836	2003-04				
		0.054	2004-05				
		0.077	2005-06				
		0.004	2007-08				
		0.053	2000-01		Tribunal		
		0.039	2001-02				
		0.043	2003-04				
					0.372	2001-02	High Court
					0.184	2002-03	
					0.158	2003-04	
		0.336	2004-05				
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable.	0.162	2001-02	Appellate Authority - upto Commissioner's level			
		0.901	2003-04				
		0.782	2005-06				
		0.057	2006-07				
		0.130	2007-08				
		4.124	1999-2000		Tribunal		
		0.015	2001-02				
		3.838	2006-07	Supreme Court			
Customs Act, 1962	Customs duty including interest and penalty, as applicable	1.605	2005-06	Appellate Authority - upto Commissioner's level			
Service Tax (Finance Act, 1994)	Service Tax including interest and penalty, as applicable	2.305	2003-04	Tribunal			
ESI Act, 1948	Dues, interest and penalty as applicable	0.029	2008-09	ESI Court			
		0.044	2008-09				
Income Tax Act, 1961	Income Tax including interest and penalty as applicable	0.055	2001-02	Appellate Authority- upto Commissioner's level.			
		3.639	2004-05				

10. The Company has neither accumulated losses as at 31st March 2009, nor it has 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 in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. Based on the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given counter guarantees / corporate guarantees on behalf of its subsidiaries to the banks during the year, are not prima facie prejudicial to the interest of the Company.
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. A case involving misappropriation of funds (presently estimated at Rs.1.83 crore), over a period of time, by an employee of the company, by falsification of records and documents relating to purchase of stores and services was reported during the year. Apart from the above, during the course of our examination of the books of account, carried out by us in accordance with the generally accepted auditing practices in India, no other instance of fraud on or by the Company was noticed or reported during the year.

For B.K. Khare & Company
Chartered Accountants

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

Place : Pune
Date : May 19, 2009

Balance Sheet as at March 31, 2009

	Schedule	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1	9	23.83	23.83
Reserves & Surplus	2		938.06	712.31
			<u>961.89</u>	<u>736.14</u>
Loan Funds :				
Secured Loans	3		—	—
			<u>—</u>	<u>—</u>
Deferred Tax Liability :				
Deferred Tax Liabilities			36.21	31.07
Deferred Tax Assets			(18.16)	(15.99)
			<u>18.05</u>	<u>15.08</u>
Total Funds Employed			<u><u>979.94</u></u>	<u><u>751.22</u></u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	4	1 (c), (d) & (e)	602.89	419.30
Less: Depreciation			162.98	140.70
Net Block			<u>439.91</u>	<u>278.60</u>
Capital Work-in-progress			17.65	47.59
Investments	5	1(f)	176.45	579.74
Current Assets, Loans & Advances :				
Inventories	6	1(g)	266.42	199.52
Contracts in Progress		7	226.86	55.81
Sundry Debtors	7		540.78	505.31
Cash & Bank Balances	8		340.78	27.91
Other Current Assets			38.70	30.35
Loans & Advances	9		202.18	190.47
			<u>1615.72</u>	<u>1009.37</u>
Less: Current Liabilities & Provisions :				
Current Liabilities	10		1119.03	1011.08
Contracts in Progress		7	55.85	16.52
Provisions	11	1(i), (j) & 24	94.91	136.48
			<u>1269.79</u>	<u>1164.08</u>
Net Current Assets			<u>345.93</u>	<u>(154.71)</u>
Miscellaneous Expenditure to the extent not written off or adjusted	12	1(h)	-	-
Total Funds Applied			<u><u>979.94</u></u>	<u><u>751.22</u></u>
Notes to Accounts	18			

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 19, 2009

For and on behalf of the Board

Meher Pudumjee
Chairperson

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009



Profit and Loss Account for the year ended March 31, 2009

	Schedule	Sch 18 Note No. Reference	Year Ended March 31, 2009 Rs. Crore	Year Ended March 31, 2008 Rs. Crore
INCOME				
Sales and Other Income	13	1 (k)	3303.17	3245.94
EXPENDITURE				
Materials	14		2097.63	2180.39
Personnel	15		254.64	241.06
Other Expenses	16		495.32	370.79
Excise Duty (Net)			2.35	2.35
Depreciation		1 (d)	32.11	21.80
Interest	17	1 (l)	3.27	1.27
			2885.32	2817.66
Profit Before Tax & Extra Ordinary Items			417.85	428.28
Extra-ordinary Items of Expenses / (Income)				
Obligations under counter guarantees given on behalf of subsidiary		10	(1.36)	(2.10)
Profit Before Tax			419.21	430.38
Less : Provision for Taxation		1 (o)		
Current Tax			(125.84)	(140.98)
Deferred Tax		8	(2.97)	(5.62)
Fringe Benefit Tax			(3.10)	(3.00)
Profit After Tax			287.30	280.78
Balance carried forward from last year			359.20	222.97
Profit available for appropriation			646.50	503.75
Appropriations				
Proposed Equity Dividend			59.58	95.33
Tax on Dividend			10.12	16.20
General Reserve			28.80	33.02
Balance Carried to Balance Sheet			548.00	359.20
			646.50	503.75
Basic / Diluted Earning Per Share (EPS) - Rs. [Equity Shares of Rs. 2/- each]		22	24.11	23.56
Weighted average number of Equity Shares			11,91,56,300	11,91,56,300

Notes to Accounts

18

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168
Pune, May 19, 2009

For and on behalf of the Board
Meher Pudumjee
Chairperson

Gopal Mahadevan
*Executive Vice President
& Chief Financial Officer*

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
37,50,00,000 Equity Shares of Rs. 2/- each		<u>75.00</u>	<u>75.00</u>
		<u>75.00</u>	<u>75.00</u>
Issued, Subscribed & Paid Up			
11,91,56,300 Equity Shares of Rs. 2/- each, fully paid-up [Of the above, 6,43,28,500 shares are held by holding company, RDA Holding & Trading Pvt. Ltd. (Previous Year 2,14,64,500 shares)]	9 & 20(A)	<u>23.83</u>	<u>23.83</u>
		<u>23.83</u>	<u>23.83</u>
SCHEDULE 2			
RESERVES & SURPLUS			
Capital Redemption Reserve			
Per Last Balance Sheet		50.34	50.34
Share Premium Account			
Per Last Balance Sheet		61.13	61.13
Capital Reserve			
Per Last Balance Sheet		1.92	1.92
Hedging Reserve			
Per Last Balance Sheet		(5.28)	-
Profit / (Loss) - Cash Flow Hedging		<u>8.15</u>	<u>(5.28)</u>
		2.87	(5.28)
General Reserve			
Per Last Balance Sheet		245.00	219.00
Add: Transferred from Profit & Loss A/c		28.80	33.02
Less: Leave encashment / Gratuity provision		-	7.02
		<u>273.80</u>	<u>245.00</u>
Balance in Profit & Loss A/c		548.00	359.20
		<u>938.06</u>	<u>712.31</u>



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

Sch 18	As at	As at
Note No.	March 31, 2009	March 31, 2008
Reference	Rs. Crore	Rs. Crore

SCHEDULE 3 SECURED LOANS

Borrowings from Banks for Working Capital (including Working Capital Term Loans)	11	—	—
		—	—
		—	—

SCHEDULE : 4 FIXED ASSETS

(Refer Notes 1(c) (d) & (e) of Schedule 18)

Rs. Crore

Particulars	Gross Block				Depreciation				Net Block	
	Cost As at 1.4.2008	Additions/ Adjustments during the year	Deductions during the year	Total Cost as at 31.3.2009	Upto 31.3.2008	Deductions/ Adjustments during the year	Provisions during the year	Total As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
TANGIBLE :										
Land - Freehold	7.36	-	-	7.36	-	-	-	-	7.36	7.36
Land - Leasehold	10.65	10.53	0.25	20.93	-	-	0.17	-	20.93	10.65
Building	91.74	53.63	0.30	145.07	10.79	0.24	3.53	14.08	130.98	80.95
Plant & Machinery	191.45	89.53	6.38	274.60	76.86	5.41	14.03	85.48	189.11	114.59
Machinery given on Lease	0.46	-	0.46	-	0.43	0.43	-	-	-	0.03
Electrical Installation	18.57	10.59	0.10	29.06	4.17	0.08	1.39	5.46	23.60	14.40
Furniture, Fixtures, Office Equipments and Computers	70.67	9.37	2.72	77.31	35.66	2.41	6.18	39.43	37.89	35.01
Vehicles	16.53	2.82	2.35	16.99	5.27	1.08	2.30	6.49	10.50	11.26
INTANGIBLE :										
Software	10.94	6.88	0.01	17.83	6.64	-	3.10	9.74	8.10	4.30
Technical Know How	0.93	12.81	-	13.74	0.88	-	1.41	2.30	11.44	0.05
Total	419.30	196.16	12.57	602.89	140.70	9.65	32.11	162.98	439.91	278.60
Previous Year	279.10	145.13	4.93	419.30	121.22	2.32	21.80	140.70	278.60	157.88
Capital W.I.P									17.65	47.59

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Face Value Rs. Crore	As at March 31,2009 Rs. Crore	As at March 31,2008 Rs. Crore
SCHEDULE 5			
Investments (See note 1 (f) of Schedule 18)			
A. Non Trade (Long Term)			
Government Securities			
1 National Savings Certificates Nil (Previous Year Rs 15,000)	-	-	0.00
2 Nil (Previous year 50,000) 12.25 % GOI 2008	-	-	0.53
Units - Quoted but not Listed			
3 Nil (Previous year 50,00,000) units of ABN AMRO Fixed Term Plan Series 8 Yearly Plan C of ABN AMRO Asset Management	-	-	5.00
4 51,93,959 (Previous year 50,00,000) units of ABN AMRO Fixed Term Plan Series 10 of ABN AMRO Asset Management	5.19	5.19	5.00
5 Nil (Previous year 55,33,393) units of Birla Sun Life Short Term Fund of Birla Sunlife Mutual Fund	-	-	5.58
6 Nil (Previous year 14,19,559) units of Birla Income Plus Fund of Birla Mutual Fund	-	-	5.00
7 Nil (Previous year 51,01,699) units of Birla Fixed Term Plan Series AG of Birla Sunlife Mutual Fund	-	-	5.10
8 Nil (Previous year 1,05,166) units of Chola Liquid Institutional Plus Cumulative Plan of Chola Mutual Fund	-	-	0.14
9 1,05,24,957 (Previous year 1,00,00,000) units of DSPML Fixed Maturity Plan 13M Series 1 of DSP Merrill Lynch Mutual Fund	10.52	10.53	10.00
10 Nil (Previous year 50,00,000) units of ING Fixed Maturity Fund Series XXXII of ING Mutual Fund	-	-	5.00
11 Nil (Previous year 51,84,541) units of JM Arbitrage Advantage Fund of JM Financial Mutual Fund	-	-	5.35
12 50,00,000 (Previous year 50,00,000) units of JM Fixed Maturity Fund Series VII of JM Financial Mutual Fund	5.00	5.00	5.00
13 Nil (Previous year 97,89,179) units of Kotak Equity Arbitrage Fund of Kotak Mahindra Mutual Fund	-	-	10.38
14 Nil (Previous year 34,05,751) units of Prudential ICICI Blended Plan A of Prudential ICICI Mutual Fund	-	-	3.44
15 Nil (Previous year 36,67,571) units of Principal Income Fund of Principal Mutual Fund	-	-	5.00
16 Nil (Previous year 50,00,000) units of Principal PNB Fixed Maturity Plan Series VI of Principal Mutual Fund	-	-	5.00
17 Nil (Previous year 9,38,761) units of Reliance Power Sector Fund Growth Plan of Reliance Mutual Fund	-	-	1.32
18 Nil (Previous year 50,00,000) units of Reliance Fixed Horizon Fund Series IV of Reliance Mutual Fund	-	-	5.00
19 Nil (Previous year 49,02,434) units of Reliance Short Term Fund of Reliance Mutual Fund	-	-	5.18



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Face Value Rs. Crore	As at March 31,2009 Rs. Crore	As at March 31,2008 Rs. Crore
20 5,00,000 (<i>Previous year 5,00,000</i>) units of Sundaram S.M.I.L.E. Fund Dividend Plan of Sundaram Mutual Fund	0.50	0.50	0.50
21 Nil (<i>Previous year 48,70,827</i>) units of SBI Arbitrage Opportunities Fund of SBI Mutual Fund	-	-	5.28
22 Nil (<i>Previous year 47,600</i>) units of Templeton India Short Term Income Plan of Franklin Templeton Mutual Fund	-	-	5.17
23 Nil (<i>Previous year 17,27,277</i>) units of Templeton India Income Fund of Franklin Templeton Mutual Fund	-	-	5.00
24 Nil (<i>Previous year 7,250</i>) 6.75 % Tax Free Unit Trust Of India 64 Bonds	-	-	0.10
Quoted Equity Shares (fully paid up)			
25 25 (<i>Previous year 25</i>) Equity Shares of Rs. 10/- each in Global Boards Ltd.	0.00	0.00	0.00
26 238 (<i>Previous year 238</i>) Equity Shares of Rs 10/- each in Reliance Industries Ltd	0.00	0.04	0.04
27 450 (<i>Previous year 450</i>) Equity Shares of Rs. 10/- each in Sudarshan Chemical Industries Ltd.	0.00	0.00	0.00
28 30,000 (<i>Previous year 30,000</i>) Equity Shares of Rs.2/- each in Sanghvi Movers Ltd.	0.01	0.05	0.05
Quoted Equity Shares (partly paid up)			
29 1,25,000 (<i>Previous year 1,25,000</i>) Equity Shares of Rs.10/- each Rs.2.50 paid up in Parasrampuria Synthetics Ltd.	0.13	0.06	0.06
Unquoted Equity Shares (fully paid up)			
30 1,375 (<i>Previous year 1,375</i>) Equity Shares of Rs.20/- each in Cosmos Co-operative Bank Ltd.	0.00	0.00	0.00
31 17,539 (<i>Previous year 17,539</i>) Equity Shares of Rs.10/- of G S L (India) Ltd.	0.02	0.00	0.00
32 10,000 (<i>Previous year 10,000</i>) Equity Shares of Rs.10/- of Sicom Ltd.	0.01	0.07	0.07
Unquoted Preference Shares (fully paid up)			
33 21,800 (<i>Previous year 21,800</i>) 18% Redeemable Cumulative Preference Shares of Rs.10/- each in Indian Food Fermentation Limited	0.02	0.02	0.02
In Subsidiary Companies (fully paid up)			
34 7,50,000 (<i>Previous year 7,50,000</i>) Equity Shares of Rs. 10/- each in Thermax Sustainable Energy Solutions Ltd.	0.75	0.45	0.45
35 45,00,000 (<i>Previous year 45,00,000</i>) Equity Shares of Rs.10/- each in Thermax Engineering Construction Company Ltd.	4.50	4.50	4.50
36 90,00,000 (<i>Previous year 90,00,000</i>) Equity Shares of Rs.10/- each in Thermax Instrumentation Ltd.	9.00	4.59	4.59
37 2,00,000 (<i>Previous year 2,00,000</i>) Ordinary Shares of GBP 1 each in Thermax Europe Ltd.	1.17	1.17	1.17
38 9,88,776 (<i>Previous year 9,88,776</i>) Equity Shares of Rs.10/- each in Thermax Energy Performance Services Ltd.*	0.99	0.99	0.99

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Face Value Rs. Crore	As at March 31,2009 Rs. Crore	As at March 31,2008 Rs. Crore
39 14,55,000 (<i>Previous year 14,55,000</i>) Equity Shares of USD 1 each in Thermax International Ltd., Mauritius	6.78	6.78	6.78
40 10,16,560 (<i>Previous year 9,56,050</i>) Equity Shares of Brazilian Real 1 each in Thermax do Brasil - Energia e Equipamentos Ltda.	1.70	1.70	1.57
41 59,33,133 (<i>Previous year 59,33,133</i>) Equity Shares of Hongkong Dollar 1 each in Thermax Hongkong Ltd.	3.49	3.49	3.49
42 17,47,300 (<i>Previous year 17,47,300</i>) 6% cummulative Redeemable Preference Shares USD 1 with conversion option in Thermax International Ltd., Mauritius	7.81	7.81	7.81
43 Equity shares of USD 1,03,45,030 (<i>Previous year USD 79,75,000</i>) in Thermax (Zhejiang) Cooling and Heating Engineering Co. Ltd.	42.50	42.50	32.45
Application Money			
Towards Shares / Units		-	0.13
	100.10	95.45	167.24
Provision for diminution in value of investments		20.39	20.39
	100.10	75.06	146.86

* The company is in the process of voluntary winding up.

