29TH ANNUAL REPORT 2009 - 2010

THERMAX

THERMAX LIMITED

Turning a new leaf

The decisive moment when another year ends and we step into a new decade. Drawing strength from our finest hours, we imagine the contours of the emerging future. As the page turns, poised on the cusp of change, the moment is rich in possibilities and just right for new beginnings.

CONTENTS

HIGHLIGHTS OF THE YEAR

Total income of the company stood at Rs. 3235 crore, marginally lower compared to the previous year.

Energy business of the company accounted for 76% and environment business 24% of the total income.

Profit after tax, compared to last year, was lower at Rs. 141 crore, due to a one time extraordinary expense of Rs. 115 crore (net of tax) towards a business settlement.

Completes the year with a record order book of Rs. 5381 crore.

Two joint ventures signed with global technology majors – SPX Netherlands BV and Babcock & Wilcox – position the company strongly in Indian power sector.

Begins, in partnership with the Union Government's Department of Science & Technology, a solar thermal technology demonstration project for rural electrification in Maharashtra.

Anu Aga, Director of Thermax, honoured with the Padma Shri by the President of India. The Award is in recognition of her distinguished service in the field of social work.

One of the municipal schools managed by the Thermax Social Initiative Foundation (TSIF) declared the 'National Winner' among all government schools in the country by the Education Quality Foundation of India.

VISION

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

Anu Aga
Dr. Raghunath. A. Mashelkar
Dr. Valentin von Massow
Tapan Mitra
Pheroz Pudumjee
Dr. Manu Seth
(upto August 8, 2009)
Dr. Jairam Varadaraj

Executive Council

Ravinder Advani
Sharad Gangal
Gopal Mahadevan
Hemant Mohgaonkar
S. Ramachandran
R. V. Ramani
Dr. R. R. Sonde
M. S. Unnikrishnan

Officers of the Company

Gopal Mahadevan
Executive Vice President & CFO

Sunil Lalai
Company Secretary

WHOLLY OWNED SUBSIDIARIES

DOMESTIC

Thermax Sustainable Energy Solutions Limited

Thermax Engineering Construction Company Limited

Thermax Instrumentation Limited

Thermax Onsite Energy Solutions Limited

OVERSEAS

Thermax International Limited, Mauritius

Thermax Europe Limited, UK.

Thermax Inc., USA.

Thermax do Brasil – Energia e Equipamentos Ltda, Brazil

Thermax Hong Kong Limited, Hong Kong

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

JOINT VENTURE

Thermax SPX Energy Technologies Limited

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,
Wakdewadi, Pune 411003
Ph.: 020-25542122
Fax.: 020-25541226

BANKERS
Bank of Baroda
Canara Bank
Citibank N.A.
Corporation Bank
ICICI Bank Ltd.
Union Bank of India
State Bank of India
The Hongkong & Shanghai Banking Corporation Ltd.

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

REGISTRAR & SHARE TRANSFER AGENT
Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24,
Vitthalrao Nagar
Madhapur, Hyderabad 500 081
Ph: 040-23420818/828
Fax.: 040-23420814

A Year of Partnerships:

During the year, Thermax formed alliances on various fronts including joint ventures to harness the opportunities emerging in India's power sector.

With Babcock & Wilcox: supercritical technology for higher efficiency of power generation in India's mega projects.

With SPX Corporation: pollution control and energy efficiency systems in large power plants.

Creative Alliances for Sustaining Growth

Partnerships to drive the company's growth in new domains and create a climate of goodwill.

Developing India's first solar thermal project for rural electrification: a joint project of the Department of Science & Technology and Thermax. Shri. Prithviraj Chavan, Union Minister, initiating the project at Shive village, Maharashtra.

Welcoming the German President, Dr. Horst Koehler on an official visit to India: sharing the global concern on the critical areas of energy and environment.

CHAIRPERSON'S MESSAGE

Dear Shareholder,

It is my proud privilege to present the 29th Annual Report of the company. The total income stood at Rs. 3235 crore and profit after tax before extraordinary item at Rs. 256 crore, a decline from last year. The economic crisis significantly affected the company's export income, including deemed exports, which decreased by 28% to Rs. 656 crore. Your company concluded a long standing business settlement at Rs. 115 crore (net of tax) with a US company paving the way for it to move ahead and focus on growing and strengthening its energy and environment business the world over.

On behalf of the Board, our sincere thanks to the Managing Director, M.S. Unnikrishnan and his entire team, for steering the company through this difficult time and preparing our people to identify and capture opportunities ahead. We also thank and appreciate the support and contribution of all our employees, customers, supplier partners and business associates. My personal thanks to all our shareholders for being with us through both prosperous and difficult times. Our Board of Directors has provided valuable insights for navigating the company through critical times, for which we are deeply grateful.

It is very unfortunate and came as a shock to all of us that Dr. Manu Seth, who had been a Director on our Board and a very active audit committee member since 2001, is no more. An accomplished personality, Dr. Seth's contributions during the past decade have helped Thermax in coping with the tough conditions during the turnaround phase and had a significant impact on the growth of the company. On behalf of all of us, I would like to convey our heartfelt condolences to his wife, Sindhu and their children.

The economic conditions prevailing over the last couple of years resulted in a lower order carry forward, which has affected the business growth of your company. However, with positive signs of business recovery, both the government and private sector are realizing the need for continuous augmentation of infrastructure. With close to half the total budgetary allocation to power, road transport, shipping, urban infrastructure and railways, the much needed thrust on growth for the manufacturing and infrastructure related sectors has been reestablished. The increased budget outlay for new and renewable energy sectors will also provide an impetus to your company and others in this field.

This year, your company made major strides in aligning its business portfolio with the developmental efforts of the country. Firstly, to achieve the objectives of rapid capacity addition in power generation and to promote the development of indigenous manufacturing capacity, supercritical technology is being introduced in India. This technological shift is also a distinctive mitigation exercise as part of the climate change agenda of the government. To benefit from the rapid growth taking place in the country's power sector, your company has signed two joint venture agreements – with SPX Netherlands BV for equipment that will help meet stringent emission norms and improve thermal efficiencies; and with Babcock & Wilcox, USA to engineer, manufacture and supply supercritical boilers. Supercritical technology offers higher efficiencies, thereby obtaining more energy output from the same coal input which also helps reduce carbon emissions.

Secondly, the establishment of the National Solar Mission with an enabling policy framework has been created with the objective of generating 20,000 MW of solar power by 2022. This is expected to be achieved by creating favorable conditions for solar manufacturing capability, indigenous production and market leadership. A proposal to establish a National Clean Energy Fund seeks the much needed momentum for undertaking research and innovative projects in clean energy technologies. Supporting the government's commitment in the area of green energy, I am very happy to announce that Thermax has undertaken an initiative through a public private partnership for a 250 kW solar thermal project at Shive village in Maharashtra. Funded largely by the Government of India's Department of Science & Technology and to be designed, installed and commissioned by your company, this project is expected to establish a model for clean and decentralized power generation and cold storage through solar energy.

In February, your company had the pleasure of hosting the President of Germany, His Excellency Prof. Dr. Horst Koehler along with a business delegation, visiting our manufacturing facility during his short tour of India. The President had time to visit just one German and one Indian company and therefore it was truly an honor for Thermax to be chosen. The President in his speech said that "Thermax is an example of how forward looking Indian businesses are focusing on resource efficiency and how self confident they are in the world market". It is a moment of pride and a reconfirmation of the goodwill that Thermax as a company is fortunate to enjoy.

Thermax Social Initiative Foundation (TSIF) has completed three fruitful years of operation. Focusing on education through our strategic alliance with the Pune Municipal Corporation and Akanksha Foundation, we have reached out to nearly 500 underprivileged children through the two municipal schools managed by TSIF. One of our schools has been declared as the national winner among all government schools in the country under the Whole School Awards category, instituted by the Education Quality Foundation of India. Our congratulations to the Principal and her entire team.

Thermax employees are encouraged to participate in various social initiatives undertaken by the company. For the fourth year, our employees took part in the Mumbai Marathon and raised funds for Akanksha Foundation. They continue to contribute through the pay roll giving programme of Give India.

This year, your company made major strides in aligning its business portfolio with the developmental efforts of the country…signed two joint venture agreements for equipment that will help meet stringent emission norms and improve thermal efficiencies; and to engineer, manufacture and supply supercritical boilers. Supercritical technology offers higher efficiencies, thereby obtaining more energy output from the same coal input which also helps reduce carbon emissions.