B. Current Investment

Units - Quoted but not Listed

Fixed Maturity Plan

1 Nil (<i>Previous year 51,82,425</i>) units of ABN AMRO Flexible Short Term Plan Series A Monthly Dividend of ABN AMRO Asset Management	-	-	5.18
2 Nil (<i>Previous year 1,64,08,650</i>) units of ABN AMRO Flexible Short Term Plan Series A Quarterly Dividend of ABN AMRO Asset Management	-	-	16.41
3 Nil (<i>Previous year 54,73,953</i>) units of ABN AMRO Flexible Short Term Plan Series B of ABN AMRO Asset Management	-	-	5.47
4 Nil (<i>Previous year 1,01,86,673</i>) units of ABN AMRO Flexible Short Term Plan Series C of ABN AMRO Asset Management	-	-	10.19
5 Nil (<i>Previous year 50,91,440</i>) units of ABN AMRO Flexible Short Term Plan Series D of ABN AMRO Asset Management	-	-	5.09
6 Nil (<i>Previous year 50,00,000</i>) units of ABN AMRO Interval Fund Quarterly Plan I of ABN AMRO Asset Management	-	-	5.00
7 Nil (<i>Previous year 51,27,678</i>) units of Birla Interval Fund Series 2 of Birla Sunlife Mutual Fund	-	-	5.13
8 Nil (<i>Previous year 2,53,37,916</i>) units of Birla Interval Fund Series 6 of Birla Sunlife Mutual Fund	-	-	25.34
9 Nil (<i>Previous year 50,52,287</i>) units of DBS Chola Interval Income Fund Plan C of DBS Chola Mutual Fund	-	-	5.05



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Face Value Rs. Crore	As at March 31,2009 Rs. Crore	As at March 31,2008 Rs. Crore
10 Nil (<i>Previous year 1,06,95,288</i>) units of DSPML Fixed Maturity Plan 3M Series 3 of DSP Merrill Lynch Mutual Fund	-	-	10.70
11 Nil (<i>Previous year 1,00,00,000</i>) units of HDFC Fixed Maturity Plan 181D December 2007 (VI) of HDFC Mutual Fund	-	-	10.00
12 Nil (<i>Previous year 50,00,000</i>) units of HDFC Fixed Maturity Plan 90D March 2008 (VII) of HDFC Mutual Fund	-	-	5.00
13 Nil (<i>Previous year 1,50,00,000</i>) units of ING Fixed Maturity Fund Series 42 of ING Mutual Fund	-	-	15.00
14 Nil (<i>Previous year 6,48,60,094</i>) units of ICICI Prudential Interval Fund Quarterly Interval Plan 1 of Prudential ICICI Mutual Fund	-	-	64.86
15 Nil (<i>Previous year 50,93,010</i>) units of JM Interval Fund Quarterly Plan 1 of JM Financial Mutual Fund	-	-	5.09
16 Nil (<i>Previous year 2,08,54,242</i>) units of JM Interval Fund Quarterly Plan 4 of JM Financial Mutual Fund	-	-	20.85
17 Nil (<i>Previous year 2,59,98,141</i>) units of Kotak Quarterly Interval Plan Series 3 of Kotak Mutual Fund	-	-	26.00
18 Nil (<i>Previous year 1,04,09,558</i>) units of Kotak Quarterly Interval Plan Series 4 of Kotak Mutual Fund	-	-	10.41
19 Nil (<i>Previous year 51,25,539</i>) units of Kotak Quarterly Interval Plan Series 6 of Kotak Mutual Fund	-	-	5.13
20 Nil (<i>Previous year 1,50,00,000</i>) units of Principal PNB Fixed Maturity Plan Series XIII of Principal Mutual Fund	-	-	15.00
21 Nil (<i>Previous year 2,76,73,853</i>) units of Reliance Quarterly Interval Fund Series II of Reliance Mutual Fund	-	-	27.67
22 Nil (<i>Previous year 1,02,05,306</i>) units of SBI Debt Fund Series 20 of SBI Mutual Fund	-	-	10.21
23 Nil (<i>Previous year 51,89,032</i>) units of SBI Debt Fund Series 21 of SBI Mutual Fund	-	-	5.19
24 Nil (<i>Previous year 50,10,041</i>) units of SBI Debt Fund Series 30 of SBI Mutual Fund	-	-	5.01
25 Nil (<i>Previous year 5,97,67,974</i>) units of Sundaram BNP Paribas Interval Fund Plan C of Sundaram Mutual Fund	-	-	59.77
26 Nil (<i>Previous year 50,37,388</i>) units of Tata Fixed Horizon Fund Series 17 Scheme D of Tata Mutual Fund	-	-	5.04
Total Investment in Fixed Maturity Plan	<u>-</u>	<u>-</u>	<u>383.79</u>
Liquid and Liquid Plus			
27 Nil (<i>Previous year 50,33,063</i>) units of Birla Sunlife Liquid Plus Fund of Birla Mutual Fund	-	-	5.04
28 Nil (<i>Previous year 89,31,251</i>) units of HDFC Floating Rate Income Fund of HDFC Mutual Fund	-	-	9.06
29 Nil (<i>Previous year 2,49,00,171</i>) units of ING Liquid Plus Fund of ING Mutual Fund	-	-	24.91

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Face Value Rs. Crore	As at March 31,2009 Rs. Crore	As at March 31,2008 Rs. Crore
30 Nil (<i>Previous year 1,00,87,371</i>) units of SBI SHF Liquid Plus Fund of SBI Mutual Fund	-	-	10.09
31 10,13,30,034 (<i>Previous year Nil</i>) units of Birla Sunlife Short Term Fund	101.39	101.39	-
Total Investment in Liquid and Liquid Plus Schemes	<u>101.39</u>	<u>101.39</u>	<u>49.10</u>
Total Investment	<u>201.48</u>	<u>176.45</u>	<u>579.74</u>

	As at March 31,2009		As at March 31,2008	
	*Cost (Rs.Crore)	Market Value (Rs.Crore)	*Cost (Rs.Crore)	Market Value (Rs.Crore)
Long Term Investments				
Aggregate Value of Quoted Investments	21.38	22.72	103.22	111.93
Aggregate Value of Un-quoted Investments	74.07	-	64.02	-
Total	<u>95.45</u>	<u>22.72</u>	<u>167.24</u>	<u>111.93</u>
Current Investments				
Fixed Maturity Plans	-	-	383.79	385.52
Liquid & Liquid Plus	101.39	101.39	49.10	49.11
Total	<u>101.39</u>	<u>101.39</u>	<u>432.89</u>	<u>434.63</u>
Grand Total	<u>196.84</u>	<u>124.11</u>	<u>600.13</u>	<u>546.56</u>

*Cost is before provision for diminution in the value of investment

Following investments were purchased and sold during the year :

Name Units	No. of units (in Crore)	Face Value (Rs. Crore)	Cost of Acquisition (Rs. Crore)
ICICI Prudential Flexible Income Plan Dividend-Weekly - Reinvestment	0.38	3.84	4.05
ICICI Prudential Institutional Liquid Plan-Daily Dividend-Reinvestment	0.48	4.75	4.75
HDFC FMP 90 D July 2008 (IX) (2)-Wholesale Plan Dividend-Option Payout	2.72	27.18	27.18
Birla Sun Life Liquid Plus-Institutional-Daily Dividend-Reinvestment	0.00	0.03	0.03
Birla Sun Life Liquid Plus-Institutional-Weekly Dividend-Reinvestment	1.09	10.87	10.90
Birla Sun Life Cash Plus-Institutional Premium-Daily Dividend-Reinvestment	1.00	9.98	10.00
Birla Sun Life Floating Rate Fund-Long Term-Weekly Dividend	1.51	15.12	15.14
Birla Sun Life Short Term Fund-Institutional Daily Dividend	5.00	49.97	50.00



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

Following investments were purchased and sold during the year : (contd.)

Name Units	No. of units (in Crore)	Face Value (Rs. Crore)	Cost of Acquisition (Rs. Crore)
Birla Sun Life Interval Income Fund-Institutional-Quarterly-Series 2-Dividend	0.03	0.26	0.26
Birla Sun Life Quarterly Interval-Series 6-Dividend Reinvestment	0.11	1.13	1.13
DBS Chola Interval Income Fund	0.52	5.19	5.20
DSP Merrill Lynch Liquid Plus Institutional Plan-Growth	0.01	11.05	11.05
HDFC Floating Rate Income Fund STP - Dividend Reinvestment Daily	3.48	34.77	35.05
HDFC Floating Rate Income Fund STP - Weekly Dividend	1.50	15.04	15.27
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Growth	0.50	7.00	7.00
Ing Vysya Liquid Plus Fund -Institutional Daily Dividend Option	0.01	0.15	0.15
Ing Vysya Liquid Plus Fund -Institutional Weekly Dividend	1.00	10.01	10.07
IPQRD ICICI Prudential Interval Fund Quarterly Interval Plan 1 - Retail Dividend	0.29	2.87	2.87
JM Fixed Maturity Fund Series X Quarterly Plan-5 Institutional Dividend Plan	3.57	35.75	35.75
JM High Liquidity Fund - Super Institutional Plan Daily Dividend	0.47	4.75	4.75
JM Interval Fund - Quarterly Plan 1 - Institutional Dividend Plan (279)	0.01	0.11	0.11
JM Interval Fund Quarterly Plan 4	0.06	0.63	0.63
JM Money Manager Fund-Super Plus Plan-Weekly Dividend	0.53	5.33	5.41
Kotak Flexi Debt Scheme Institutional-Daily Dividend	0.20	2.03	2.04
Kotak Flexi Debt Scheme Institutional-Weekly Dividend	2.13	21.28	21.33
Kotak Quarterly Interval Plan Series 3 - Dividend	0.14	1.42	1.42
Kotak Quarterly Interval Plan Series 6 - Dividend	0.03	0.26	0.26
SBI SHF Liquid Plus Institutional Plan Daily Dividend	1.59	15.87	15.88
SBI SHF Liquid Plus Institutional Plan Weekly Dividend	0.53	5.32	5.35
SBI SDFS 30 days - 30-13 March 08	0.00	0.03	0.03
ABN Amro Money Plus Institutional Plan-Weekly Dividend	5.31	53.14	53.21
ABN AMRO Flexible Short Term Plan Series A Monthly Dividend Reinvestment	1.56	15.62	15.62
ABN AMRO Flexible Short Term Plan Series A Quarterly Dividend	0.10	0.97	0.97
Principal Cash Management Fund	0.95	9.50	9.50
Principal Floating Rate Fund FMP	2.97	29.73	29.75
Reliance Liquid Plus Fund-Institutional Option-Growth Plan	0.03	25.22	28.42
Reliance Liquid Plus Fund-Institutional option-Weekly Dividend Plan	0.01	5.24	5.25
Sundaram BNP Paribas Interval Fund Quarterly Plan C	0.31	3.08	3.08
Tata Dynamic Bond Fund Option B-Dividend	0.51	5.11	5.24
Templeton Floating Rate Income Fund Long Term Plan	3.92	39.16	39.69

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

Following investments were purchased and sold during the year : (contd.)

Name Units	No. of units (in Crore)	Face Value (Rs. Crore)	Cost of Acquisition (Rs. Crore)
Templeton India Ultra Short Bond Fund Institutional Plan-Daily Dividend Reinvestment	1.01	10.09	10.11
Templeton India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	7.01	70.12	70.25
Templeton India TMA Daily Dividend	0.04	39.25	39.26
Tata Floater Fund-Weekly Dividend	0.51	5.06	5.10

	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 6			
INVENTORIES			
(As valued and certified by Management)	1(g)		
Raw Materials and Components		231.74	162.57
[Including Rs.39.16 Crore Goods in Transit (Previous year Rs. 15.20 Crore)]			
Work-in-Progress		25.07	28.49
Finished Goods		5.55	5.19
Stores, Spare Parts and Tools		4.06	3.27
		<u>266.42</u>	<u>199.52</u>
SCHEDULE 7			
SUNDRY DEBTORS			
Unsecured	1(p)(ii)		
Debts Outstanding for a period exceeding six months			
Considered good		67.61	53.85
Considered doubtful		59.27	41.68
Less : provided for		59.27	41.68
Other Debts		473.17	451.46
		<u>540.78</u>	<u>505.31</u>



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 8			
CASH & BANK BALANCES			
Cash on hand		0.77	0.54
Bank Balances & remittances in transit :			
With Scheduled banks :			
In Current accounts		(15.83)	0.18
In Deposit accounts		328.82	0.06
With Other Banks in Foreign Currency :			
In Current Accounts			
Bangkok Bank - Bangkok		0.05	0.00
[Maximum balance during the year Rs. 0.12 Crore (Previous year Rs. 0.07 Crore)]			
PT Bank Mandiri - Indonesia		0.01	0.03
[Maximum balance during the year Rs. 0.06 Crore (Previous year Rs. 0.05 Crore)]			
Al Ahli Bank- Kuwait		0.74	0.33
[Maximum balance during the year Rs. 0.77 Crore (Previous year Rs. 5.94 Crore)]			
Bank Bumiputra - Malaysia		0.04	0.10
[Maximum balance during the year Rs. 0.04 Crore (Previous year Rs. 0.12 Crore)]			
Bank Austria - Moscow		0.06	0.01
[Maximum balance during the year Rs. 0.17 Crore (Previous year Rs. 0.10 Crore)]			
Bank of Baroda - Belgium		0.12	0.07
[Maximum balance during the year Rs. 0.13 Crore (Previous year Rs.0.25 Crore)]			
HSBC Bank - Dubai		0.14	0.10
[Maximum balance during the year Rs. 0.18 Crore (Previous year Rs.0.10 Crore)]			
Citi Bank - China		0.25	0.17
[Maximum balance during the year Rs. 0.25 Crore (Previous year Rs. 0.24 Crore)]			
Standard Chartered Grindlays Bank - Bangladesh		0.04	0.02
[Maximum balance during the year Rs. 0.04 Crore (Previous year Rs. 0.08 Crore)]			
Remittances in Transit		<u>25.57</u>	<u>26.30</u>
		<u><u>340.78</u></u>	<u><u>27.91</u></u>

Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 9			
LOANS & ADVANCES			
Unsecured, considered good			
Advances recoverable in cash or in kind or for value to be received		75.30	110.64
Prepaid Long Term Employee Benefits	1(i)(iii)	6.34	1.94
Advances for Capital Expenditure		3.40	8.66
Loans & Advances to Subsidiary Companies (Net of dues Rs. Nil)	13	3.66	4.36
Advances to Staff and Workers [Including Advances to Directors & Officers Rs. Nil (Previous year Rs. Nil)] [Maximum balance Rs. Nil (Previous year Rs. Nil)]		7.17	6.57
Balance in Central Excise & Customs Accounts		57.42	22.88
Sundry Deposits [Including Deposits with Directors Rs. 0.58 Crore (Previous year Rs. 0.40 Crore)] [Maximum balance Rs. 0.58 Crore (Previous year Rs. 0.40 Crore)]		15.65	12.57
Advance Payment of Income Tax and Wealth Tax [Net of Provision of Rs. 647.06 Crore (Previous year Rs. 521.22 Crore)]		32.79	22.28
Advance Payment of Fringe Benefit Tax [Net of Provision of Rs. 12.09 Crore (Previous year Rs. 9.00 Crore)]		0.45	0.57
		202.18	190.47
SCHEDULE 10			
CURRENT LIABILITIES			
Acceptances		18.00	8.50
Short-Term Employee Benefits	1(i)	36.84	43.99
Customer Advances		588.86	446.86
Sundry Creditors	3	397.15	429.45
Other Liabilities	12	68.59	76.06
Foreign Currency Forward Contract		8.19	4.89
Trade Deposits		1.40	1.33
		1119.03	1011.08



Schedules attached to and forming part of the Balance Sheet as at March 31, 2009

	Sch 18 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 11			
PROVISIONS			
Proposed Equity Dividend	1(j)	59.58	95.33
Provision for Tax on Dividend		10.12	16.20
Provision for Employee Retirement & Other Benefits	1(i)	25.21	23.28
Provision for obligation under Counter Guarantees	10	-	1.67
		94.91	136.48
SCHEDULE 12			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Technical Know-how	1(h)		
Per last Balance Sheet		-	0.10
Less: Amortised during the period		-	0.10
		-	-

Schedules attached to and forming part of the Profit and Loss Account for the year ended March 31, 2009

**SCHEDULE 13
SALES AND OTHER INCOME**

I. Sales	1 (k)		
(i) Domestic		2391.46	2595.81
Less: Excise Duty		103.36	119.57
Net Sales		2288.10	2476.24
Add: Closing CIP		13.92	3.27
Less: Opening CIP		3.27	0.93
		2298.75	2478.58
(ii) Exports		791.22	685.52
Add: Closing CIP		157.09	36.01
Less: Opening CIP		36.01	43.93
[Includes Deemed Exports of Rs 209.80 Crore (Previous Year Rs 374.65 Crore)]		912.30	677.60
(iii) Trading Exports		–	0.59
Total Sales	(I)	3211.05	3156.77
II. Other Income from Operations			
(i) Claims and Refunds		1.60	0.29
(ii) Balances earlier Written Off now recovered		4.12	1.95
(iii) Commission		7.03	5.00
(iv) Sale of Scrap		11.57	12.10
(v) Exchange Difference Income	1(m) & 15	–	14.24
(vi) Miscellaneous Income		28.99	13.83
Total Other Income from Operations	(II)	53.31	47.41
III. Other Income From Investments			
(i) Dividend from subsidiaries		–	–
(ii) Dividend - others	1(k)(viii)		
Long-term Investment		1.42	7.72
Current Investment		20.41	26.53
(iii) Interest		11.35	3.50
[Tax deducted at source Rs. 2.16 Crore (Previous year Rs. 0.08 Crore)]			
(iv) Profit/(Loss) on Sale of Investment			
Long-term Investment		5.51	3.82
Current Investment		0.12	0.18
(v) Miscellaneous Income		–	0.01
Total Income from Investments	(III)	38.81	41.76
	(I+II+III)	3303.17	3245.94



Schedules attached to and forming part of the Profit and Loss Account for the year ended March 31, 2009

	Sch 18 Note No. Reference	Year Ended March 31, 2009 Rs. Crore	Year Ended March 31, 2008 Rs. Crore
SCHEDULE 14			
MATERIALS			
A. Consumption of raw materials and components			
Opening Stocks		149.66	144.90
Add: Purchases (Including cost of goods resold)		2141.45	2186.82
		<u>2291.11</u>	<u>2331.72</u>
Less: Closing Stocks		198.28	149.66
	(A)	<u>2092.83</u>	<u>2182.06</u>
B. (Increase)/Decrease in stocks			
Opening Stocks:			
Work-in-Progress		28.49	21.43
Finished Goods		5.19	10.58
		<u>33.68</u>	<u>32.01</u>
Less: Closing Stocks:			
Work-in-Progress		23.33	28.49
Finished Goods		5.55	5.19
		<u>28.88</u>	<u>33.68</u>
	(B)	<u>4.80</u>	<u>(1.67)</u>
	(A)+(B)	<u><u>2097.63</u></u>	<u><u>2180.39</u></u>
SCHEDULE 15			
PERSONNEL			
Salaries, wages, bonus, testimonials and allowances	4	221.23	214.07
Contribution to Provident and other Funds	1(i)	21.96	16.70
Staff Welfare Expenses		11.45	10.29
		<u>254.64</u>	<u>241.06</u>

Schedules attached to and forming part of the Profit and Loss Account for the year ended March 31, 2009

	Sch 18 Note No. Reference	Year Ended March 31, 2009 Rs. Crore	Year Ended March 31, 2008 Rs. Crore
SCHEDULE 16			
OTHER EXPENSES			
a. Consumables and Tools		21.36	19.30
b. Power and Fuel		18.18	13.79
c. Drawing, Design and Technical Service Charges		36.54	27.66
d. Site Expenses and Contract Labour Charges		39.67	30.22
e. Rent and Service Charges		9.42	7.84
f. Lease Rentals		0.04	0.01
g. Rates and Taxes		1.61	1.58
h. Insurance		2.17	2.44
i. Repairs and Maintenance:			
Building		4.37	7.04
Plant and Machinery		5.83	6.12
Others		7.12	9.08
j. Communication		6.50	6.88
k. Travelling and Conveyance		35.30	39.21
l. Advertising and Exhibition Expenses		0.99	2.47
m. Freight Outward		38.60	23.30
n. Commission on Sales		25.86	15.59
o. Other Selling and Distribution Expenses		20.85	23.15
p. Free of Cost Supplies and Modifications		28.77	27.98
q. Bank Charges		6.81	5.28
r. Legal & Professional Charges		32.86	41.08
s. Printing and Stationery		3.61	3.91
t. Donations		4.11	0.67
u. Bad Debts		2.19	2.28
v. Provision for Doubtful Debts/Customer Claims	1(p)(ii)	6.68	17.07
w. Liquidated Damages	1(p)(i)	15.79	11.41
x. Loss on Assets sold/discarded (net)		1.31	1.12
y. Additional Sales Tax and Turnover Tax		2.27	2.72
z. Exchange Difference-Expenditure (net)		89.54	-
aa. Balances Written Off		2.41	2.16
ab. Miscellaneous Expenses		24.56	19.33
ac. Deferred Revenue Expenditure	1(h)	0.00	0.10
		495.32	370.79
SCHEDULE 17			
INTEREST			
Interest on:	1(l)		
Fixed Period Loans		-	-
Others		3.27	1.27
		3.27	1.27



Schedule forming part of the Accounts

SCHEDULE 18

NOTES TO ACCOUNTS

1. Significant Accounting Policies

a) Basis for Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual basis and comply with notified accounting standards as 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 and Intangible Assets

- i. 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.
- ii. Borrowing costs, if any, attributable to fixed assets, are capitalised.
- iii. Machinery specific spares other than those required for regular maintenance are capitalised as a part of the tangible fixed assets.
- iv. Expenditure incurred on acquisition or development of goodwill, technical know-how, software, patents, research and development and such other intangibles are recognised as Intangible Asset, if it is expected that such assets will generate sufficient future economic benefits.

d) Depreciation

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

- ii. Depreciation on all tangible fixed assets is provided by the straight line method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except following :

- in case of data processing equipments/ computers, which are depreciated at a higher rate of 33.33% as compared to 16.21% provided in Schedule XIV.
- certain vehicle related to employee perquisites are depreciated at a higher rate of 15% / 13.45% as compared to 9.50% provided in Schedule XIV.

- iii. Depreciation in respect of capitalised machinery specific spares whose use is expected to be irregular is charged over the remaining useful life of the related item of plant and machinery. The written down value of such spares is charged to profit and loss account when issued for consumption.

- iv. Intangible assets are amortised by straight line method over the estimated useful life of such asset. The useful life is estimated based on the evaluation of future economic benefits expected of such assets.

- v. Depreciation on the entire plant and machinery of chemical division is charged considering the chemical plant as a “Continuous Process Plant”.

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

f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. 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.

g) Inventories

- i. Inventories are valued at lower of cost and estimated net realisable value.
- ii. Cost of raw materials, components, consumables, tools, stores & spares is arrived at on the basis of weighted average cost.
- iii. Cost of finished goods & work in progress is arrived at on the basis of weighted average cost of raw materials & the cost of conversion thereof for bringing the inventories upto their present location and condition.
- iv. Inventory obsolescence is provided for on the basis of standard norms.

h) Deferred Revenue Expenditure

Expenditure incurred up to March 31, 2003, on research and development, technical know-how and software, other than those capitalised as fixed asset or expensed out as revenue expenditure, are being amortised over a period of time (maximum six years) depending upon the nature of the expenditure and evaluation of future benefits there from.

i) Employee Benefits

i) 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.

ii) 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.

iii) Gratuity

- a. Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation.
- b. Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-

cum-life assurance policy, is recognised as an asset.

- c. Current service cost, interest cost and actuarial gains and losses are charged to profit and loss account.
- d. Past service cost/effect of any curtailment or settlement is charged/credited to the profit and loss account, as applicable.

iv) 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 balance sheet date.

v) 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.

vi) Bonus & Employee's Short-Term Incentive Plan

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

j) Provisions and Contingent Liabilities

- i. Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- ii. The company provides for warranty obligations on substantial completion of contracts based on technical evaluation and past experience.
- iii. 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.

k) Revenue Recognition

- i. Revenue in respect of products is recognised on dispatch of goods to the customer or when they are unconditionally appropriated to the contract.
- ii. Revenue in respect of projects for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning,



guaranteeing performance thereof etc., execution of which is spread over different accounting periods is recognised on the basis of percentage of completion method.

- iii. Stage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract costs.
- iv. Difference between costs incurred plus recognized profits / less recognised losses and the amount of invoiced sale is disclosed as contract in progress.
- v. 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 the costs to completion, the expected revenue from the contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.
- vi. Supply of spare parts and services are accounted on 'as billed' basis.
- vii. Revenue in respect of long-term service contracts / maintenance contracts is recognised on the basis of stage of completion.
- viii. Dividend from investments is recognised when the company's right to receive is established.

l) Borrowing Costs

- i. Borrowing costs on working capital is charged to profit and loss account in the year of incurrence.
- ii. Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.
- iii. Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalised till the date they are put to use.

m) Foreign Currency Transactions

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- ii. Exchange difference on settlement of transactions in foreign currencies is recognised in the profit & loss account.

- iii. Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognised in the profit & loss account.
- iv. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- v. Revenue items of foreign branches are translated at average rate.

n) Hedge Accounting

The company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations. In terms of the risk management strategy, the company does not use forward cover contracts for trading or speculative purposes.

Foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of such contracts, which are designated and effective, are recorded in the Hedging Reserve account.

The accumulated changes in fair value recorded in the hedging reserve account are transferred to profit and loss account in the same period during which the underlying transactions affect profit and loss account and / or the foreign currency forward contract expires or is exercised, terminated or no longer qualifies for hedge accounting.

o) Taxes on Income

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

p) Others

- i. Liability for liquidated damages is recognised when it is deducted / claimed by the customer or when a reasonable estimate of the likely obligation can be made.
- ii. Provision for doubtful debts is made on the basis of standard norms in respect of debtors

outstanding beyond predefined period and also, where required, on actual evaluation.

- iii. Annual fees payable under a License Agreement for acquisition of a right to use Licensed Marks are recognised and charged to profit and loss account on payment.

2. Contingent Liability

- a) Disputed demands in respect of Excise, Customs Duty and Service Tax Rs. 14.22 Crore (*Previous Year Rs. 11.31 crore*), Sales Tax Rs. 6.53 Crore (*Previous Year Rs. 1.28 Crore*) and other Statutes Rs. 0.19 Crore (*Previous Year Rs. 1.04 Crore*).
- b) Income Tax
- i) Demands disputed in appellate proceedings Rs. 24.53 Crore (*Previous Year Rs. 13.83 Crore*).
- ii) References / Appeals preferred by Income Tax department in respect of which, should the ultimate decision be unfavourable to the company, the liability is estimated to be Rs. 22.30 Crore (*Previous Year Rs. 21.30 Crore*)
- c) Counter Guarantees given by the company to the banks on behalf of group companies : Rs. 6.32 Crore on behalf of Thermax Engineering Construction Co. Ltd. (TECC) , Rs. 40.16 Crore on behalf of Thermax Instrumentation Ltd. (TIL) and Rs. 1.30 Crore on behalf of ME Engineering Ltd (ME Engg.), towards securing advances received from clients and performance of contracts. (*Previous Year Rs. 9.88 Crore for*

TECC, Rs. 35.86 Crore for TIL and Rs. 1.09 Crore for ME Engg.).

- d) Counter Guarantees given to the banks for guarantees issued by them on company's behalf Rs. 837.11 Crore (*Previous Year Rs. 626.56 Crore*).
- e) Indemnity Bonds/Corporate Guarantees given by the company to the customers on behalf of ME Engineering - Rs. Nil (*Previous Year Rs 1.62 Crore*).
- f) Indemnity Bonds/Corporate guarantees given to Customs, other Government departments and various customers Rs. 33.49 Crore (*Previous Year Rs 40.65 Crore*).
- g) Liability for unexpired export obligations Rs. 19.67 Crore (*Previous Year Rs. 9.13 Crore*).
- h) Claims against the company not acknowledged as debts Rs. 7.70 Crore (*Previous Year Rs. 8.40 Crore*).
- i) Bills Discounted with banks Rs. 73.45 Crore (*Previous Year Rs. 25.51 Crore*).
- j) Liability in respect of partly paid shares in Parasrampuria Synthetics Ltd. Rs. 0.19 Crore (*Previous Year Rs. 0.19 Crore*).