This solar thermal project is expected to establish a replicable model for clean and decentralized power generation and cold storage through solar energy.

In conclusion, I am glad to say that with the upcoming five year plans, your company is poised to provide cleaner, higher capacity and more efficient solutions in the energy and environment sectors.

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

With best wishes,

Meher Pudumjee

LETTER FROM THE MANAGING DIRECTOR

Dear Shareholder,

The year that went past has seen our company cross some remarkable milestones and sail through many difficult challenges. Despite a lower opening order-book position in the aftermath of a global recession, our team has put in a commendable effort to protect the balance sheet of the company. We have contained costs through multiple initiatives cutting across all functions of the company. Aggressively pursuing leads in the market, we closed the year with a significant order-book position that will enable us to drive the company's growth in the next financial year.

We have already laid down a clear path for our company to grow in a sustainable way, by participating in the ongoing nation-building initiative of the Government. At the same time, we have also chosen to create green and renewable solutions that will enable our organization to play a pivotal role in the climate-change mitigation moves aimed to protect the future of our planet. To support a GDP growth of 8% to 10%, India will need to grow its energy sector at a minimum of 12% year-over-year, on a consistent basis. With less than 0.8% of the global oil and gas reserves in its kitty, our nation will have to depend on coal for supporting this energy dream in the short-to-medium term. Efficient and clean energy extraction from the low-grade Indian coal will need cutting-edge technologies to deliver a very high efficiency of conversion with minimum impact to the environment. Our joint venture with Babcock & Wilcox will fulfill this need by bringing the best-in-class supercritical boilers to India. Babcock & Wilcox's Research and Development wing is at an advanced stage in creating a boiler technology equipped for carbon-capture. This technology will also be available to the joint venture, once the world is ready with a commercially viable carbon sequestration technique.

Our Joint Venture with SPX Corporation brings to India the developed world's air-pollution control technology for its existing and emerging power plants. This joint venture will also have in its portfolio, regenerative air pre-heaters (RAPH), efficiency enhancers required for every modern day power boiler.

During the year, in several of the captive power projects, we have successfully deployed Circulating Fluidised Bed Combustion (CFBC) technology. This technology will find greater application in the subcritical range, owing to its versatility to combust even the worst of Indian coal, low-grade lignite, pet coke as well as a multitude of bio-wastes. A niche application for the CFBC technology is the generation of power using rejects from coal-washeries, which otherwise would lead to environmental hazards.

We have incubated two new subsidiaries viz., Thermax Sustainable Energy Solutions Ltd. (TSES) and Thermax Onsite Energy Solutions Limited (TOES) in our efforts to create climate-change mitigation solutions for the industry. TSES will spearhead Clean Development Mechanism (CDM) based projects for Indian customers. They will make use of the vast experience of the parent company in configuring sustainable projects under the United Nations Framework Convention on Climate Change (UNFCCC) and will enable our customers to draw carbon credit benefits.

Thermax will pursue a two-pronged strategy in this decade: maximise the growth potential deploying fossil-fuel based energy solutions while creating a stronger and sustainable green portfolio of products and services

TOES is envisaged to provide our select clientele with utilities such as steam, chilled water and other energy solutions, including waste to energy – as deliverables and not as equipment. In line with our plans to expand the renewable portfolio, TOES' offerings will be based on green energy inputs.

Looking beyond the constraints imposed by the economic downturn, our company has been creating appropriate infrastructure to match its growth plan. The manufacturing plant at Savli in Gujarat moved into full capacity during the fourth quarter. With the various productivity improvement measures deployed, the facility is expected to reach the rated output during the current year.

To give a special impetus to our Chemical business we have acquired 40 acres of land in Jhagadia, Gujarat, where a new manufacturing unit dedicated to specialty chemicals will be constructed during the current year. Our company has also purchased 25 acres of land at Solapur, Maharashtra, for setting up an assembly facility for our air pollution control business group. This will strengthen our capability to execute complex projects of larger values, both in the domestic as well as international markets.

In tune with the market movements our company has been entrusted with the execution of projects of larger sizes – both in value and complexity – by our customers. Conscious of the challenges involved in fulfilling our contractual commitments in such projects, and to manage our risk profile, we have introduced various process as well as automation initiatives that will improve the efficacy of our project management, construction management and supply chain integrity. We are also nurturing our service business portfolio to balance the volatility induced by the growth in project businesses.

On the threshold of a new decade, our company is poised for an exciting phase in its growth path. Thermax will pursue a two- pronged strategy in this decade: maximise the growth potential deploying fossil-fuel based energy solutions while creating a stronger and sustainable green portfolio of products and services. Our expertise in thermal energy applications such as combustion of diverse fuels like biomass, waste heat recovery and absorption cooling coupled with our foray into clean energy domains like solar will drive the company's growth in the coming decade. Harnessing the immense opportunites before us, we will also grow our environment business to its full potential.

Undeterred by the external economic instability, we continued with the induction of talent, both fresh candidates from the engineering colleges and also experienced professionals. We also went ahead with our Leadership Development programme to groom future leaders to take on the responsibilities of a growing Thermax.

With the larger order book, and a robust team in place to execute them, we are confident of a reckonable growth in the next financial year.

With best regards,

M S Unnikrishnan

Looking beyond the constraints imposed by the economic downturn, our company has been creating appropriate infrastructure to match its growth plan…We also continued with the induction of talent, both fresh candidates and experienced professionals.

DIRECTORS' REPORT

Dear Shareholder,

Your Directors take pleasure in presenting the Twenty-ninth Annual Report together with the audited accounts of your company for the year ended March 31, 2010.

FINANCIAL RESULTS

(Rupees in crore)

	2009-10	2008-2009
Total income	3235.23	3303.17
Profit before interest, depreciation, tax and extraordinary items	433.88	453.23
Interest & depreciation	41.94	35.38
Profit before tax & before extraordinary items	391.94	417.85
Extraordinary items of expenses / (income) (Net of tax)	114.86	(1.36)
Provision for taxation (incl. deferred tax)	135.64	131.91
Profit after tax & extraordinary items	141.44	287.30
Balance carried forward from last year	548.00	359.20
Profit available for appropriation (cumulative)	689.44	646.50
Proposed equity dividend	59.58	59.58
Tax on dividend	9.90	10.12
Transfer to general reserves	14.20	28.80
Surplus carried forward	605.76	548.00

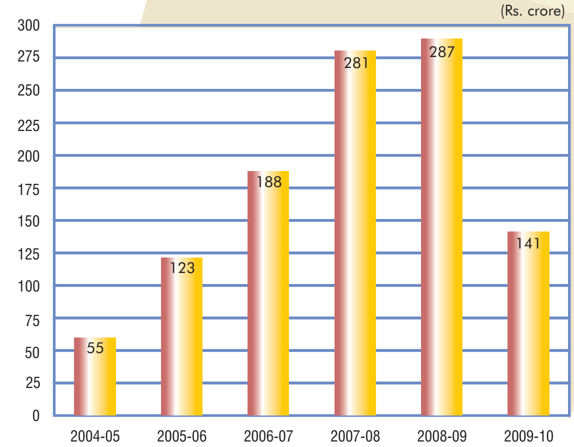
PERFORMANCE

The total order booking for the year was Rs. 5794 crore as against Rs. 3557 crore, last year. Your company completed the year with a record order book of Rs. 5381 crore. The year 2009-10 began with a lower order book, owing to the global financial crisis, resulting in the total income being marginally lower at Rs. 3235.2 crore, as compared to the previous year. Profit before tax and extraordinary items was Rs. 391.9 crore compared to Rs. 417.9 crore in the previous year. Profit, after tax and extraordinary items, was significantly lower at Rs. 141.4 crore compared to Rs. 287.3 crore in the previous year, owing to a one-time extraordinary expense of Rs. 114.9 crore (net of tax) towards a business settlement. Earnings per share (EPS) dropped to Rs. 11.87 from Rs. 24.11 in 2008-09.

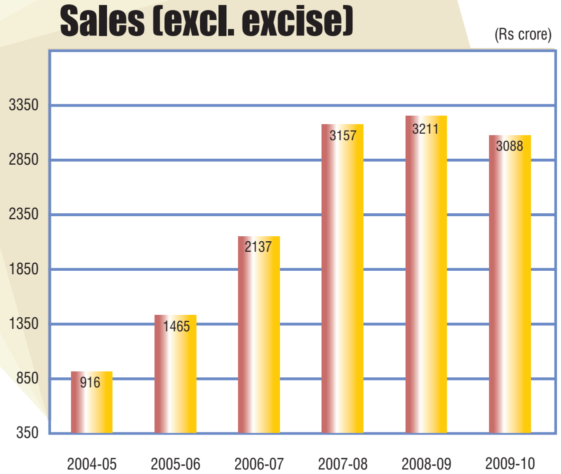
During the year, exports – including deemed exports – were lower at Rs. 656.5 crore from Rs. 912.3 crore last year, a decline of 28% due to the continued financial turmoil in the global market.

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

Profit After Tax (PAT)



Sales (excl. excise)



Collaboration with global technology majors

During the year, your company made significant moves that will help it to benefit from the rapid growth happening in the country's power sector. It signed two joint venture agreements – with SPX Netherlands BV (SPX) for air pollution control equipment to help power plants meet stringent emission norms and also improve their thermal efficiencies; and with Babcock & Wilcox (B&W), USA for manufacturing supercritical boilers. Details of the joint venture (JV) company formed with SPX is provided in the 'Subsidiaries' section of this report.

With Babcock & Wilcox Power Generation Group, Inc. (B&W PGG), a global leader in power generation industry, Thermax has entered into an alliance to form a strategic joint venture to engineer, manufacture and supply supercritical boilers for the Indian power sector. The JV will also manufacture subcritical boilers over 300 megawatts (MW) in size.

Thermax will own 51% share of the joint venture while B&W PGG will have 49% ownership. The company will bring to the Indian power sector Thermax's expertise of integrating energy and environment solutions and B&W's long history of providing proven, state-of-the-art power generation technology and world class project management capabilities. B&W was the first company in the world to build a supercritical boiler.

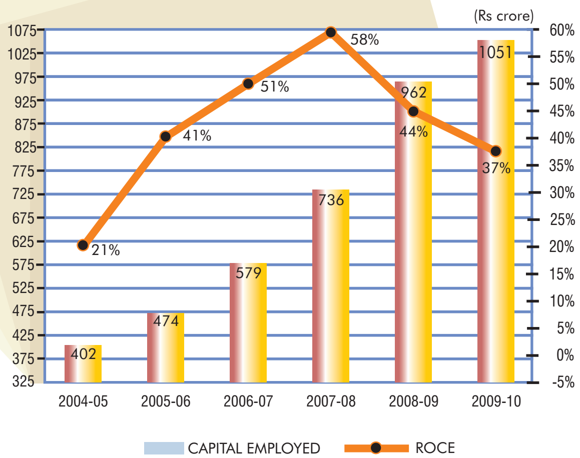
This technology will allow the new JV to contribute to efficient power generation in the ultra mega thermal plants planned to meet the massive energy requirements of the country. Utility boilers above 660 MW generally fall under the supercritical category. Operating at higher pressures than those of subcritical boilers, they increase efficiency and produce more energy from the same amount of fuel.

The new joint venture is being established at a critical time when India's ambitious growth plans and its dependence on coal fired power plants for power throw up tremendous energy and environment challenges. It will help meet the challenges of energy efficient power generation, a crucial requirement in the context of emission reduction and the need to conserve fossil fuel.

CONSOLIDATED RESULTS

The consolidated total income of the Thermax Group has reduced, marginally, to Rs. 3422.2 crore from Rs. 3500.7 crore last year. Income from international business was down to Rs.720.4 crore from Rs. 958.8 crore. The Group registered a profit before tax of Rs. 400.4 crore as against Rs. 423.3 crore in the previous year. Profit after tax & extraordinary items and minority interest decreased by 50.1% to Rs. 144.3 crore owing to

Return on Capital Employed



a one-time extraordinary expenditure of Rs. 114.9 crore (net of tax) relating to the business settlement with Purolite. Consequently, earnings per share (EPS) also reduced to Rs.12.11 as compared to Rs. 24.25 in the previous year.

The liquidation process of ME Engineering Ltd., the erstwhile UK based step-down subsidiary, was completed during the current year. Voluntary winding-up of Thermax Energy Performance Services Ltd., the joint venture company, is under way and is expected to be completed this year. Thermax Hong Kong Ltd., a wholly-owned subsidiary has been registered for a dormancy status in March 2010. 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, Auditors' Report and other documents of all the subsidiary companies, have not been attached to the Accounts of the company for the year 2009-10. However, on request by any member of the company/statutory authority interested in obtaining them, these documents will be made available for inspection 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. Further, the accounts of individual subsidiary companies shall also be posted on the company's website.

DIVIDEND

The Directors have recommended a dividend of Rs. 5/- (250%) per equity share of face value of Rs. 2/-.

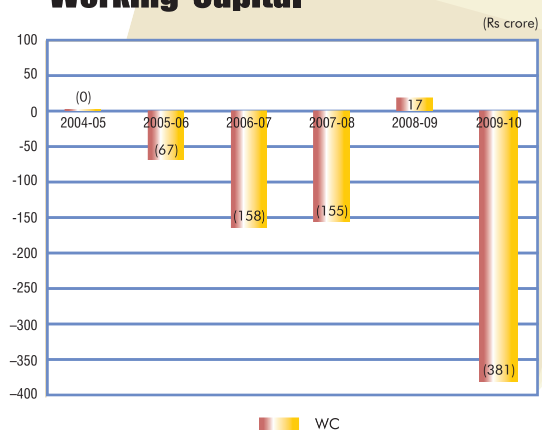
The dividend, if approved by the shareholders, will entail a payout of Rs. 69.5 crore, including dividend distribution tax of Rs. 9.9 crore.

SETTLEMENT OF BUSINESS DISPUTE

Your company had been involved in a business dispute with Purolite International Ltd., a US competitor, concerning inter alia their trade secrets. The case had been in a US court since May 2005 and has been amicably settled.

In January 2010, the Honourable Judge of a US District Court, unexpectedly ruled against the company on certain

Working Capital



aspects of the case and committed the matter to jury trial. Until then, the company had been advised by its legal counsel that there was remote probability of any significant financial cost in resolution of this dispute. After weighing the uncertainties associated with jury trial, prolonged litigation, resultant costs and future business prospects in that country, your Board of Directors decided as a matter of business prudence and abundant caution, that the company should seek settlement of the dispute. The business settlement arrived at in February 2010 permanently resolves and closes all claims and counterclaims.

As per the business settlement agreement, Thermax will pay four installments of USD 9.5 million each, spread over the calendar year beginning April 2010. The liability, net of tax, arising from the settlement and amounting to Rs. 114.9 crore has been charged as an extraordinary item to the Profit and Loss Account of the year under report. Your Directors believe that this amicable business settlement will pave the way for your company to move on and pursue worldwide growth in its energy and environment business.

DOMESTIC SUBSIDIARIES

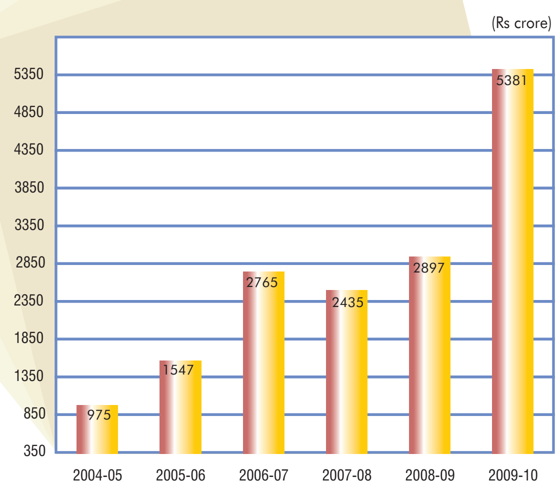
Joint Venture

Thermax SPX Energy Technologies Ltd.