3. Micro & Small Enterprises

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

Sundry Creditors included following amount due to MSMED parties :

Rs. Crore

Sr. No.	Particulars	2008-09		
		Principal	Interest	Total
a	Total Outstandings dues to micro and small enterprises	0.59	0.00	0.59
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	7.79	0.07	7.86
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	NA	0.00	0.00
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	NA	0.00	0.00



4. Directors' Remuneration **::

	2008 - 09	Rs. Crore 2007 - 08
(i) Salaries (including ex-gratia)	1.23 [@]	5.45 [@]
(ii) Contribution to Provident & other funds	0.16	0.24
(iii) Perquisites in cash or in kind	0.00	0.01
(iv) Commission to Non-Executive Directors	0.69	0.67

@ includes Rs. 0.35 Crore (*Previous Year Rs. 0.30 Crore*) commission payable to the Managing Director.

** Within the limits specified by Schedule XIII of the Companies Act, 1956.

Note : Provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations done on an overall company basis are excluded above.

Computation of Net Profit in accordance with Section 198 and 309(5) of the Companies Act, 1956.

	2008 - 09	Rs. Crore 2007 - 08
(i) Profit Before Tax and Extra Ordinary Items (i)	417.85	428.28
(ii) Add:		
Remuneration to Directors	2.08	6.37
Directors sitting fees	0.18	0.18
Provision for diminution in investment	0.00	Nil
Loss on discarded assets	0.33	0.11
Loss on sale of assets	1.00	1.03
Sub total (ii)	<u>3.59</u>	<u>7.69</u>
(iii) Less:		
Profit on sale of assets	0.02	0.02
Profit on sale of investment	5.63	4.00
Write-back of provision for diminution in the value of investments	Nil	Nil
Sub total (iii)	<u>5.65</u>	<u>4.02</u>
Net profit as per Sections 349 & 350 of the Companies Act, 1956 (i + ii - iii)	<u>415.79</u>	<u>431.95</u>
Remuneration to Whole-time Director(s) restricted to	20.79	21.60

5. Auditors' Remuneration & Directors fees :

Other expenses include:

	2008 - 09	Rs. Crore 2007 - 08
a) Auditors' Remuneration (excluding service tax)		
i) As Auditors	0.37	0.37
ii) For Taxation matters (including Tax Audits)	0.18	0.21
iii) Certification fees	0.01	0.01
iv) Reimbursement of expenses	0.02	0.02
b) Directors Sitting fees	0.18	0.18

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

A) Production and Stock

Rs. Crore

Particulars	Units	Installed Capacity	Prod.Qty.		Closing Stock as at 31.03.2009		Closing Stock as at 31.03.2008	
			2008-09	2007-08	Qty	Value	Qty	Value
Energy Products & Systems								
a) Boilers Capacity up to 30MT/Chillers	Nos.	3,441	1,994	1,925	22	1.56	36	1.62
b) Boilers Capacity above 30MT	MT	22,410	4,340	9,014	-	-	-	-
c) Heater	Mn. Kg Cal	-	81	80	-	-	-	-
d) Power Plant	MW	-	261	136	-	-	-	-
Environmental Products & Systems								
a) Air Pollution Control Plants & Systems	Nos.	-	1,490	999	-	-	-	-
b) Water and Waste Treatment Plants	Nos.	-	1,141	1,908	1	0.01	1	0.01
c) Ion Exchange Resins & Chemicals	MT	28,562	15,234	16,456	503	3.98	483	3.56
Components & Spares	Numerous	-	-	-	-	4.06	-	3.27
Total						9.61		8.46

Note: Installed capacity has been certified by the management and has been accepted by the Auditors without verification, this being a technical matter.


B) Turnover of goods manufactured & traded (Net of Excise)

Rs. Crore

Particulars	UNIT	2008 - 09		2007 - 08	
		QTY.	VALUE	QTY.	VALUE
Energy Products & Systems					
a) Boilers capacity up to 30 MT / Chillers					
(i) Completed	Nos.	1,997	495.82	2,050	422.99
(ii) Ongoing		66	62.39	15	17.23
b) Boilers Capacity above 30MT					
(i) Completed	MT	3,636	586.47	7,522	856.83
(ii) Ongoing		-	463.89	-	258.39
c) Heater	Mn Kg. Cal	81	126.68	80	27.71
d) Power Plant					
(i) Completed	MW	261	52.51	136	65.12
(ii) Ongoing		-	444.60	-	793.49
Environmental Products & Systems					
a) Air Pollution Control Plants & Systems	Nos.				
(i) Completed		967	315.38	826	176.36
(ii) Ongoing		15	12.26	24	42.96
b) Water & Waste Treatment Plants	Nos.				
(i) Completed		1,089	89.78	1,861	79.20
(ii) Ongoing		109	111.10	86	135.45
c) Ion Exchange Resins & Chemicals	MT	14,180	147.75	15,615	120.89
Goods Traded In	Numerous	-	30.42	-	2.47
Accessories, Spares, Erection, Commissioning, services, commission etc.		-	272.00	-	157.68
Total			3211.05		3156.77

Notes:

- 1) Quantitative turnover figures are excluding sales returns and trading quantities.
- 2) a) Energy Products & Systems :
 1. Boiler capacity up to 30 MT / chiller
 - i) 6 nos. used for captive consumption (*Previous Year 1 nos.*)
 - ii) 3 nos. free replacements (*Previous Year 3 nos.*)
 - iii) 2 nos. scraped (*Previous Year 4 nos.*)
 2. Boiler capacity above 30 MT.
704 MT used for captive consumption (*Previous Year 1492 MT*)
- b) Environmental Products & Systems :
 1. Air Pollution Control Plants & Systems
523 nos. used for captive consumption (*Previous Year 173 nos.*)
 2. Water & Waste Treatment Plants
52 nos. used for captive consumption (*Previous Year 47 nos.*)
- 3) Ion Exchange Resins & Chemicals
 - i) 981 MT used for captive consumption (*Previous Year 710 MT*)
 - ii) 53 MT free replacements (*Previous Year 13 MT*)

C) Consumption of Raw Materials, Components etc.

Rs. Crore

PARTICULARS	UNIT	2008-09		2007-08	
		QTY	VALUE	QTY	VALUE
Ferrous Sheets, Plates	MT	16,033	82.16	13,191	60.91
Ferrous Tubes	Numerous		223.47		182.25
Fabricated Items	Numerous		638.85		577.31
Chemicals	MT	23,616	96.36	24,901	78.41
Purchase of goods for resale	Numerous		25.95		24.93
Others	Numerous		1030.84		1256.58
Total			2097.63		2180.39

D) Value of imported & indigenous raw materials, components & Spare Parts consumed

Rs. Crore

PARTICULARS	%	2008-09	%	2007-08
Imported	16	346.06	14	308.74
Indigenous	84	1751.57	86	1871.65
Total	100	2097.63	100	2180.39

E) CIF Value of Imports

Rs. Crore

PARTICULARS	2008-09	2007-08
Raw Materials	163.21	203.64
Components & Spares	102.42	98.59
Consumables	5.36	3.18
Capital Goods	35.64	21.85
Total	306.63	327.26

F) Earnings in Foreign Currency (on accrual basis)

Rs. Crore

PARTICULARS	2008-09	2007-08
Export of goods on FOB	627.57	343.44
Others	17.03	9.04
Total	644.60	352.48

G) Expenditure in Foreign Currency (on accrual basis)

Rs. Crore

PARTICULARS	2008-09	2007-08
Technical Fees	4.57	4.58
Expenses in Foreign Offices	13.30	9.17
Royalty	7.11	8.62
Travelling, Commission and Others	36.21	39.81
Capital Expenditure at foreign offices	0.16	0.38
Total	61.35	62.56



7. Contracts in Progress (CIP)

Rs Crore

PARTICULARS	2008-09	2007-08
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	2,229.16	2,368.93
b) In respect of contracts in progress as on 31 st March :		
1. Aggregate amount of costs incurred and recognised profits (less recognised losses)	4,762.13	3,414.23
2. Amount of Customer Advances received	512.06	390.02
3. Amount of Retentions	73.20	30.64
c) Gross amount due from customers for contract work	226.86	55.81
d) Gross amount due to customers for contract work	55.85	16.52

8. Deferred Tax :

Particulars	2008 – 09	2007-08
Major components of deferred tax asset:		
i Provision for Doubtful Debts	9.74	7.73
ii Others	8.42	8.26
Total (A)	18.16	15.99
Major components of deferred tax liability		
i Depreciation on Fixed Assets	35.98	30.77
ii Others	0.23	0.30
Total (B)	36.21	31.07
Net Deferred Tax Assets / (Liability) (A-B)	(18.05)*	(15.08)*

* Includes net Deferred Tax Assets Rs. Nil on account of revised AS 15 (*previous year Rs. 0.94 Crore*) which has been adjusted against General Reserve.

9. Share Capital

Issued, Subscribed & Paid up Equity Capital includes 1,06,78,200 Equity Shares of Rs. 2/- each allotted as fully paid up for consideration other than cash as per various schemes of amalgamation and 1,71,37,500 shares of Rs. 2/- each issued by way of bonus shares on capitalisation of General Reserve.

10. Extra-ordinary items of expenses/income during the year are as follows

Extra-ordinary item of income Rs. 1.36 crore (previous year Rs. 2.10 crore) during the current year represents write back of the provision made by the company during previous years towards possible financial obligations on account of counter-guarantees given by the company in relation to ME Engineering Ltd., UK.

11. Secured Loan

Working capital facilities (packing credits, shipping loans, cash credits & overdrafts) from banks are secured by hypothecation of present and future stock of raw materials, consumables, spares, semi-finished goods, finished goods & book debts.

12. Other Liabilities

Other Liabilities include following amounts which will be credited to Investors Education and Protection Fund (on expiry of the specified period, if the amount remains unclaimed at that time):-

	As at 31.03.09	Rs Crore As at 31.03.08
i) Unclaimed Dividend on Equity	0.50	0.36
ii) Unclaimed Dividend on Redeemable Preference Share (RPS)	0.02	0.02
iii) RPS Redemption Amount	0.11	0.11
iv) Unclaimed matured deposits	0.01	0.01

13. Disclosure of amounts at the year end and the maximum amount of loans / advances / investments outstanding during the year

Loans and advances in the nature of loans to subsidiaries:

Sr No	Name of subsidiary	Balance Outstanding As at 31.3.09	Rs. Crore Maximum Balance Outstanding During the Year
1	Thermax Sustainable Energy Solutions Ltd.	2.03	2.03
2	Thermax Instrumentation Ltd.	Nil	0.65

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

15. Foreign Exchange Transactions

The year end foreign exposures in respect of monetary items that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable (net) in foreign currency on account of the following:

Particulars	Amount in Rs. Crore	Amount in Foreign Currency
Export of Goods	7.12	USD 1,407,022
Export of Goods	1.33	EURO 199,154
Export of Goods	0.57	GBP 79,257

16. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 39.16 Crore (*Previous year Rs. 59.26 Crore*).

17. Capitalisation of expenses

Raw materials, labour and overheads capitalised in respect of Plant & Machinery Rs. 1.71 Crore (*Previous Year Rs. 2.59 Crore*).

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

	Rs. Crore
Drawing & Design, Site Expenses / Technical Charges	0.02
Sales Reversal	9.60
Other Miscellaneous Expenses	0.11

19. Segment Reporting

- i) The Company has disclosed Business Segment as the primary segment. Segments have been identified by the management taking into account the nature of the products, manufacturing process, customer profiles, risk and reward parameters and other relevant factors.
The Company's operations have been mainly classified between two primary segments, 'Energy' and 'Environment'. Composition of business segments is as follows:



Segment	Products Covered
a) Energy	Boilers and Heaters, Absorption Chillers/Heat Pumps, Power Plants.
b) Environment	Air Pollution Control Equipments/ Systems, Water & Waste Recycle Plants, Ion Exchange Resins & Performance Chemicals.

ii Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The expenses, which are not directly attributable to the business segment, are shown as unallocated cost.

Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated Assets and Liabilities respectively.

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

- a) India
- b) Outside India

iv Inter-segment transfer price is arrived at on the basis of cost plus a reasonable mark-up.

D) Information about Primary Business Segments :

Rs. Crore

Particulars	2008-09		
	Energy	Environment	Total
Revenue :			
Gross Revenue	2517.26	811.28	3328.54
Less : Intersegment Revenue	4.27	59.91	64.18
Net Revenue	2512.99	751.37	3264.36
Result :			
Segment Result	331.52	113.96	445.48
Unallocated income net of unallocated expenditure			(24.36)
Operating Profit			421.12
Interest expenses			3.27
Taxation for the year			131.91
Profit after taxation and before exceptional items			285.94
Extra-ordinary items of expenses			(1.36)
Net Profit			287.30
Other Information :			
Segment Assets	1196.47	355.67	1552.14
Unallocated Corporate Assets			501.36
Total Assets			2053.50
Segment Liabilities	763.15	208.03	971.18
Unallocated Corporate Liabilities			120.43
Total Liabilities			1091.61
Capital Expenditure	133.99	29.49	163.48
Depreciation	26.62	5.49	32.11
Non-cash expenses other than depreciation	0.00	0.00	0.00

Rs. Crore

Particulars	2007-08		
	Energy	Environment	Total
Revenue :			
Gross Revenue	2620.68	651.30	3271.98
Less : Intersegment Revenue	0.22	67.58	67.80
Net Revenue	2620.46	583.72	3204.18
Result :			
Segment Result	370.45	79.16	449.61
Unallocated income net of unallocated expenditure			(20.06)
Operating Profit			429.55
Interest expenses			1.27
Taxation for the year			149.60
Profit after taxation and before exceptional items			278.68
Extra-ordinary items of Income			2.10
Net Profit			280.78
Other Information :			
Segment Assets	994.71	279.10	1273.81
Unallocated Corporate Assets			583.75
Total Assets			1857.56
Segment Liabilities	772.75	187.61	960.36
Unallocated Corporate Liabilities			161.06
Total Liabilities			1121.42
Capital Expenditure	160.37	18.07	178.44
Depreciation	17.00	4.79	21.80
Non-cash expenses other than depreciation	0.00	0.10	0.10

II) Information about Secondary Segments :

Rs. Crore

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Revenue		
India	2561.86	2900.65
Outside India	702.50	303.53
Total Revenue	3264.36	3204.18
Carrying Amount of Segment Assets :		
India	1489.92	1205.61
Outside India	62.22	68.20
Addition to Fixed Assets :		
India	163.55	178.32
Outside India	-0.07	0.12



20. Related Party Disclosures

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

Relationship :

A) Holding Company

RDA Holding & Trading Pvt. Ltd.

Note : RDA Holding & Trading Pvt. Ltd. has become the holding company of Thermax Ltd. consequent upon the scheme of arrangement between three promoter corporate bodies namely, ARA Trading & Investment Pvt. Ltd., KRA Holding & Trading Pvt. Ltd. and RDA Holding & Trading Pvt. Ltd. The orders approving the said scheme of arrangement were passed by the Honourable High Court of Judicature at Bombay on December 19, 2008.

B) Enterprises controlled by the Company :

Subsidiary Companies:

i. Domestic:

Thermax Sustainable Energy Solutions Ltd. Thermax Instrumentation Ltd.
Thermax Engineering Construction Co. Ltd.

ii. Overseas:

Thermax Europe Ltd., U.K. Thermax do Brasil-Energia e Equipamentos Ltda., Brazil
Thermax International Ltd., Mauritius Thermax Inc., USA
Thermax Hong Kong Ltd., Hong Kong
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China

C) Individuals having control or significant influence over the Company by reason of voting power, and their relatives :

Mrs. Meher Pudumjee – Chairperson
Mrs. Anu Aga – Director
Mr. Pheroze Pudumjee – Director

D) Enterprise, over which control is exercised by individuals listed in 'B' above

Thermax Social Initiative Foundation

E) Key Management Personnel:

Mr. M S Unnikrishnan – Managing Director

The following transactions were carried out during the year with related parties in the ordinary course of business.