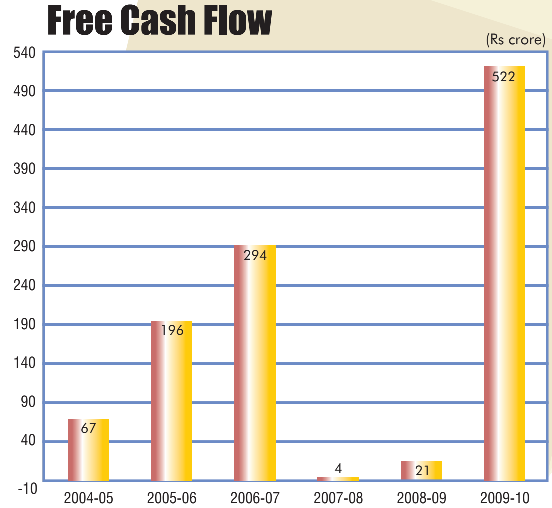
Your company has entered into a joint venture with SPX Netherlands BV, a wholly-owned subsidiary of SPX Corporation, USA - a global infrastructure leader in providing power plant equipment and services. The joint venture was incorporated on October 6, 2009.

The company will operate on the basis of a license agreement with Balcke-Dürr GmbH, Germany, a wholly-owned subsidiary of SPX Corporation. The initial planned equity capital of the joint venture is Rs. 25 crore of which Thermax shall hold 51%. The joint venture will address the requirements of the growing Indian power sector, providing

Order Balance



Free Cash Flow



technology solutions for projects above 300 MW range. By integrating SPX solutions for large infrastructure projects and Thermax's energy-environment expertise, the JV would help power plants meet stringent emission norms and also improve their thermal efficiencies.

In the initial phase, it shall cover air pollution control systems, electrostatic precipitators (ESPs) for high ash coal-based power plants, bag filters and equipment for reducing SOx-NOx emissions, and rotary heat exchangers.

During the year, the company has secured its first order for a regenerative air-preheater (RAPH). This order involves design, engineering, manufacturing, supply, supervision, installation, erection and commissioning of four RAPH units for two 750 TPH boilers (two RAPH for each boiler) for a leading oil refinery. The company has been actively participating in a number of bids for electrostatic precipitators, regenerative air-preheaters, air-cooled condensers and such balance-of-plant equipment to build a strong foundation for future business.

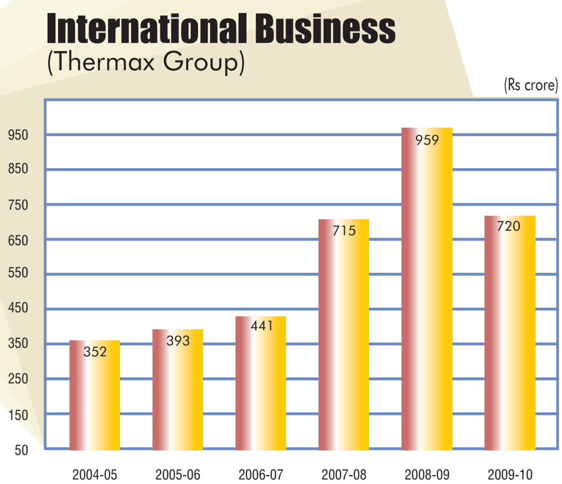
During the year, your company has infused Rs. 10.2 crore as an initial contribution towards the share capital of the joint venture.

Wholly owned

Thermax Engineering Construction Co. Ltd.

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

In 2009-10, this subsidiary earned a total income of Rs. 96.8 crore and profit after tax of Rs. 3 crore compared to Rs. 99.9 crore and Rs. 1.5 crore respectively, in the previous financial year. The marginal decline in income was due to lower order balance as on March 31, 2009, resulting from the economic slowdown and projects being put on hold by customers during the financial year 2008-09. Despite the lower income, the subsidiary's profit improved as a result of better cost management. However, the profitability of the company may be impacted in the coming year due to enhanced demand for construction vendors and skilled labour from the power sector.



During the year, the company successfully completed the assembly of a second FM boiler weighing 585 tons at the Mundra port facility, for export. Erection of three spent wash fired units and a municipal solid waste (MSW) fired boiler are the other highlights of the year.

With the company's year end order balance being significant, the focus for the coming year will be on the execution of existing orders. The company is gearing up to face the challenge of recruitment along with training and development of skilled personnel for projects.

Thermax Instrumentation Limited

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

During the year, the company earned a total income of Rs. 129.1 crore and profit after tax of Rs. 2 crore compared to Rs. 103.2 crore and Rs. 0.4 crore respectively, last year. Increase in business volume has helped the company achieve a better performance as compared to last year.

The company has secured a breakthrough order in larger capacity projects in the Independent Power Producers (IPP) range.

During the year, the subsidiary successfully commissioned eight power plants comprising ten units aggregating to 212.5 MW – the largest capacity commissioned in any year so far.

With the country focusing on dramatically improving its power generation capacity, and with Thermax's foray into utility projects, the outlook for the company is positive.

Thermax Sustainable Energy Solutions Limited

With the looming threat of climate change and the need to reduce carbon emission, Thermax Sustainable Energy Solutions Limited (TSES) is entering into businesses related to clean development mechanism (CDM). An amount of Rs. 4 crore was infused towards the share capital of the company to support its foray into this business area.

During the year under review, TSES has developed CDM projects, which are now under validation. In the coming financial year, these projects are expected to be registered with United Nations Framework Convention on Climate Change (UNFCCC).

The company has earned an income of Rs. 69.6 lakh during the year against Rs. 14.2 lakh in the previous year. This comprised mainly reimbursement of expenses for support rendered to the parent company. It has incurred a net loss of Rs. 117.3 lakh compared to Rs. 12.8 lakh loss in the previous year. The loss was predominantly due to higher outlay of expenditure, which would help ramp up the operations when the expected approval from UNFCCC is received.

Thermax Onsite Energy Solutions Limited

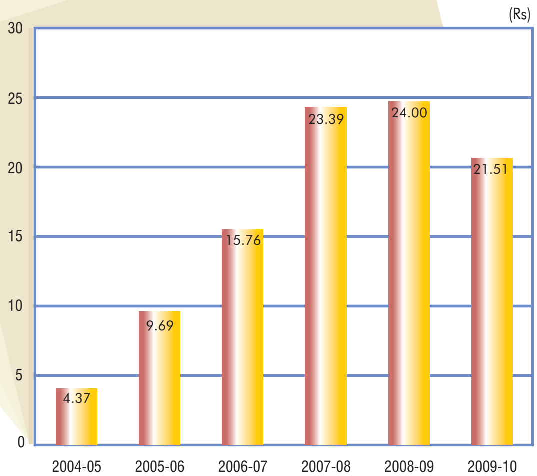
Thermax Onsite Energy Solutions Limited (TOESL) was incorporated in September 2009. This subsidiary, focusing on the area of green energy from biomass and other alternate sources, plans to develop utility delivery business to customer on unit-consumption basis. For this, the company installs its own equipment and peripherals at customer site, operates and maintains these, and organises required inputs like fuel, manpower and consumables at its own cost.

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

During the period under review, the subsidiary has signed a project for a tenure of seven years to supply heat to a leading paint manufacturing company. The company is already offering services of steam supply to a joint venture in textile knit wear business. With several industrial units identifying the benefits of savings in capital expenditure and freedom from having to manage operation and maintenance of utilities, the outlook for the business looks promising.

The Board of your company has approved an overall investment of Rs. 6 crore towards the equity capital of TOESL for this new business initiative.

Earnings Per Share (EPS)



OVERSEAS SUBSIDIARIES

Wholly owned

Thermax Inc., USA

This step-down subsidiary is the front-end value chain for your company's cooling and chemical businesses in the USA.

The profit after tax of the subsidiary increased significantly to USD 0.96 million (USD 0.1 million, previous year) on a marginally higher top line of USD 14.9 million. Better financial results were achieved in a depressed market environment with sharper focus on speciality resins, customised solutions and cost control.

The external economic environment continues to be challenging with respect to growth, investment and availability of credit. To maintain margins for the chemical business, the efforts to focus on product mix and pricing discipline will continue.

The cooling business segment has started growing with the commercial execution of sourcing/distribution agreement with Trane (division of Ingersoll Rand). Marketing initiatives are in place to transform to a "market share" player in the near future.