Rs. Crore

Details of Transactions with Subsidiary Companies (Refer Note 22 (A) and (C))

Particulars	2008-09	2007-08
I Sales, Service, Other income		
Sales of Goods		
i Thermax Europe Ltd.	26.81	17.60
ii Thermax Inc.	42.61	45.25
iii Others	5.14	3.64
Total	<u>74.56</u>	<u>66.49</u>
Rendering of Services	-	0.29
Interest Income	0.16	0.21
Management Contracts including for deputation of employees	-	0.30
Reimbursement of Expenses / cost of material / Stores	1.23	0.61

	2008-09	Rs. Crore 2007-08
II Purchase of Material / Services		
Purchase of Goods / Services		
i Thermax Engineering Construction Co Ltd.	47.05	28.96
ii Others	3.38	1.34
Total	<u>50.43</u>	<u>30.30</u>
Purchase of Fixed Assets		
i Thermax Hong Kong Ltd.	-	0.01
III Expenses		
Receiving of Services	-	0.64
Liquidated Damages	0.07	0.03
Reimbursement of Expenses	4.96	1.73
FOC Modification / Warranty Expenses:		
i Thermax Inc.	1.13	0.89
ii Thermax Europe Ltd.	0.76	0.68
Total	<u>1.89</u>	<u>1.57</u>
Management Contracts including for deputation of employees	0.05	0.12
Donation to Thermax Social Initiative Foundation	3.87	0.45
IV Finance (Including Loan / Equity Contribution)		
Equity Contribution		
i Thermax do Brasil - Energia e Equipamentos Ltda.	0.13	-
ii Thermax (Zhejiang) Cooling & Heating Eng. Co. Ltd.	10.05	27.13
iii Thermax Engineering Construction Co Ltd.	-	3.00
Total	<u>10.18</u>	<u>30.13</u>
Loans / Advances Given		
i Thermax Sustainable Energy Solutions Ltd.	-	0.10
Loans / Advances given Recived		
i Thermax Instrumentation Ltd.	0.65	-
V Guarantee / Bond / Collateral Given on behalf of subsidiaries and out standing as on 31st March		
i ME Engineering Ltd.	-	2.71
ii Thermax Instrumentation Ltd.	40.16	28.56
iii Thermax Engineering Construction Co Ltd.	6.32	27.88
Total	<u>46.48</u>	<u>59.15</u>
VI Amount Outstanding - Loan / Advances, Receivable		
Loan / Advances Outstanding		
i Thermax Instrumentation Ltd.	1.27	1.92
ii Thermax Sustainable Energy Solutions Ltd.	2.51	2.38
Total	<u>3.78</u>	<u>4.30</u>
Account Receivable		
i Thermax Inc.	14.73	21.92
ii Thermax Europe Ltd.	2.07	7.81
iii Others	0.88	1.25
Total	<u>17.68</u>	<u>30.98</u>
Trade Advances		
i Thermax Engineering Construction Co Ltd.	6.04	1.61
VII Amount Outstanding - Payable		
Accounts Payable		
i Thermax Engineering Construction Co Ltd.	5.88	4.82
ii Thermax Inc.	0.34	0.75
iii Others	-	0.17
Total	<u>6.22</u>	<u>5.74</u>



	Rs. Crore	
Details of Transactions relating to the Persons (referred to in Note 22 (B) and (D))	2008-09	2007-08
Managerial Remuneration	1.39	5.70
Director's Sitting Fees	0.08	0.09
Rent Paid to Directors	0.23	0.07
Commission paid to Directors	0.26	0.26
Loans, Advance / Deposit given during the year	0.18	-
Loans, Advance / Deposit outstanding at the end of the year	0.58	0.40

21. Defined Benefit Plans for Employees (AS 15)

As per Actuarial valuation as on March 31, 2009 and recognised in financial statements in respect of Gratuity schemes:

	Rs. Crore	
i Components of Employer expense		
a Current service cost		2.41
b Interest Cost		1.73
c Expected Return on Plan Assets		(1.82)
d Actuarial (Gain) / Loss		0.27
e Total Expense recognised in the Profit and Loss Account		2.60
ii Net Assets / (Liability) recognised in Balance Sheet as at 31 st March 2009		
a Present Value of Obligation		25.34
b Fair Value of Plan Assets		31.67
c (Asset)/Liability recognised in the Balance Sheet		(6.34)
iii Change in Gratuity Obligation during the year		
a Present Value of Obligation as at 31 st March 2008		23.22
b Current Service Cost		2.41
c Interest Cost		1.73
d Actuarial (Gain)/ Loss		1.05
e Benefit Paid		(3.07)
f Present Value of Obligation as at 31 st March 2009		25.34
iv Changes in the Fair Value of Plan Assets		
a Present Value of Plan Assets as 31 st March 2008		25.16
b Expected Return on Plan Assets		1.82
c Actual Company Contribution		3.98
d Benefits Paid		(0.07)
e Actuarial Gain / (Loss)		0.78
f Present Value of Plan Assets as 31 st March 2009		31.67
v Actuarial Assumptions		
a Discount Rate		8% p.a.
b Expected Rate of Return		8% p.a.

22. Earnings Per Share (EPS)

Earnings Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

Particulars	2008-09	2007-08
Profit After Tax but before Extra-ordinary items (Rs. Crore)	285.94	278.68
Weighted average number of Equity shares of Rs. 2 each	11 91 56 300	11 91 56 300
Basic & Diluted EPS before Extra-ordinary items (Rs.)	24.00	23.39
Profit After Tax and after Extra-ordinary items (Rs. Crore)	287.30	280.78
Basic & Diluted EPS after Extra-ordinary items (Rs.)	24.11	23.56

23. 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.

24. Disclosure as required by AS – 29 (Contingent Liabilities and Provisions):

Rs. Crore

Particulars	Warranty Provision		Obligation under counter gurantees	
	2008-09	2007-08	2008-09	2007-08
Opening Balance (as on 1st April)	24.67	17.01	1.67	5.48
Additions during the year	32.84	22.70	-	-
Utilisation during the year	7.45	8.50	-	1.71
Reversals during the year	9.36	6.54	1.67	2.10
Closing Balance (as on 31st March)	40.70	24.67	-	1.67

25. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.



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

I. Registration Details

Registration No. : 0 2 2 7 8 7 State Code : 1 1

Balance Sheet Date : 3 1 0 3 2 0 0 9

II. Capital raised during the Year (Amount in Rs. Thousand)

Public Issue : N I L Rights Issue : N I L

Bonus Issue : N I L Private Placement (including share premium) : N I L

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

Total Liabilities : 2 2 4 9 7 3 0 1

Total Assests : 2 2 4 9 7 3 0 1

Sources of Funds

Paid up Capital : 2 3 8 3 1 3

Reserves & Surplus : 9 3 8 0 6 1 4

Secured Loans : N I L

Unsecured Loans : N I L

Application of Fund

Net Fixed Assets : 4 5 7 5 6 5 0

Investments : 1 7 6 4 4 7 3

Net Current Assets : 3 4 5 9 2 5 5

Misc. Expenditure : N I L

Accumulated Losses : N I L

IV. Perfornace of the Company (Amount in Rs. Thousand)

Total Revenue : 3 3 0 3 1 6 5 6

Total Expenditure : 2 8 8 3 9 5 0 7

Profit Before Tax / Loss (-) : 4 1 9 2 1 4 9

Profit After Tax / Loss (-) : 2 8 7 3 0 3 3

Earning Per Share in Rs. : 2 4 . 1 1

Dividend Rate % : 2 5 0

V. Generic Name of Three Principal Product / Services of Company (As per monetary terms)

Item Code No. (ITC Code) : 8 4 0 2 . 1 0

Product Description : S T E A M O R O T H E R V A P O U R
G E N E R A T I N G B O I L E R S

Item Code No. (ITC Code) : N O T A P P L I C A B L E

Product Description : P O W E R P L A N T

Item Code No. (ITC Code) : 8 4 2 1 . 1 0

Product Description : P U R I F Y I N G M A C H I N E R Y
F O R L I Q U I D O R G A S E S

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

H. P. Mahajani

Partner

Membership No. 30168

Pune, May 19, 2009

For and on behalf of the Board

Meher Pudumjee

Chairperson

Gopal Mahadevan

Executive Vice President

& Chief Financial Officer

M. S. Unnikrishnan

Managing Director

Sunil Lalai

Company Secretary

Pune, May 19, 2009

CASH FLOW STATEMENT

	2008-09	Rs. Crore 2007-08
A Cash flow from Operating Activities		
Net profit before tax	419.21	430.38
<i>Add Adjustments for</i>		
Depreciation	32.11	21.80
Amortisation of deferred revenue expenses	(0.00)	0.10
Net Provision for Doubtful Debts	17.59	12.43
Interest (expense)	3.27	1.27
Lease rentals Paid	0.04	0.01
Leave Encashment Provision	1.92	6.09
Provision for Long term Investments	0.00	-
<i>Less Adjustments for</i>		
Interest / Dividend / Brokerage Income	(33.18)	(37.76)
(Profit) / Loss on sale of Investment	(5.63)	(4.00)
(Profit) / Loss on sale of assets	1.31	1.12
Operating profit before working capital changes	436.64	431.44
<i>Adjustments for</i>		
Trade and other receivables	77.07	(308.19)
Inventories	(66.90)	0.71
Trade payables	(26.03)	157.38
Contract in Progress	(131.75)	5.59
Cash generated from operations (Before Extra Ordinary Items)	289.03	286.93
<i>Adjustment for Extra Ordinary Items</i>		
Provision for obligation under Counter Guarantees	(1.36)	(2.10)
Obligation under counter gurantee paid	(0.31)	(1.71)
Cash generated from operations	287.36	283.12
Direct taxes paid	(139.33)	(141.93)
Net cash from operating activities	148.03	141.19
B Cash flow from Investing activities		
Purchase of Fixed Assets (Net)	(164.79)	(179.56)
Advance for Capital Expenditure	5.27	1.89
Investments in Subsidiaries / Group Companies	(10.00)	(30.13)
Purchase of other Investments	(735.94)	(1224.26)
Proceeds from sale of Investments	1154.86	1256.26
Advance to Subsidiaries	0.70	(0.22)
Interest / Dividend / Brokerage received	29.44	37.77
Net cash from Investing activities	279.54	(138.25)



	2008-09	Rs. Crore 2007-08
C Cash flow from Financing Activities		
Redemption of Preference Shares	(0.00)	–
Lease rentals paid	(0.04)	(0.01)
Interest paid	(3.27)	(1.27)
Dividend paid and Tax thereon	(111.39)	(36.22)
Net cash from Financing activities	(114.70)	(37.50)
Net (decrease)/increase in cash & cash equivalents	312.87	(34.56)
Opening cash & bank balances	27.91	62.47
Closing cash & bank balances	340.78	27.91

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

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 19, 2009

For and on behalf of the Board
Meher Pudumjee
Chairperson

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009

**Statement pursuant to Section 212 of the Companies Act, 1956,
Relating to subsidiary companies for the financial year**

(Amount in Crore)

Name of the Subsidiary	Financial Year ending of the Subsidiary	Holding Company's interest in Equity Capital	Currency	For Financial Year of the Subsidiary		For the previous Financial Years of the Subsidiary	
				Net aggregate of Profits or Losses so far it concern the members of the Holding Company and dealt with in the books of Account of the Holding Company	Net aggregate of Profits or Losses so far it concern the members of the Holding Company and not dealt with in the books of Account of the Holding Company	Net aggregate of Profits or Losses so far it concerns the members of the Holding Company and dealt with in the books of Account of the Holding Company	Net aggregate of Profits or Losses so far it concern the members of the Holding Company and not dealt with in the books of Account of the Holding Company
Thermax Sustainable Energy Solutions Ltd.	March 31, 2009	100%	Rs.	-	(0.13)	2.06	(1.09)
Thermax Engineering Construction Co. Ltd.	March 31, 2009	100%	Rs.	-	1.51	3.33	5.07
Thermax Instrumentation Ltd.	March 31, 2009	100%	Rs.	-	0.40	(4.88)	7.26
Thermax International Ltd. (Mauritius)	March 31, 2009	100%	USD	-	(0.00)	-	(0.27)
Thermax Europe Ltd. (U.K.)	March 31, 2009	100%	Pound Sterling	-	0.05	-	0.05
Thermax Hong Kong Ltd (Hong Kong)	March 31, 2009	100%	Hong Kong Dollar	-	(0.01)	-	(0.59)
Thermax do Brasil-Energia e Equipamentos Ltda (Brazil)	March 31, 2009	100%	Brazilian Real	-	0.00	-	(0.10)
Thermax Inc. (U.S.A.) *	March 31, 2009	100%	USD	-	0.01	-	0.04
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China)	December 31, 2008	100%	Yuan	-	(0.98)	-	-

* This company is a subsidiary of Thermax International Ltd. (Mauritius) and hence subsidiary of the Company.

Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 19, 2009



Thermax Limited

Consolidated

Financial Statements

Auditors' Report

Auditors' report to the Board of Directors of Thermax Limited on the Consolidated Financial Statements of Thermax Limited and its Subsidiaries

1. We have examined the attached Consolidated Balance Sheet of Thermax Limited and its subsidiaries (therein referred to as "Thermax group") as at 31st March 2009, the relative Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.
2. 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. 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. We did not audit the financial statements of the six foreign subsidiaries, whose financial statements reflect total assets of Rs. 111.17 crore as at 31st March 2009 and total revenues of Rs. 125.51 crore for the year then ended (before giving effect to the consolidation adjustments). These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it related to the amounts included in respect of subsidiaries, is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Thermax Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit report of the individual financial statements of Thermax Limited and its subsidiaries, we are of the opinion:
 - (a) the Consolidated Balance Sheet, gives a true and fair view of the consolidated state of affairs of Thermax Group as at 31st March 2009;
 - (b) the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operations of Thermax Group for the year ended on that date; and
 - (c) the Consolidated Cash Flow Statement, gives a true and fair view of the consolidated cash flows for the year ended on that date.