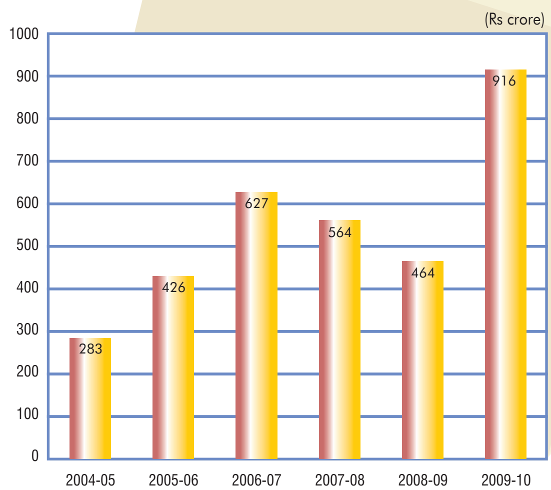
Thermax Europe Ltd., UK.

The year witnessed a significant slow down in business activities in all European economies due to credit crunch. The company closed the financial year with a turnover of GBP 3.8 million (USD 5.7 million) as compared to GBP 5.6 million (USD 8.5 million) in the previous year. The profit after tax was GBP 0.43 million (USD 0.65 million) against the previous year profit of GBP 0.55 million (USD 0.83 million). In comparison to the previous year the profitability has increased to 11.3% from 9.8%, owing to better product mix. Although the enquiry levels for chillers remained constant, conversion into orders was a challenge.

The year also saw a 45% increase in service revenues over the previous year. Key highlights of the year included supply of a 3 MW steam chiller to Copenhagen for a district cooling plant. The chiller formed part of the green systems highlighted during the Climate Change Conference. Working with a large German electricity firm, the company installed the first exhaust gas chiller at a major airport in Europe.

With challenging conditions continuing and aggressive strategies adopted by competition, there is pressure on pricing. The company plans to identify standard market segments and improve profitability through operational efficiencies. Service business would continue to be the thrust area for the company to reduce volatility in the business.

Cash & Cash Equivalents



With the European economies yet to recover from the effects of global financial crisis the company aims to maintain its performance.

Thermax Hong Kong Limited, Hong Kong

Thermax Hong Kong Limited (THKL) was formed in December 2003 as part of the strategy to enter the Chinese absorption cooling market. It had no revenue stream planned for the financial year. The company was slated for the 'dormancy status' after collection of debts and completion of committed contractual transactions. This being achieved, the company has been registered for a dormancy status in March 2010 under the existing company laws of Hong Kong.

The absorption cooling business of the company is now routed through Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd., a subsidiary set up in China. The sourcing activities are now being done directly by your company.

To support and meet administrative expenses like audit fees, statutory filings, etc. during the dormancy stage, the Board of your company has invested USD 6,500 towards equity share capital.

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

Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd. that began commercial operations in September 2008 completed its first full year of operations. During the year, the company has expanded its operations in China with the opening of sales offices in 10 regions. For the year ended December 31, 2009, the company has achieved overall revenue of RMB 20.2 million (USD 3.0 million). It incurred a loss of RMB 11.9 million (USD 1.8 million), after accounting for interest and depreciation. The company's top line is lower than initially planned and the management team is drawing up strategies to scale up revenues.

For the export market, it has geared up to compliment your company's Indian manufacturing base by acquiring all the necessary certifications for supplying chillers to the European and American markets which are poised for growth in the coming years. The company has already commenced its first supplies to these markets during the year.

Thermax International Ltd., Mauritius

During the year, your company has invested USD 25,000 in the share capital of this subsidiary to meet operational expenses. The total investment in this subsidiary towards share capital now stands at USD 3.2 million. The company is a parent to the step down subsidiary, Thermax Inc., USA.

Thermax do Brasil – Energia e Equipamentos Ltda., Brazil

During the fiscal year the subsidiary earned an income of BRL 0.12 million (USD 0.07 million) and made a profit after tax of BRL 0.04 million (USD 0.02 million).

At present, steps are being evaluated towards putting the affairs of the company to hibernation.

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).

FINANCE, ACCOUNTS AND SYSTEMS

As on March 31, 2010, with the increased order booking, the company's cash and cash equivalents stood at Rs. 916 crore. After an investment of Rs. 88 crore in fixed assets, the company's net cash inflow was Rs. 452 crore. Its net working capital was negative at Rs. 380.6 crore as against a positive Rs. 17.1 crore in the previous year.

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

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

Public Deposits

The company had no unpaid / unclaimed deposit(s) as on March 31, 2010. It has not accepted any fixed deposits during the year.

EMPLOYEE STRENGTH

The total number of permanent employees on the rolls of the company was 3631 as on March 31, 2010.

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, Mr. Pheroz Pudumjee and Dr. Jairam Varadaraj retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as Directors.

IN MEMORY OF DR. MANU SETH

Dr. Manu Seth, a senior member of the Board passed away on August 8, 2009. The Board and the management places on record its heart-felt appreciation of the valuable guidance and support provided by the late Dr. Seth during his tenure of over nine years with the company as its Director and a member of the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors accept responsibility for the integrity and objectivity of the Profit & Loss Account for the financial year ended March 31, 2010 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 have been followed.
2. Appropriate accounting policies have been selected and are being applied consistently. Judgements and estimates 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 17 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 periodic intervals to review the internal audit function.
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:

Human Resources Committee: The Remuneration and Compensation Committee of the Board was renamed on January 30, 2010 and the terms of reference of the committee were also modified.

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

Audit Committee: The Board appointed Dr. Valentin von Massow on October 30, 2009 as a member. This was to facilitate quorum for the meeting of the committee on January 30, 2010 for which Dr. Jairam Varadaraj had expressed inability to attend due to business exigency.

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.

AWARDS AND RECOGNITION

Mrs. Anu Aga, Director of your company was honoured with the Padma Shri by the President of India. The Award is in recognition of her distinguished service in the field of social work.

Thermax won the Enertia Award 2009 for setting up the state-of-the-art manufacturing facility for boilers and allied equipment at Savli, Gujarat. The award was given in the 'Manufacturing power generation equipment and related auxiliaries' category.

Your company's manufacturing plants at Chinchwad won awards for safety performance and environment management from the Greentech Foundation. The plants of its Boiler & Heater business also won the Golden Peacock Award for Occupational Health and Safety from the Institute of Directors.

Thermax also won the Imai Award for Operational Excellence for 'Exemplary Employee Engagement in Total Productive Maintenance' from the Kaizen Institute in February 2010.

At CII's (Western Region) HR Awards for Excellence 2008, your company received a commendation award for 'Strong commitment to HR Excellence.'

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the continued support extended during the year by the company's clients, business associates, supplier partners, bankers and investors. Your Directors also place on record their appreciation of the dedication and contributions made by employees at all levels, who through their commitment, hard work and support have enabled the company to steer itself through a tough and challenging year.

Thanks to the climate of goodwill and mutual trust created over the years, industrial relations in the company continue to be warm and nurturing. The Directors would like to record their appreciation of the good work done by the company's labour union and employees to maintain a harmonious environment for productive work.

Your Directors would also like to thank the shareholders for their continued support.

For and on behalf of the Board

Meher Pudumjee
Chairperson

Pune: May 12, 2010

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, 2010

A. CONSERVATION OF ENERGY

During the year, resource conservation worth Rs. 109 lakh was achieved as a result of implementing the following measures:

1. Electricity: Saved Rs. 18 lakh by reducing consumption with the use of energy saving devices & maintaining power factor according to MSEB rule.
2. Fuel:

   i) Saved Rs. 83 lakh by shifting the weekly off from Sunday to Thursday and avoiding the use of DG sets.

   ii) Saved Rs.3.3 lakh by shifting to local stress relieving for some of the products instead of complete stress relieving as allowed by the code of design.
3. Water: Saved Rs. 4.7 lakh by identifying and stopping leakage in old pipelines.

HEALTH, SAFETY AND ENVIRONMENT MEASURES

Your company values human life and believes that all injuries are preventable. Hence Health, Safety & Environment (HSE) is a priority for the company and in order to further enhance HSE performance, various initiatives were undertaken during the year:

1. Safety and Environment Management System:

   All manufacturing locations (Chinchwad, Savli and Paudh) have been certified with Environment and Safety Management Systems as per the requirements of ISO 14001 (Environment Management System) and OHSAS 18001 (Occupational Health Safety Assessment Series) standards. Savli plant, Baroda, has received the certification by DNV India in February 2010.

   A surveillance audit of Chinchwad plant and Paudh plant was conducted successfully for OHSAS: 18001 and ISO: 14001 International Standard by DNV and BVQI respectively.
2. Leadership & Commitment: The Board reviews safety performance every quarter. The Managing Director also 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. Site safety committees have been formed for effective monitoring.
3. Competency and Training: Safety passport system has been implemented wherein induction training is provided and a safety passport is issued to all contractors' workers before they undertake any work at any plant location. 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.
4. Standards and Procedures: Method statements for all safety critical activities have been developed and a job hazard analysis has been carried out for the same.
5. Incident / near- miss reporting and investigation: Near-misses / incidents reporting has been encouraged and investigation for the same is done. Sharing of lessons learnt is done with all divisions.
6. Emergency Preparedness Plan: 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.
7. Audits: Internal and external safety audits and inspections are carried out regularly and the compliance of audit action points is monitored. A total of 588 internal audits and 37 external audits have been conducted in 2009-10. The overall audit compliance level is 82% whereas the same is 92% for 'A' category items.
8. Awards & Recognition: Your company won several HSE Awards during the year for its manufacturing plants.

B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

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

Four Centres of Excellence (COE) in heat transfer, material science, solar and biotechnology became fully functional this year. An advanced computing centre has also started functioning with strengthening of the computing facilities and induction of experts and state-of-the-art computational software packages. This centre is supporting R&D projects as well as all computation requirements across the organization. R&D projects initiated last year in the domain of energy and environment are under final stages of completion. The COE in solar is equipped with state-of-the-art facilities for evaluation of optical and thermal properties of the critical components of solar thermal power and energy technologies.

2. Benefits derived:

New products, solutions and technologies derived through the efforts of the COEs and Research Technology and Innovation Center (RTIC) are being implemented by the business divisions. Some of these are efficiency improvements in electrostatic precipitators, new small-scale sewage water treatment system, new anaerobic bio gas generator from kitchen waste, etc. These centers are the resource centers for building competencies in advanced areas across Thermax. The solar facilities will be first of its kind in India.

3. Future plan of action:

Your company is on the path of developing integrated energy and environment management systems. Every effort is being made to develop, collaborate and strategically partner with knowledge organisations and accelerate developments in critical areas of renewable energy, clean energy, energy efficiency, climate change and water.

Towards this, the company is funded by agencies (DST, MNRE, AP6) for working on state-of-the-art technology for applications in solar thermal power, cooling and cold storage for food and pharma sectors.

4. Expenditure on R&D

a.	Capital	:	Rs. 1.3 crore
b.	Recurring	:	Rs. 12.9 crore
c.	Total	:	Rs. 14.2 crore
d.	Total R&D Expenditure as a percentage of turnover	:	0.46%

Technology absorption, adaptation and innovation

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

   Indigenous development of new high efficiency kitchen waste-to-energy conversion plant and new zero sludge sewage treatment plant.

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

   Thermax business divisions are in the process of commercialising these technologies which provide benefits to users in terms of improved yield and ease of operation.

   New growth units on renewable energy will get incubated in RTIC.

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
Difficult-to-degrade wastewater systems	2009	No	The technology partner has imparted training under the know-how agreement. First pilot plant commissioning is planned during 2010-11. Absorption of technology shall commence in due course
Sequencing Batch Reactor system (SBR)	2009	No	Installations of sewage treatment plants based on SBR are under execution and are expected to be completed during 2010-11.
Photo- electro-chemical Air Purification Technology for Indoor Air Purification	2009	No	Technology transfer has commenced. Complete absorption of technology and indigenisation of the same is expected by March 2011.
Sub critical utility boiler technology	2008	No	Presently using the technology for design of boilers for one order. However, full technology absorption will take place on completion of manufacturing, supply, erection and commissioning of such boilers. This is expected to take another two years.
Paper Process Chemicals	2007	Yes	N. A.
Electrostatic Precipitators	2007	Yes	N. A.
Cement plant waste heat recovery boiler	2005	Yes	N.A

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Management Discussion and Analysis Report elaborates the company's operations in export markets.

During the year, the company had a net foreign exchange inflow of Rs. 172.2 crore as against a net inflow of Rs. 276.6 crore in the previous year.

The details on foreign exchange earnings and outgo are given in the Notes 6(E), 6(F) and 6(G) of Schedule 17 to the Accounts, which form part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Economies, worldwide, are recovering from the severe downturn of 2008 that continued into 2009. Many countries are showing signs of small but positive growth due to domestic consumption and a marginal improvement in international trade. The recovery is uneven and the business environment for sustained growth is fragile. Much of the economic rebound is due to the strong fiscal stimulus provided by the governments of both developed and developing countries.

In developed economies, increasing unemployment, rising inflation and tightening credit conditions have resulted in subdued consumer and investment demand. Government plans to withdraw the financial stimulus to control the ballooning fiscal deficit are met with concerns about economic recovery losing momentum. In the next couple of years, at least, the developed economies are not expected to provide a strong impetus to global growth.

Displaying remarkable resilience in 2009-10, India continued to be the second fastest growing economy in the world. With the support of capital goods and consumer durables sectors, the Index of Industrial Production (IIP) growth for FY10 is far higher, at 10.4% as compared to 2.8% in 2008-09. Despite the negative impact of the agricultural sector, the continued momentum in services and manufacturing sectors coupled with strong fundamentals and broad based recovery, have ensured a higher GDP growth rate.

The Union Budget 2010-11 indicates a positive outlook for the Indian economy in the near term. The economic agenda emphasises inclusive growth and development of infrastructure in both urban and rural areas. Rs.1,73,552 crore has been allotted for infrastructure expansion, which accounts for over 46% of the total allocation. Budgetary allotment to power, road transport, shipping, urban infrastructure and railways will provide the much needed growth trajectory for the manufacturing and infrastructure related sectors.

Budgetary allotment to power, road transport, shipping, urban infrastructure and railways will provide the much needed growth trajectory for the manufacturing and infrastructure related sectors

In the recent past, averaging 4000 - 6000 MW a year, India has fallen short in adding to its power generation capacity. However, the coming five year plans promise to be different, with a dramatic improvement in capacity addition. Supercritical technology has just begun to make headway in India, with the government approving a proposal for induction of this technology. This is a major stride for India in developing cleaner, high-capacity and more efficient power generation capabilities and a boost for companies that provide supercritical technology.

While constructively engaging with the international community at the Copenhagen conference on climate change, India has pursued a strong domestic agenda for addressing the issue. The National Solar Mission with an enabling policy framework has been created with the objective of generating 20,000 MW of solar power by 2022. This is expected to be achieved by creating favorable conditions for solar manufacturing capability, indigenous production and market leadership.

A proposal to establish a National Clean Energy Fund for funding research and innovative projects in clean energy technologies and a 61% increased budget outlay for new and renewable energy sector, provide the much needed support to companies in related fields. Overall, the energy and environment sectors are poised to ride the wave of positive growth in the coming years.

Review of Operations

During the fiscal year 2009-10, your company witnessed a decline in revenues, due to the lower order book of the previous years. It generated a total income of Rs. 3235.2 crore, with profit after tax at Rs. 141.4 crore. Exports, including deemed exports, represented 20.3% of the total income. With the economic situation recovering, the order book of the company has improved and stands at Rs. 5381 crore on March 31, 2010.

The company's energy business comprising Boiler & Heater, Power, and Cooling & Heating contributed to 75.6% of its income while the environment business comprising Air Pollution Control, Chemicals along with Water and Wastewater Solutions generated 24.4%.

Industrial growth, particularly in the capital goods sector remained subdued in the year 2008-09, affecting the order book and carry forward of several manufacturing companies. Due to economic uncertainty, financial closure of most projects were delayed and orders were either put on hold or were postponed till the situation improved.

In 2009-10, with the improvement in the global economic scenario, many of the projects on hold were awarded, but with strict delivery schedules and lower budgets. The innovation oriented projects initiated last fiscal have been progressing well, with contributions from heating and cooling products supporting the company's business.

Thermax Innovation Council, established last year and chaired by Dr. R. A. Mashelkar is providing guidance in nurturing an innovation ecosystem within the company's business divisions.

During the year, your company positioned itself for robust growth in the Indian power sector. It formed two joint venture partnerships with global majors in the areas of energy and environment that are expected to support the growth in power. Thermax also made its entry in the utility space of independent power plants (IPP) by winning a project order.

With the country's dependence on coal fired power plants for electricity generation, reduction of carbon footprint remains a daunting challenge. For reducing emissions and to counter the shortage of fossil fuels, energy efficiency has become very relevant in power generation. It is envisaged that in the twelfth five year plan about 60% of the 100,000 MW capacity addition and about 90% of 102,000 MW in the thirteenth plan would be based on supercritical technology.