For B.K. Khare & Company
Chartered Accountants

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

Place: Pune
Date : May 19, 2009



Consolidated Balance Sheet as at March 31, 2009

	Schedule	Sch. 20 Note No. Reference	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1		23.83	23.83
Reserves & Surplus	2		968.56	735.68
			<u>992.39</u>	<u>759.51</u>
Loan Funds :				
Secured Loans	3	7	0.00	-
Unsecured Loans	4		4.08	-
			<u>4.08</u>	<u>-</u>
Minority Interest				
Deferred Tax Liability:				
Deferred Tax Liability		5	36.66	31.29
Deferred Tax Asset			(20.68)	(17.89)
			<u>15.98</u>	<u>13.40</u>
Total Funds Employed			<u>1012.45</u>	<u>772.91</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	3 (e)	661.49	432.84
Less : Depreciation			170.36	145.03
Net Block			<u>491.13</u>	<u>287.81</u>
Capital Work in Progress			17.65	60.70
Investments	6	3 (g)	144.32	560.13
Current Assets, Loans & Advances :				
Inventories	7	3(h)	280.53	209.97
Contracts in Progress		3(l)iv	246.19	69.34
Sundry Debtors	8		571.87	530.45
Cash & Bank Balances	9		369.61	58.02
Other Current Assets	10		41.03	32.44
Loans & Advances	11		222.36	218.91
			<u>1731.59</u>	<u>1119.14</u>
Less : Current Liabilities & Provisions :				
Current Liabilities	12		1206.86	1099.00
Contracts in Progress		3(l)iv	69.72	22.64
Provisions	13	3(k)	95.71	137.17
			<u>1372.29</u>	<u>1258.81</u>
Net Current Assets			<u>359.30</u>	<u>(139.67)</u>
Miscellaneous Expenditure to the extent not written off or adjusted	14	3(i)	0.05	3.95
Total Funds Applied			<u>1012.45</u>	<u>772.91</u>
Notes to Accounts	20			

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

H. P. Mahajani

Partner

Membership No. 30168

Pune, May 19, 2009

For and on behalf of the Board

Meher Pudumjee

Chairperson

Gopal Mahadevan

Executive Vice President

& Chief Financial Officer

M. S. Unnikrishnan

Managing Director

Sunil Lalai

Company Secretary

Pune, May 19, 2009

Consolidated Profit and Loss Account for the year ended March 31, 2009

	Schedule	Sch. 20 Note No. Reference	Year Ended March 31, 2009 Rs. Crore	Year Ended March 31, 2008 Rs. Crore
INCOME				
Sales and Other Income	15	3(l)	3500.70	3525.42
EXPENDITURE				
Materials	16		2080.15	2220.24
Personnel	17		288.23	267.16
Other Expenses	18		667.71	565.10
Excise Duty (Net)			2.35	2.35
Depreciation		3(e)	35.14	23.20
Interest	19	3(m)	3.81	1.65
			<u>3077.39</u>	<u>3079.70</u>
Profit Before Tax and Extra-ordinary items			423.31	445.72
Extra-ordinary Items of Expenses				
Obligations under counter guaratntees given on behalf of ME Engineering Ltd., UK		6	(1.36)	(2.10)
Profit before Tax and after Extra-ordinary Items			<u>424.67</u>	<u>447.82</u>
Provision for Taxation				
Current Tax		3(p)(i)	(129.47)	(144.88)
Deferred Tax		3(p)(ii)	(2.69)	(8.83)
Fringe Benefit Tax			<u>(3.57)</u>	<u>(3.39)</u>
Profit After Tax			<u>288.94</u>	<u>290.72</u>
Less : Minority Interest			-	-
Profit After Tax and Minority Interest			<u>288.94</u>	<u>290.72</u>
Balance carried forward from last year			359.02	211.69
Add: Accumulated net deferred tax asset			-	1.41
Profit available for appropriation			<u>647.96</u>	<u>503.82</u>
Appropriations				
Proposed Equity Dividend			59.58	95.33
Tax on Dividend			10.12	16.20
General Reserve			29.05	33.27
Balance carried to Balance Sheet			<u>549.21</u>	<u>359.02</u>
			<u>647.96</u>	<u>503.82</u>
Basic / Diluted Earnings Per Share (EPS) - Rs. [Equity Shares of Rs. 2/- each]		10	24.25	24.40
Weighted Average number of Equity Shares			11 91 56 300	11 91 56 300

Notes to Accounts

20

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 19, 2009

For and on behalf of the Board
Meher Pudumjee
Chairperson

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009



Schedules attached to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	Sch. 20 Note No. Ref.	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
37,50,00,000 Equity Shares of Rs. 2/- each		<u>75.00</u>	<u>75.00</u>
Issued, Subscribed & Paid Up			
11,91,56,300 Equity Shares of Rs. 2/- each, fully paid-up		<u>23.83</u>	<u>23.83</u>
		<u>23.83</u>	<u>23.83</u>
SCHEDULE 2			
RESERVES & SURPLUS			
a. Capital Redemption Reserve			
Per last Balance Sheet		50.34	50.34
b. Capital Reserve			
Per last Balance Sheet		13.10	13.10
c. Capital Reserve on Consolidation			
Capital Reserve (on investment in Subsidiaries)		4.71	4.71
d. Share Premium			
Per last Balance Sheet		61.13	61.13
e. Hedging Reserve			
Per last Balance Sheet		(5.28)	-
Profit / (Loss) - Cash Flow Hedging		8.15	(5.28)
		<u>2.87</u>	<u>(5.28)</u>
f. General Reserve :			
Per last Balance Sheet		248.19	222.15
Less: Leave encashment/Gratuity Provision		-	7.23
Add: Transferred from Profit & Loss a/c		29.05	33.27
		<u>277.24</u>	<u>248.19</u>
g. Foreign Currency Translation Reserve	3 (d)	9.96	4.47
h. Balance in Profit & Loss A/c		<u>549.21</u>	<u>359.02</u>
		<u>968.56</u>	<u>735.68</u>

Schedules attached to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	Sch. 20 Note No. Ref.	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 3 SECURED LOANS			
a. Borrowing from Banks for Working Capital (including Working Capital Term Loans)	7	0.00	-
b. Other Secured Loans		-	-
		0.00	-

**SCHEDULE 4
UNSECURED LOANS**

a. Bank Loans and Overdrafts		4.08	-
b. Loan from Holding Company / Fellow Subsidiary Co		0.00	-
		4.08	-

**SCHEDULE : 5
FIXED ASSETS**

[Refer Note No. 3(e) of Schedule 20]

Rs. Crore

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1.4.2008	Additions/ Adjustments during the year	Deductions/ Adjustment during the year	Total Cost as at 31.3.2009	Upto 31.3.2008	Deductions/ Adjustments during the year	Provisions during the year	Total As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
TANGIBLE:										
Land - Freehold	11.27	-	3.91	7.36	-	-	-	-	7.36	11.27
Land - Leasehold	10.76	15.72	0.46	26.02	-	-	0.17	-	26.02	10.76
Building	94.78	53.63	0.30	148.12	11.54	0.23	3.64	14.94	133.18	83.24
Plant & Machinery	194.48	132.22	6.49	320.23	78.65	5.25	16.22	89.62	230.61	115.83
Assets given on Lease	0.46	-	0.46	-	0.43	0.43	-	-	-	0.03
Electrical Installation	18.97	10.57	0.10	29.44	4.53	0.08	1.38	5.84	23.60	14.44
Furniture, Fixtures, Computers & Office Equipment	72.74	10.60	2.79	80.54	36.71	2.54	6.76	40.92	39.62	36.03
Vehicles	17.53	2.83	2.42	17.93	5.66	1.13	2.46	6.99	10.94	11.87
INTANGIBLE:										
Software	10.92	7.26	0.06	18.11	6.63	(0.01)	3.10	9.75	8.36	4.29
Technical Knowhow	0.93	12.81	-	13.74	0.88	-	1.41	2.30	11.44	0.05
Total	432.84	245.64	16.99	661.49	145.03	9.65	35.14	170.36	491.13	287.81
Previous Year	291.79	146.66	5.61	432.84	124.67	2.92	23.28	145.03	287.81	167.12
Capital WIP									17.65	60.70



Schedules attached to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	Sch. 20 Note No. Ref.	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 6			
INVESTMENTS	3(g)		
A) Non Trade (Long Term)			
a. Units		4.38	50.05
b. Bonds		-	0.63
c. Quoted Equity Shares (fully paid up)		0.09	0.09
d. Quoted Equity Shares (partly paid up)		0.06	0.06
e. Unquoted Equity Shares (fully paid up)		0.07	0.07
f. Unquoted Preference Shares (fully paid up)		0.02	7.81
g. Equity in Subsidiary Companies (fully paid up)		4.62	3.55
h. Preference Shares in Subsidiary Companies (fully paid up)		7.58	7.58
		<u>16.82</u>	<u>69.84</u>
Provision for Diminution in value of long-term investments		<u>(9.09)</u>	<u>11.29</u>
	(A)	<u>25.91</u>	<u>58.55</u>
B) Current Investments			
Units	(B)	118.41	501.58
	(A+B)	<u>144.32</u>	<u>560.13</u>
SCHEDULE 7			
INVENTORIES	3(h)		
(As valued & certified by Management)			
a. Raw Material & Components		233.13	162.57
b. Work in Progress		25.83	28.49
c. Finished Goods		17.19	15.41
d. Stores, Spare Parts & Tools		4.38	3.50
		<u>280.53</u>	<u>209.97</u>
SCHEDULE 8			
SUNDRY DEBTORS			
Unsecured			
Debts Outstanding for a period exceeding six months			
Considered good		83.07	56.34
Considered doubtful		60.23	43.50
Less: Provided for		60.23	43.50
Other Debts		488.80	474.11
		<u>571.87</u>	<u>530.45</u>

Schedules attached to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	Sch. 20 Note No. Ref.	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 9			
CASH & BANK BALANCES			
A. Cash on Hand		0.79	0.63
B. Bank Balances & Remittances in Transit :			
With Scheduled Banks :			
a. In Current Accounts		(3.87)	9.84
b. In Deposit Accounts		329.40	0.14
With Non-scheduled Bank / Foreign Banks :			
a. In Current Accounts		17.37	16.91
b. In Deposit Accounts		0.35	4.20
Remittances in Transit		25.57	26.30
		<u>369.61</u>	<u>58.02</u>

SCHEDULE 10

OTHER CURRENT ASSETS

a. Duty Drawback Receivable		16.20	-
b. Excise Recoverable		4.76	15.93
c. Accrued Interest		3.75	-
d. Other Current Assets		16.32	16.51
		<u>41.03</u>	<u>32.44</u>

SCHEDULE 11

LOANS & ADVANCES

Unsecured, considered good :

a. Advances recoverable in Cash or in Kind		80.18	130.18
b. Prepaid Long Term Employee Benefits		6.34	1.94
c. Advances for Capital Expenditure		3.40	8.66
d. Advances to Staff & Workers		8.16	7.22
e. Balance in Central Excise & Customs Accounts		57.42	25.08
f. Sundry Deposits		15.95	12.79
g. Advance Payment of Income Tax		49.49	32.03
h. Advance Payment of Fringe Benefit Tax		0.48	0.45
i. Others		0.94	0.56
		<u>222.36</u>	<u>218.91</u>



Schedules attached to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	Sch. 20 Note No. Ref.	As at March 31, 2009 Rs. Crore	As at March 31, 2008 Rs. Crore
SCHEDULE 12			
CURRENT LIABILITIES			
a. Acceptances		18.00	8.50
b. Customer Advances		614.51	479.75
c. Sundry Creditors		419.87	455.18
d. Other Liabilities		88.77	103.59
e. Foreign Currency Forward Contracts		8.30	4.89
f. Trade Deposits		18.77	1.33
g. Short Term Employee Benefits		38.64	45.76
		<u>1206.86</u>	<u>1099.00</u>
SCHEDULE 13			
PROVISIONS			
	3(k)		
a. Proposed Equity Dividend		59.58	95.33
b. Tax on Dividend		10.12	16.20
c. Provision for Employee Retirement & Other Benefits	3(j)	26.01	23.56
d. Provision for Contingency		-	0.41
e. Provision for obligation under counter guarantees		-	1.67
		<u>95.71</u>	<u>137.17</u>
SCHEDULE 14			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
a. Technical Know-how			
Per last Balance Sheet		-	0.14
Add : Incurred during the year		(0.00)	-
		(0.00)	0.14
Less : Written off during the year		(0.00)	0.14
Technical Know-how	(a)	-	-
b. Preliminary Expenses			
Per last Balance Sheet		3.95	-
Add : Incurred during the year		-	3.95
		3.95	3.95
Less : Amortised during the year		3.90	-
Preliminary Expenses	(b)	0.05	3.95
	(a+b)	<u>0.05</u>	<u>3.95</u>

Schedules attached to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009

	Sch. 20 Note No. Ref.	Year ended March 31, 2009 Rs. Crore	Year ended March 31, 2008 Rs. Crore
SCHEDULE 15			
SALES AND OTHER INCOME			
I. Sales & Services :	3(l)		
a. India		2539.81	2834.26
Less : Excise Duty		103.36	119.57
		2436.45	2714.69
Add : Closing Contracts in Progress		19.37	10.52
Less : Opening Contracts in Progress		10.52	7.69
		2445.30	2717.52
b. Outside India		837.76	722.59
Add : Closing Contracts in Progress		157.09	36.01
Less : Opening Contracts in Progress		36.01	43.93
		958.84	714.67
c. Outside India - Trading		-	0.59
Total Sales & Services	(I)	3404.14	3432.78
II. Other Income from Operations			
a. Claims & Refunds		3.22	0.29
b. Balances earlier written off now recovered		4.13	1.95
c. Profit on Sale of Assets		0.00	-
d. Commission		7.03	5.16
e. Sale of Scrap		11.90	12.10
f. Interest Income		0.05	0.09
g. Exchange Difference (net)	3(n)	0.03	14.31
h. Balances/Excess Provision Written Back		0.73	-
i. Provision for Doubtful Debt written back		2.70	-
j. Miscellaneous Income		26.36	14.84
Total Other Income from Operations	(II)	56.15	48.74
III. Other Income From Investments			
a. Dividend - Long term Investment	3(l)(viii)	1.60	9.61
b. Dividend - Current Investment		21.59	26.56
c. Interest		11.20	3.51
d. Profit on Sales of Long Term Investments		5.52	3.82
e. Profit on Sales of Current Investments		0.36	0.24
f. Other Income from Investment		0.14	0.16
Total Other Income from Investment	(III)	40.41	43.90
	(I+II+III)	3500.70	3525.42



Schedules attached to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009

	Sch. 20 Note No. Ref.	Year ended March 31, 2009 Rs. Crore	Year ended March 31, 2008 Rs. Crore
SCHEDULE 16			
MATERIALS			
(A) Consumption of Raw Material & Components			
Opening Stock		149.66	145.11
Add : Purchases		<u>2127.63</u>	<u>2226.78</u>
		2277.29	2371.89
Less : Closing Stock		<u>199.66</u>	<u>149.66</u>
	(A)	<u>2077.63</u>	<u>2222.23</u>
(B) (Increase) / Decrease in stock			
Opening Stock :			
Work-in-Progress		28.49	21.43
Finished Goods		<u>15.64</u>	<u>20.71</u>
		44.13	42.14
Less : Closing Stock			
Work-in-Progress		24.09	28.49
Finished Goods		<u>17.52</u>	<u>15.64</u>
		41.61	44.13
	(B)	<u>2.52</u>	<u>(1.99)</u>
	(A+B)	<u><u>2080.15</u></u>	<u><u>2220.24</u></u>
SCHEDULE 17			
PERSONNEL			
a. Salaries, Wages, Bonus, Testimonials & Allowances		252.37	238.04
b. Contribution to Provident & Other Funds	3(j)	23.03	17.68
c. Staff Welfare Expenses		<u>12.83</u>	<u>11.44</u>
		<u>288.23</u>	<u>267.16</u>

Schedules attached to and forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009