Supercritical technology, with its ability to operate at increasingly higher temperatures and pressures is aiding the improvements in energy efficiency in thermal power stations worldwide. This technology offers much higher efficiencies of 40-42% by raising the temperature and pressure of steam in the boiler, thereby obtaining more energy output from the same coal input.

During the year, your company positioned itself for robust growth in the Indian power sector. It formed two joint venture partnerships with global majors in the areas of energy and environment. Thermax also made its entry in the utility space of independent power plants (IPPs) by winning a project order.

This shift to supercritical technology is a specific mitigation exercise of the Government as part of its climate change agenda.

With huge investments anticipated in the sectors of energy and environment, these partnerships will help in supporting the government's objectives of efficient technology introductions and establishment of indigenised production capabilities. These sustainable models will help arrest environmental degradation and counter the negative effects of climate change.

Energy Segment Analysis

In 2009-10, your company's energy business income stood at 75.6% of the total income.

Year	Energy Business			
	Income (Rs. cr)	Growth %YoY	Exports (Rs. cr)	Growth %YoY
2007-08	2620	53	614	90
2008-09	2513	-4	830	35
2009-10	2407	-4	542	-35

The energy segment saw a decline in total income due to a lower order book of the previous years for the domestic and export projects. With the reduction in economic uncertainty and financial closure happening on many projects, your company has secured a number of prestigious domestic and export orders this year.

The new joint venture partnerships Thermax formed in 2009-10 will help it to make a positive contribution in this area. In March 2010, your company signed a joint venture agreement with its technology partner Babcock and Wilcox of USA for supercritical boilers over 600 MW and for subcritical boilers above 300 MW. The new joint venture cements the business relationship that Thermax and Babcock & Wilcox have had over the last 20 years.

Similarly, in August 2009, your company formed a new joint venture, Thermax SPX Energy Technologies Limited with US based SPX Technologies to supply equipment and services for the Indian power sector. This partnership will provide power plant accessories and balance of plant equipment for power plants above the 300 MW range.

In the area of green energy, Thermax has begun an initiative through a public private partnership for a 250 kW solar thermal project at Shive village in Maharashtra. This project is expected to establish a replicable model for clean and decentralized power generation and cold storage through solar energy. Funded by the Government of India's Department of Science & Technology, the project will be designed and developed by Thermax.

The company incorporated a wholly owned subsidiary for utility delivery business to capture a sizeable share of revenue-side spending of customer by supplying steam, heat or chilled water on a unit basis. The new business would look after installation of equipment and peripherals at customer site, ensure operation & maintenance, organize required inputs like fuel, manpower and consumables, and supply end-utility products to its customers.

The new manufacturing facility of the company at Savli, Baroda completed one year of its operations with a marked increase in productivity. To meet the objective of making this a world class facility, the staff and workers are being rigorously trained. New systems are also being introduced for process and productivity improvements. At Chinchwad, Pune, continuing with its operational excellence initiatives, Thermax is building consistency and productivity in its manufacturing processes with the support of an internationally renowned expert in lean manufacturing strategy and implementation.

The service businesses of all divisions contributed substantially to the revenues of the company through retrofit and revamp, spares sales and operation and maintenance of captive power plants.

Boiler & Heater

The Boiler & Heater group of the company saw a revenue decline for the second year in succession due to lower order booking of the previous years. Business from captive power plants provided opportunities towards the end of the first quarter and grew at a fairly robust pace throughout the year. Cement, sugar, oil & gas and power sectors saw a surge in investment which substantially benefited the group in order booking.

The Boiler & Heater business commissioned supplementary fired heat recovery steam generators (HRSGs) for an integrated solar combined cycle power plant in Algeria. It also obtained a large contract for supplying four circulating fluidized bed combustion (CFBC) boilers for captive power generation in a cement plant in Uttar Pradesh. Using coal and washery rejects as fuel, these power boilers would each generate 250 TPH of steam for captive power generation.

With the commercial availability of natural gas, the business division was also able to secure a repeat order for heat recovery steam generators (HRSGs). The global increase in sugar prices also facilitated the order inflows for bagasse fired boilers from both India and South East Asia.

The company's first waste-to-energy boiler installation designed for partial firing of fuel derived from refuse, is in an advanced stage of completion and awaiting commencement of trial operations. Our efforts in the distillery sector to incinerate spent wash as a fuel is progressing at a slower pace as the two units in operation are under stabilisation.

The division also supported the company's Power division by bagging an order for the largest CFBC boilers with reheat, for an independent power producer (IPP). Exports showed signs of improvement with orders from Egypt and South East Asia. Several oil & gas fired units were commissioned during the year particularly in the gas fields of Abu Dhabi and refinery and petrochemical complexes in Saudi Arabia. The division's major highlight of the year was the complete modularization of a flue gas cooler for a refinery in the Middle East. The boiler and heater facility at Savli in Baroda has seen its first full year of operations and productivity is showing significant improvement.

The year closed with an order book in excess of Rs. 1400 crore. It also saw the inauguration of the group's new office aptly christened 'Energy House'. A substantial increase in revenue is expected for the year 2010-11, signaling growth opportunities.

Power

Continuing with the previous year's growth trend, your company's power business commissioned eight plants constituting 10 units and totaling 212.5 MW this year. Repeat turnkey power project orders from the cement sector, among others, have resulted in a healthy order book. The division has bagged, orders of a record capacity of 629 MW in the financial year 2009-10, ably supported by repeat turnkey power project orders from the cement sector. The division's first overseas turnkey power project for a large paper plant in Philippines was handed over after successful commissioning and stabilization. This has resulted in a couple of captive power plant orders for a leading cement company in South East Asia and a sugar refinery project in the Middle East.

The division achieved a breakthrough in larger capacity projects in IPP range with an order from a power producing company in South India. This is likely to be the largest CFBC boiler based IPP to be commissioned in the country during the 11th plan period.

During the last financial year, the division reorganised itself, creating full fledged business units to address various segments of power plants. It successfully concluded a process improvement exercise for each function through an external consultant and a core internal team. The Division's focus on safety was acknowledged with an award by a large corporate customer.

With a record orders-in-hand, the outlook for the division for the year ahead is positive. The orders are fairly spread across various sectors and across geographies with a mix of green energy based plants, mainly in waste heat recovery. The division is making conscious efforts to achieve a balanced presence across private and public sector projects, apart from a mix of fuels and traditional power plants. This strategy is likely to be catalysed by the revival of conventional cement and steel sectors, in addition to the public sector's infrastructure spending.

For its growth, Thermax plans to be a significant player in the IPP range and utility power market of unit size up to 300 MW and multiples. The division is in the process of offering the solution of power generation from waste heat recovery in cement sector with selective equity participation.

Cooling

The cooling business witnessed a 10% reduction in revenues during the year, with exports contributing 42% of the total income. This was due to the sluggish market conditions in the first half of the year resulting in a lower order inflow. The rupee appreciation also accounted for reduction in total income for exports.

This year, the cooling business successfully developed and commissioned an absorption heat pump for a few automobile majors, that will reduce their heating fuel bill by 30-40%, significantly reducing carbon emissions. The division also commissioned India's single largest capacity vapour absorption chiller of 3000 TR. It developed two new products – a new machine supplied to a pharmaceutical unit that simultaneously provides chilled and hot water without any additional heat source; and a unique absorption system using water heated by solar energy. This high efficiency machine, which has been tested, will reduce the cost of solar collection devices, making solar cooling viable.

A European OEM in power generation has selected your company's absorption systems for recovery of waste heat and conversion to cooling.

The division's manufacturing shop received an award for Right First Time at the National convention of Quality Circles held in Bangalore this year.

This year, to counter the challenge of peaking of order inflow in the latter part of the year, specific lean manufacturing techniques were used. Appreciation of the Rupee against major currencies of our export markets is likely to put pressure on price realization in 2010-11.

Heating

Heating business recorded a decline of 9% in total income as compared to last year, with exports accounting for 26% of its business. The decline is mainly on account of many projects being put on hold and lack of prospects from overseas markets. With volatile fuel oil prices in the first half of the fiscal, there were also no fuel shift opportunities, which account for a sizeable share of its business.