	Sch. 20 Note No. Ref.	Year ended March 31, 2009 Rs. Crore	Year ended March 31, 2008 Rs. Crore
SCHEDULE 18			
OTHER EXPENSES			
a. Consumables and Tools		22.03	19.38
b. Power and Fuel		18.52	13.79
c. Drawing, Design and Technical Service Charges		33.44	27.83
d. Site Expenses and Contract Labour Charges		57.06	38.28
e. Erection, Fabrication Charges		137.30	168.52
f. Rent and Service Charges		10.17	8.65
g. Lease Rentals		0.66	0.68
h. Rates and Taxes		2.02	1.65
i. Insurance		3.56	5.17
j. Repairs and Maintenance :			
Building		4.38	7.05
Plant & Machinery		5.87	6.12
Others		7.74	9.21
k. Communication		8.33	7.86
l. Travelling and Conveyance		37.92	42.86
m. Advertisement and Exhibition		1.33	2.53
n. Freight Outward		40.02	24.70
o. Commission on Sales		27.87	16.63
p. Other Selling and Distribution Expenses		21.89	23.70
q. Free of Cost Supplies and Modifications		29.30	27.98
r. Bank Charges		7.42	5.51
s. Legal and Professional Charges		34.24	42.16
t. Printing & Stationery		3.72	4.07
u. Donations		4.11	0.67
v. Bad Debts		2.76	2.32
w. Doubtful Debts		7.16	17.96
x. Liquidated Damages	3(q)(i)	18.67	12.30
y. Loss on Asset Discarded		1.32	1.12
z. Additional Sales Tax and Turnover Tax		2.27	2.72
aa. Loss on Sale of Assets		0.00	0.01
ab. Balances Written Off		2.41	2.24
ac. Miscellaneous Expenses		25.25	21.24
ad. Deferred Revenue Expenditure	3(i)	0.00	0.14
ae. Diminution in Value of Long Term Investments	3(g)	0.00	-
af. Loss On Exchange Fluctuations	3(n)	88.97	0.05
		667.71	565.10

SCHEDULE 19
INTEREST

Interest on :	3(m)		
a. Fixed Period Loan		-	-
b. Others		3.81	1.65
		3.81	1.65



Schedules forming part of the Consolidated Accounts

SCHEDULE 20

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. The Consolidated Financial Statements (CFS) pertains to Thermax Ltd. and its nine subsidiaries of which six are overseas subsidiaries. In the CFS, the term “Parent” refers to Thermax Ltd. and “Group” refers to the Parent along with its subsidiaries.
2. The CFS envisage combining of financial statements of Thermax Ltd and its following domestic and foreign subsidiaries:

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	% voting power held by Parent as on March 31, 2009
1	Thermax Sustainable Energy Solutions Limited (erstwhile Thermax Surface Coatings Limited)	India	100
2	Thermax Engineering Construction Co. Ltd	India	100
3	Thermax Instrumentation Limited	India	100
4	Thermax International Limited	Mauritius	100
5	Thermax Europe Limited	UK	100
6	Thermax Inc.	USA	100
7	Thermax Hong Kong Ltd.	Hong Kong	100
8	Thermax do Brasil-Energia e Equipamentos Ltda.	Brazil	100
9	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	China	100

3. Significant Accounting Policies

a. Basis for Preparation of Financial Statements

Accounts of the Parent and its subsidiaries have been prepared under historical cost convention on accrual basis and comply with applicable accounting standards.

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. Principles of Consolidation :

- i) The financial statements of the Parent and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like item of assets, liabilities, income and expenses, after eliminating intra group balance and unrealised profit / losses on intra group transaction, and are presented to the extent possible, in the same manner as the Parent’s independent financial statements.
- ii) The excess / deficit of cost to the Parent of its investment over its portion of equity in the Subsidiary at the respective dates on which the investment in such Subsidiary was made is recognised in CFS as goodwill / capital reserve.

d. Foreign Currency Translation

Indian Rupee is the reporting currency for the Group. However, the local currency of overseas subsidiaries is different from the reporting currency of the Group. All the overseas subsidiaries have been classified as

non-integral operation according to Accounting Standard 11. Therefore, in respect of overseas subsidiaries, all the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and revenue, cost and expenses are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain/loss has been disclosed as “Foreign Currency Translation Reserve” under the Reserves & Surplus.

e. Fixed Assets - Tangible and Intangible Assets & Depreciation

- i) Tangible fixed assets are stated at cost (net of refundable taxes and 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.
- iii) Expenditure incurred on acquisition or development of goodwill, technical know how, software, patents, research and development and such other intangibles are recognised as Intangible Asset, if it is expected that such assets will generate sufficient future economic benefits.
- iv) Cost incurred on leasehold land is amortised over the period of lease.
- v) Depreciation on all fixed assets is provided by the domestic companies on straight line method at the rates and in the manner prescribed by Schedule XIV of the Companies Act, 1956 / the economic useful life of the asset, to the extent relevant and applicable.
- vi) Depreciation has been provided by overseas subsidiaries on method and at rate required / permissible by the local laws so as to write off the assets over the useful life.

f. Assets Impairment

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

g. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. 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.

h. Inventories

- i) Inventories are valued at lower of cost and net realisable value.
- ii) Cost of raw materials, components, consumables, stores & spares, patterns & tools are valued at weighted average cost.
- iii) Cost of finished goods & work in progress is arrived at on the basis of weighted average cost of raw materials and the cost of conversion thereof for bringing the inventories to their present location and condition.
- iv) Inventory obsolescence is provided for on the basis of standard norms.

i. Deferred Revenue Expenditure

In case of Parent Company expenditure incurred up to 31st March 2003, on research and development, technical know-how and software, other than those capitalised as fixed asset or expensed out as revenue expenditure, are being amortised over a period of time (maximum six years) depending upon the nature of the expenditure and evaluation of future benefits there from.



j. Employee Benefits

i) Provident Fund

Liability on account of 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.

ii) Superannuation Fund

Liability on account of 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

iii) Gratuity

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

iv) Leave Encashment

Liability on account of 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.

v) Medical and Leave Travel Assistance benefits

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

vi) Bonus & Employee's Short Term Incentive Plan

Liability on account of 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.

k. Provisions and Contingent Liabilities

- i) Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation.
- ii) Provisions for warranty obligations are made in the accounts on substantial completion of contracts based on technical evaluation and past experience.
- iii) 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.

l. Revenue Recognition

- i) Revenue in respect of products is recognized on dispatch of goods to the customer or when they are unconditionally appropriated to the contract.

- ii) Revenue in respect of projects for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods is recognized on the basis of percentage of completion method.
- iii) Stage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract costs.
- iv) Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.
- v) Determination of revenues under the percentage of completion method necessarily involves making estimates (some of which are of a technical nature) concerning the costs to completion, the expected revenue from the contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.
- vi) Supply of spare parts and services are accounted on 'as billed' basis.
- vii) Revenue in respect of long-term service contracts / maintenance contracts is recognized on the basis of stage of completion.
- viii) Dividend from investments is recognized when the right to receive the dividend is established.

m. Borrowing Costs

- i) Borrowing costs on working capital is charged to profit and loss statement in the year of incurrence.
- ii) Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.
- iii) Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalized till the date they are put to use.

n. Foreign Currency Transactions

- i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- ii) Exchange difference on settlement of transactions in foreign currencies is recognized in the profit & loss account.
- iii) Assets (other than fixed assets) and liabilities denominated in foreign currency are translated at the closing exchange rates, or in cases covered by forward exchange contracts, at the spot exchange rate prevailing at the inception of the forward exchange contract.
- iv) Revenue items of foreign branches are translated at average rate.

o. Hedge Accounting

The Group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations. In terms of the risk management strategy, the Group does not use forward cover contracts for trading or speculative purposes.

Foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of such contracts, which are designated and effective are recorded in the Hedging Reserve account.



The accumulated changes in fair value recorded in the hedging reserve account are transferred to profit and loss account in the same period during which the underlying transactions affects profit and loss account and / or the foreign currency forward contract expires or is exercised, terminated or no longer qualifies for hedge accounting.

p. Taxes on Income

- i) Current tax is provided on the basis of estimated tax liability, computed as per applicable provisions of tax laws.
- ii) 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 originates in one period and are capable of reversal in one or more subsequent periods.

q. Others

- i) Liability for liquidated damages is recognised when it is deducted/claimed by the customer or when a reasonable estimate of the likely obligation can be made.
- ii) Provision for doubtful debts is made on the basis of standard norms in respect of debtors outstanding beyond predefined period and also, where required, on actual evaluation.
- iii) Annual fees payable under a License Agreement for acquisition of a right to use Licensed Marks are recognised and charged to profit and loss account on payment.

4. Contingent Liabilities not provided for

- a) Disputed demands in respect of Excise, Customs Duty & Service Tax Rs. 14.22 crore (*Previous year Rs. 11.31 crore*), Sales Tax Rs. 6.79 crore (*Previous year Rs. 1.28 crore*) and other Statutes Rs. 0.19 crore (*Previous year Rs.1.04 crore*)
- b)
 - i) Income Tax demands disputed in appellate proceedings Rs. 26.70 crore (*Previous year Rs.15.94 crore*)
 - ii) References / Appeals preferred by Income Tax department in respect of which, should the ultimate decision be unfavorable to the Group, the liability is estimated to be Rs. 23.68 crore (*Previous year Rs.22.68 crore*)
- c) Counter Guarantees given to the banks for guarantees issued by them on Group's behalf Rs. 890.44 crore (*Previous year Rs. 636.45 crore*)
- d) Indemnity Bonds/Corporate Guarantees given to Customs, other Government departments and various customers Rs.37.40 crore (*Previous year Rs.51.26 crore*)
- e) Liability for unexpired export obligations Rs. 19.67 crore (*Previous year Rs.9.13 crore*)
- f) Claims against Group not acknowledged as debts Rs. 7.70 crore (*Previous year Rs.8.40 crore*)
- g) Bills Discounted with banks Rs. 73.45 crore (*Previous year Rs.25.51 crore*)
- h) Liability in respect of partly paid shares Rs. 0.19 crore (*Previous year Rs.0.19 crore*)
- i) Future Lease obligations payable on non-cancelable operating leases Rs.0.53 crore (*Previous year Rs.0.69 crore*)

5. Deferred Taxation		(Rs. Crore)	
Particulars	2008-09	2007-08	
Major components of deferred tax asset are:			
i) Provision for Doubtful Debts	10.03	8.19	
ii) Others	10.65	9.70	
Total	20.68	17.89	
Major components of deferred tax liability are :			
i) Depreciation on Fixed Assets	35.98	30.98	
ii) Others	0.68	0.31	
Total	36.66	31.29	

Deferred tax debit for the year of Rs. 2.69 crore (*previous year debit of Rs. 8.83 crore*) has been recognised in the Profit & Loss Account of the year.

6. Extra-ordinary items of Expenses during the year are as follows :

Extra-ordinary item of income Rs. 1.36 crore (previous year Rs. 2.10 crore) during the current year represents write back of the provision made by the Parent during previous years towards possible financial obligations on account of counter-guarantees given by the Parent in relation to ME Engineering Ltd., UK.

7. Secured Loans

Working capital facilities (packing credits, shipping loans, cash credits & overdrafts) from banks are secured by hypothecation of present and future stock of raw materials, consumables, spares, semi finished goods, finished goods and book debts.

8. Segment Reporting

- a) The Group has disclosed Business Segment as the primary segment. Segments have been identified by the Management taking in to account the nature of the products, manufacturing process, customer profiles, risk and reward parameters and other relevant factors.

The Group's operations can be mainly classified into two primary segments, 'Energy' and 'Environment'. Composition of business segments is as follows:

Segment	Products Covered
a) Energy	Boilers and Heaters, Absorption Chillers/Heat Pumps, Power Plants.
b) Environment	Air Pollution Control Equipments/ Systems, Water & Waste Recycle Plants, Ion Exchange Resins & Performance Chemicals.

- b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The expenses, which are not directly attributable to the business segment, are shown as unallocated cost.

Assets and Liabilities that can not be allocated between the segments are shown as a part of unallocated Assets and Liabilities respectively.

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

India

Outside India

- d) Inter-segment transfer price is arrived at on the basis of cost plus a reasonable mark-up.



i) **Information about Primary Business Segments**

Rs. Crore

Particulars	2008-09			
	Energy	Environment	Others	Total
Revenue :				
Gross Revenue	2696.91	827.41	0.16	3524.48
Less : Intersegment Revenue	4.27	59.91	-	64.18
Net Revenue	2692.64	767.50	0.16	3460.30
Result :				
Segment Result	335.08	114.89	(0.14)	449.83
Unallocated expenses net of unallocated income				22.71
Operating Profit				427.12
Interest expenses				3.81
Extra-ordinary items of expenses				(1.36)
Taxation for the year				135.73
Net Profit				288.94
Other Information :				
Segment Assets	1344.46	361.95	0.12	1706.53
Unallocated Corporate assets				485.92
Total Assets				2192.45
Segment Liabilities	865.60	209.45	0.07	1075.12
Unallocated Corporate Liabilities				124.94
Total Liabilities				1200.06
Capital expenditure	165.95	29.49		195.44
Depreciation	29.59	5.55		35.14
Non-cash expenses other than Depreciation	(0.00)			(0.00)

Rs. Crore

Particulars	2007-08			
	Energy	Environment	Others	Total
Revenue :				
Gross Revenue	2879.60	669.62	0.11	3549.33
Less : Intersegment Revenue	0.23	67.58	-	67.81
Net Revenue	2879.37	602.04	0.11	3481.52
Result :				
Segment Result	382.66	82.75	(0.11)	465.30
Unallocated expenses net of unallocated income				17.94
Operating Profit				447.36
Interest expenses				1.65
Extra-ordinary items of expenses				(2.10)
Taxation for the year				157.10
Net Profit				290.72
Other Information :				
Segment Assets	1122.85	281.06	0.16	1404.07
Unallocated Corporate assets				574.28
Total Assets				1978.35
Segment Liabilities	867.53	188.78	0.10	1056.41
Unallocated Corporate Liabilities				162.41
Total Liabilities				1218.82
Capital expenditure	167.26	18.07		185.33
Depreciation	18.36	4.84		23.20
Non-cash expenses other than Depreciation	0.04	0.10		0.14

ii) Information about Secondary Segments :

Rs. Crore

Particulars	2008-09	2007-08
Revenue		
India	2709.59	3140.60
Outside India	750.71	340.92
Total	3460.30	3481.52
Carrying amount of Segment Assets :		
India	1536.14	1255.61
Outside India	170.39	148.47
Additions to Fixed assets :		
India	163.86	178.64
Outside India	31.58	6.69



9. Related Party Disclosures:

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

Relationship :

i) Holding Company

RDA Holding & Trading Pvt. Ltd.

Note : RDA Holding & Trading Pvt. Ltd. has become the holding company of Thermax Ltd. consequent upon the scheme of arrangement between three promoter corporates bodies namely, ARA Trading & Investment Pvt. Ltd., KRA Holding & Trading Pvt. Ltd. and RDA Holding & Trading Pvt. Ltd. The orders approving the said scheme of arrangement were passed by the Honourable High Court of Judicature at Bombay on December 19, 2008.

ii) Individuals having control or significant influence over the Group by reason of voting power, and their relatives:

Mrs. Anu Aga

Mrs. Meher Pudumjee

Mr. Pheroze Pudumjee

iii) Key Management Personnel :

Mr. M S Unnikrishnan

The following transactions were carried out during the year with Related Parties in the ordinary course of business :

Nature of Transactions	Rs. Crore	
	2008-09	2007-08
Rent Paid	0.23	0.07
Managerial Remuneration	1.39	5.70
Sitting Fees	0.08	0.09
Commission	0.26	0.26
Loan, Advance/ Deposits given during the year	0.18	-
Loan, Advance/ Deposits Outstanding at the end of the year	0.58	0.40
Donation paid to Thermax Social Initiative Foundation	3.87	0.45

10. Earnings Per Share

Earnings Per Share (EPS) calculated in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

Particulars	2008-09	2007-08
Net Profit before extra-ordinary items available for Equity Shareholders (Rs. Crore)	287.58	288.62
Weighted average number of Equity shares of Rs. 2/- each	11,91,56,300	11,91,56,300
Basic & Diluted EPS before Extra-ordinary items (Rs.)	24.14	24.22
Profit After Tax and after Extra-ordinary items available for Equity Shareholders (Rs. Crore)	288.94	290.72
Basic & Diluted EPS after Extra-ordinary items (Rs.)	24.25	24.40

11. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 39.16 crore (*Previous year Rs. 59.27 crore*)
12. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.
-

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

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

Pune, May 19, 2009

For and on behalf of the Board

Meher Pudumjee
Chairperson

Gopal Mahadevan
*Executive Vice President- Finance
& Chief Financial Officer*

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009



CONSOLIDATED CASH FLOW STATEMENT

	Rs. Crore	
	2008-09	2007-08
A Cash flow from Operating activities		
Net profit before tax	424.67	447.82
<i>Add Adjustments for</i>		
Depreciation	35.14	23.20
Amortisation of deferred revenue expenses	0.01	0.14
Provision for Doubtful Debts	16.73	13.44
Interest paid	3.81	1.65
Lease rentals Paid	0.66	0.68
<i>Less Adjustments for</i>		
Interest / Dividend / Brokerage (Income received)	(23.34)	(36.34)
Profit/Loss on sale of Investment	(5.88)	(4.06)
(Profit)/Loss on sale of assets	1.34	1.14
Operating profit before working capital changes	453.14	447.67
<i>Adjustments for</i>		
Trade and Other Receivables	76.79	(353.23)
Inventories	(70.55)	0.81
Trade Payables	(16.85)	194.40
Contracts in Progress	(129.76)	4.92
Cash generated from Operations (Before Extra Ordinary Items)	312.77	294.57
<i>Adjustment for Extra Ordinary Items</i>		
Provision for obligation under counter guarantees	(1.67)	(3.81)
Cash generated from Operations (After Extra Ordinary Items before tax)	311.10	290.76
Direct taxes paid	(150.55)	(150.01)
Net cash from operating activities (after tax)	160.55	140.75

	Rs. Crore	
	2008-09	2007-08
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(191.49)	(191.76)
Purchase of Investments	(733.42)	(1,242.27)
Proceeds from sale of Investments	1,154.86	1,256.26
Payment towards Deferred revenue Expenditure	-	(3.95)
Exchange Rate Fluctuation	3.65	2.07
Profit/Loss on Sale of Investments	5.88	4.06
Interest / Dividend / Brokerage received	23.34	36.34
Net cash from Investing activities	262.82	(139.25)
C Cash flow from Financing activities		
Increase/(Decrease) in borrowings	4.08	(2.17)
Lease rentals paid	(0.66)	(0.68)
Interest paid	(3.81)	(1.65)
Dividend paid and Tax thereon	(111.39)	(36.22)
Net cash from Financing activities	(111.78)	(40.72)
Net (decrease)/increase in cash & cash equivalents	311.59	(39.22)
Opening cash & bank balances	58.02	97.24
Closing cash & bank balances	369.61	58.02

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

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

Pune, May 19, 2009

For and on behalf of the Board

Meher Pudumjee
Chairperson

Gopal Mahadevan
Executive Vice President
& *Chief Financial Officer*

M. S. Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 19, 2009

THERMAX LIMITED

TWENTY EIGHTH ANNUAL REPORT 2008-2009

Summarised statement of financials of subsidiary companies pursuant to approval under Section 212(8) of the Companies Act, 1956.

Sr. No.	Particulars	Thermax Sustainable Energy Solutions Ltd.	Thermax Engineering Construction Co. Ltd.	Thermax Instrumentation Ltd.	Thermax International Ltd. (Mauritius)	Thermax Europe Ltd. (U.K.)	Thermax Inc. (U.S.A.)	Thermax Hong Kong Ltd. (Hong Kong)	Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., (China)
		2008-09	2008-09	2008-09	2008-09	2008-09	2008-09	2008-09	2008-09	2008
1	Capital	0.75	4.50	9.00	16.24	1.45	2.54	3.88	2.23	53.55
2	Reserves	(1.22)	6.58	7.71	(13.70)	7.85	2.17	(3.89)	(2.25)	(8.76)
3	Total Assets	2.10	50.73	68.65	2.55	20.50	36.06	0.54	0.32	54.37
4	Total Liabilities	2.57	39.65	51.94	0.01	11.20	31.35	0.55	0.35	9.58
5	Investments									
	A) Long Term (Non-Trade Investments)	-	-	-	-	-	-	-	-	-
	B) Current Investments									
	a. Unquoted Equity Shares	-	-	-	-	-	-	-	-	-
	b. Quoted Equity Shares	-	-	-	-	-	-	-	-	-
	c. Units	-	3.55	17.00	-	-	-	-	-	-
	Total Current Investments	-	3.55	17.00	-	-	-	-	-	-
	Total Investments (A+B)	-	3.55	17.00	-	-	-	-	-	-
6	Turnover	0.14	99.91	103.17	0.01	40.78	74.97	4.95	0.28	2.01
7	Profit Before Tax	(0.13)	3.01	0.85	(0.01)	5.55	0.63	(0.07)	0.00	(8.76)
8	Provision for tax	-	(1.51)	(0.45)	-	(1.56)	(0.17)	-	-	-
9	Profit After Tax	(0.13)	1.50	0.40	(0.01)	3.99	0.45	(0.07)	0.00	(8.76)
10	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-
11	Original Currency	INR	INR	INR	USD	GBP	USD	HKD	Brazilian Real	Yuan
12	Exchange rate as on 31st March, 2009 in INR	-	-	-	50.72	72.66	50.72	6.55	21.89	7.14*

Note : i) The annual accounts of the above Subsidiary Companies are open for inspection by any investor at the Company's Corporate Office and the Registered Office of the respective subsidiary companies.

ii) Thermax Energy Performance Service Ltd. has been referred for voluntary winding up hence not included in above statement.

iii) ME Engineering Ltd, UK, the step-down subsidiary, has been referred for liquidation as per the law of UK hence not included in above statement.

* Exchange Rate as on 31st December, 2008



THERMAX LIMITED - FINANCIALS AT A GLANCE

PARTICULARS	Rs. Crore									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Domestic Sales (excluding excise duty)	2299	2479	1735	1157	740	446	398	333	345	307
Export (Including Deemed Export)	912	678	402	308	176	118	116	107	101	76
<i>% to Total Sales</i>	28%	21%	19%	21%	19%	21%	22%	24%	23%	20%
Total Sales	3211	3157	2137	1465	916	564	514	440	445	383
<i>% Growth</i>	2%	48%	46%	60%	62%	10%	17%	(1%)	16%	(13%)
Other Income	92	89	73	33	25	40	39	36	32	92
Total Income	3303	3246	2210	1498	941	604	552	476	477	475
Total Expenses	2850	2795	1894	1289	848	516	473	422	469	411
Profit before Depreciation, Interest, Extra Ordinary Items and Tax	453	451	316	209	93	87	80	54	8	64
<i>(% to Total Income)</i>	14%	14%	14%	14%	10%	14%	14%	11%	2%	14%
Depreciation	32	22	19	15	9	9	10	12	12	12
Interest	3	1	1	1	1	0	1	3	4	3
Extra-ordinary Items of Expenses	(1)	(2)	5	0	0	6	6	7	3	6
Profit before Tax/Loss	419	430	291	193	83	72	64	31	(10)	42
<i>(% to Total Income)</i>	13%	13%	13%	13%	9%	12%	11%	6%	(2%)	9%
Tax	132	150	103	69	28	18	15	7	3	10
Profit after Tax/ Loss	287	281	188	123	55	54	48	24	(13)	32
<i>(% to Total Income)</i>	9%	9%	8%	8%	6%	9%	9%	5%	(3%)	7%
Gross Block	603	419	279	243	177	165	166	167	168	167
Net Block	458	326	170	138	102	83	81	87	99	109
Investments	176	580	578	417	316	276	240	189	158	161
Current Assets	1616	1008	929	533	368	265	201	232	254	258
Current Liabilities	1270	1163	1087	600	368	227	150	145	118	133
Net Current Assets	17 [@]	(155)	(158)	(67)	0	38	51	88	136	124
Deffered Revenue Expenses	0	0	0	0	1	1	8	14	4	15
Capital Employed	962	736	579	474	402	383	356	344	393	394
Equity Share Capital	24	24	24	24	24	24	24	24*	23	23
Preference Share Capital \$	0	0	0	0	48	48	0	0	0	0
Reserves and Surplus	938	712	555	450	332	312	340	324	331	347
Networth	962	736	579	474	355	335 [#]	356	333	350	355
Loan Funds	0	0	0	0	0	0	0	11	43	39
<i>Fixed Asset Turnover Ratio</i>	7.02	9.68	12.60	10.64	9.01	6.80	6.33	5.07	4.50	3.51
<i>Working Capital Turnover Ratio</i>	187.74	0.00	0.00	0.00	0.00	14.74	9.98	5.03	3.28	3.08
<i>Debt-Equity Ratio</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.12	0.11
<i>Current Ratio</i>	1.01	0.87	0.85	0.89	1.00	1.17	1.34	1.60	2.15	1.93
<i>Return on Capital Employed</i>	44%	59%	50%	41%	21%	19%	18%	10%	(2%)	12%
<i>Return on Net Worth</i>	30%	38%	32%	24%	15%	16%	14%	7%	(4%)	9%
<i>Cash Earnings per Share (Rs.)**</i>	26.81	25.39	17.34	10.97	5.14	5.13	4.86	3.05	(0.13)	3.75
<i>Earnings per Share (Rs.)**</i>	24.11	23.56	15.76	9.69	4.37	4.40	4.05	2.02	(1.11)	2.71
<i>Dividend (%)</i>	250%	400%	300%	170%	120%	120%	120%	50%	10%	35%
<i>Book Value per Share (Rs.)**</i>	81	62	49	40	30	28	30	28	30	30

* During the year the company had allotted 5,81,250 equity shares of face value Rs.10/- each to the Trustees of Thermax ESOP Trust for implementing ESOP scheme in the Company.

\$ Issued 6% Redeemable Preference Share (RPS) of face value Rs. 10/- each as bonus shares in the ratio of two RPS for every equity share held.

Networth reduced consequent upon issue of 6% RPS as bonus shares.

** During FY 2005-06, Equity Shares of face value Rs. 10/- each were sub-divided into face value Rs. 2/- each and accordingly all the previous years' figures have been restated.

@ Adjusted for fixed deposits with banks.

Note : Figures of previous years have been regrouped to confirm to this year's classification.

THERMAX GROUP - FINANCIALS AT A GLANCE

	Rs. Crore							
PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Domestic Sales (excluding excise duty)	2445	2718	1849	1214	895	570	501	436
Export	959	715	441	393	352	207	198	151
<i>% to Total Sales</i>	28%	21%	19%	24%	28%	27%	28%	26%
Total Sales	3404	3433	2290	1606	1247	777	699	587
<i>% Growth</i>	(1%)	50%	43%	29%	60%	11%	19%	
Other Income	97	93	73	34	34	51	42	40
Total Income	3501	3525	2363	1640	1281	829	741	627
Total Expenses	3038	3055	2038	1449	1165	721	641	562
Profit before Depreciation, Interest, Extra Ordinary Items and Tax	462	471	325	190	117	108	100	66
<i>(% to Total Income)</i>	13%	13%	14%	12%	9%	13%	14%	10%
Depreciation	35	23	19	16	12	12	14	18
Interest	4	2	2	2	1	1	1	4
Extra-ordinary Items of Expenses	(1)	(2)	5	0	0	6	6	8
Profit before Tax/Loss	425	448	298	173	104	89	79	36
<i>(% to Total Income)</i>	12%	13%	13%	11%	8%	11%	11%	6%
Tax	136	157	105	70	37	23	20	8
Profit after Tax/ Loss before Minority	289	291	194	103	67	65	59	28
Minority Interest	0	0	0	0	(1)	3	3	0
Profit after Tax/ Loss after Minority	289	291	194	103	68	62	56	28
<i>(% to Total Income)</i>	8%	8%	8%	6%	5%	8%	8%	4%
Gross Block	661	433	292	253	232	207	215	216
Net Block	509	349	179	144	134	102	102	110
Investments	144	560	574	397	318	287	242	170
Current Assets	1732	1119	1024	590	536	379	270	309
Current Liabilities	1372	1259	1178	655	519	321	210	201
Net Current Assets	30 [@]	(140)	(154)	(66)	17	58	59	108
Deffered Revenue Expenses	0	4	0	0	1	1	8	15
Capital Employed	996	756	592	462	455	434	388	367
Equity Share Capital	24	24	24	24	24	24	24	24
Preference Share Capital \$	0	0	0	0	48	48	0	0
Reserves and Surplus	969	736	566	431	378	337	357	333
Networth	992	756	590	455	401	377	386	352
Minority Interest	0	0	0	0	0	17	13	10
Loan Funds	4	0	2	7	7	9	2	16
<i>Fixed Asset Turnover Ratio</i>	6.69	9.85	12.80	11.16	9.32	7.60	6.87	5.33
<i>Working Capital Turnover Ratio</i>	113.89	0.00	0.00	0.00	74.19	13.34	11.81	5.43
<i>Debt-Equity Ratio</i>	0.00	0.00	0.00	0.02	0.02	0.02	0.00	0.04
<i>Current Ratio</i>	1.02	0.89	0.87	0.90	1.03	1.18	1.28	1.54
<i>Return on Capital Employed</i>	43%	59%	51%	38%	23%	21%	20%	11%
<i>Return on Net Worth</i>	29%	38%	33%	23%	17%	16%	14%	8%
<i>Cash Earnings per Share (Rs.) **</i>	27.20	26.34	17.89	9.30	6.46	6.11	5.89	3.86
<i>Earnings per Share (Rs.) **</i>	24.25	24.40	16.26	7.96	5.46	5.07	4.67	2.32
<i>Dividend (%)</i>	250%	400%	300%	170%	120%	120%	120%	50%
<i>Book Value per Share (Rs.) **</i>	83	63	49	38	34	32	32	30

\$ Issued bonus 6% redeemable preference share (RPS) of face value Rs. 10 each in the ratio of two RPS for every equity share held.

** During FY 2005-06, Equity Shares of face value Rs. 10/- each were sub-divided into face value Rs. 2/- each and accordingly all the previous years' figures have been restated.

@ Adjusted for fixed deposits with banks.

Note : Figures of previous years have been regrouped to conform to this year's classification.



THERMAX

**Sustainable Solutions
Energy & Environment**