To address the change in the Indian Boiler Regulation (IBR) Act, the business division responded with two new products – one suitable for liquid and gaseous fuel and the other for solid fuels. These products will help small users shift to lower operating cost options, providing good business opportunities for the business division. They would be introduced in the overseas markets as well as for the hotel and hospitality segments. Coil products grew in volumes by over 10% during the year due to increased demand from the hotels planned for the upcoming Commonwealth games.

Bi-drum boilers serving the fuel shift and small cogeneration markets doubled its growth over the last year in the domestic market. The division is poised to capture emerging opportunities for this product line in overseas markets, concerned about energy costs.

Under the company's operational excellence program, the division initiated mass customisation and engineering automation to reduce cost and eliminate waste. It also kick-started a manufacturing excellence program targeted to double the output in the next two years time frame from the current manufacturing facility at Pune.

The outlook for the next year looks good with a vibrant domestic market and markets like Middle East, South East Asia showing recovery where the business unit has a good presence. The division expects markets like Africa, SAARC to continue with the upswing in the current year. Latin America, the new market entered in the last year appears promising. Food processing, chemical, drugs & pharmaceuticals, hospitality and health care segments would continue to yield a major share of the business from both domestic as well as overseas markets. The business unit will continue its innovative efforts with new products to reduce energy costs.

Solar Growth Unit

The recently established Solar business of Thermax, integrated with steam boilers and vapor absorption systems, successfully completed six demonstration projects in FY 2009-10 across its application segments – laundry, cooking and cooling. A first-of- its-kind installation of 70 solar concentrators generating process cooling has been completed at a major auto facility near Pune and it will be commissioned shortly.

The parabolic concentrator acquired by the business in FY 2008 has been engineered and necessary design improvements have been introduced to suit domestic markets for cooling and heating applications. Continuous monitoring of operational data is helping in designing better systems for our customers.

The division would focus on replicating its installations in select market segments. It would also extend its application range with existing and newer products.

The recently established Solar business of Thermax, integrated with steam boilers and vapour absorption systems, successfully completed six demonstration projects in FY 2009-10 across its application segments – laundry, cooking and cooling.

With the new projects, your company is positioning itself as a solar product manufacturer and as an integrated renewable energy solution provider of cooling and heating solutions. By targeting hotels, auto and garment segments and educational institutes, the new business would help increase the renewable portfolio of Thermax's offering to customers.

Environment Segment Analysis

In 2009-10, your company's environment business income stood at 24.4% of the total income. Though income improved marginally, exports grew by a healthy 40% due to certain export orders.

Year	Environment Business			
	Income (Rs. cr)	Growth %YoY	Exports (Rs. cr)	Growth %YoY
2007-08	584	26	64	-18
2008-09	751	29	82	28
2009-10	778	4	115	40

The environment segment witnessed growth this year as several domestic and international customers opted for environmental products and solutions in the air pollution control and water and waste treatment areas.

In 2010-11, the industrial sector is expected to continue to do well, with the continuing emphasis on power projects and stricter norms for the use of water. Projects for municipalities under JNNURM will get significant funding as quite a few detailed project reports have been cleared by the government authorities. All over the country, regulation standards, particularly through pollution control boards, are becoming stringent and pressure is being brought on companies to recycle treated effluents.

Chemical business continued its export growth with the domestic market also providing the required support. Production has commenced at the state-of-the-art paper chemicals manufacturing plant of 12,000 tons per annum (TPA), which was set up after a technology tie up with Georgia Pacific Chemicals of USA. The partnership with General Electric of USA to distribute reverse osmosis (RO) membranes has commenced successfully, and the product is made available in all the areas allocated to the company.

The service businesses of the environment segment contributed to the growth of the company in a year of recovery and will continue to focus on enhancing efficiency from existing facilities of the customers.

Enviro (Air Pollution Control)

The air pollution control business registered 11% lower turnover during the year. Its business came from segments like captive power, steel, sponge iron, and aluminum in domestic markets. To compensate for the slowdown in the domestic cement sector, it focused on select industries in international markets.

The division's international business obtained orders from its focus sectors during the year. This includes the largest ever order of electrostatic precipitators (ESPs) for a project as part of the Egyptian pollution abatement programme, won through international bidding under World Bank guidelines. This division has also signed a contract with a Brazilian multinational for the design, engineering and construction of ten ESPs in the Middle East. These orders would provide the company a firm entry in the export market of pollution control equipment and related services.

The company's technology tie-up with Balcke-Dürr GmbH, now part of SPX Corporation, USA, for large ESPs has helped the company address new applications and international markets. It obtained an order in the aluminum sector which includes supplying fume treatment centres for greenfield alumina projects in Madhya Pradesh and Orissa.

Continuing with its operational excellence programme through process improvements, the division implemented quality management systems under ISO 9001:2008 and was awarded the ISO certification by Lloyds. This will help in delivering consistent quality products and providing high customer satisfaction.

For 2010-11, though there is pressure on costs due to volatile steel prices, foreign exchange rates and higher inflation, the division is confident of countering these challenges. With the increased number of power plants coming up in the next few years, the outlook for the division is positive.

Chemical

The chemical business continued to perform better than the previous year with a 13% increase in the turnover and exports contributing a significant 38% of business volume. The division, continued its focus on specialty resins. This has been achieved, competing against global market leaders in the Middle East, CIS and North American markets.

Commodity chemical prices, forming a key part of the material cost of this division, saw an increase in the latter part of the year together with crude oil prices. The division could successfully assimilate this by moving up the value chain and ensuring margin continuity.

The division increased its market share in its performance product group (PPG), making it the largest in the domestic market. Business has increased in the infrastructure and related industries as well as the dealer segment. This business competes with some of the best known global companies, who already operate in India. It has also increased its exports to the Middle East and South East Asia.

The division received a major order for oil field chemicals from a petroleum company. This is a three year contract won against international bidding to supply the required chemicals in the oil fields in Andhra Pradesh.

The business has stabilized its presence in the paper industry after its launch in 2007-08. These chemicals help the industry produce better grade paper using lower quality material. The paper industry is now moving towards more eco-friendly technologies for which alkaline and neutral sizing products are being offered. Exports of paper chemicals have also begun.

In 2010-11 the division is expected to continue to maintain its strong presence in its business lines in the domestic market and increase its focus in the overseas markets. New technologies are being evaluated which will bring the know-how for superior products to the Indian customer and will also bring in green chemistry, thus enhancing value.

Water & Waste Solutions

The Water and Waste Solutions division has seen a remarkable increase in its presence in the domestic market. It could more than double its order booking and also show a 20% increase in its turnover, while maintaining healthy margins.

The year started with a stagnant market and increased competition. With better cost control and productivity, coupled with enhanced project management skills, customers to a larger extent, have chosen to repose their faith in this division.

The newly created municipal vertical has started with a good order booking, riding on the back of government investment in various JNNURM schemes. The industrial vertical has enhanced its strengths and increased its presence in power plants that are coming up. The standard products group (SPG) which sells through dealers, has improved its offerings and enhanced its presence across the country.

In India, there is enormous water shortage coupled with deteriorating water quality. Many industrial units are experiencing water shortage, which might affect the production capabilities. Deteriorating water quality has started severely affecting areas, especially in parts of Andhra Pradesh, Punjab, Rajasthan and Madhya Pradesh. The division has introduced a rugged model of RO equipment for village drinking water supply. It is executing some prestigious sewage treatment plants in several states of the country, which when completed will enhance the quality of life. A major project for augmenting the capacity of a sewage treatment plant to 136 million liters per day (MLD), was completed in Chandigarh during the year.

Water & waste solutions business with its municipal vertical obtained several orders awarded through the JNNURM schemes. In a major order secured, the division will provide 10 sewage treatment plants as part of a project for constructing an underground network for collecting and treating sewage for a municipal corporation in Maharashtra.

The environment segment witnessed growth this year as several domestic and international customers opted for environmental products and solutions in the air pollution control and water and waste treatment areas.

In the previous year, the division has acquired advanced know-how from Germany for waste water treatment and had also entered into partnership with General Electric of USA for membrane bio reactor technology. In 2010-11, operationalisation of this technology is expected to provide sustained benefits to the business.

Services

Boiler & Heater

The Boiler & Heater service continued its steady growth with repeat boiler upgradation orders from both domestic and the overseas markets. It made a major advance by manufacturing a reformer package on a build-to-print basis with residual engineering.

There was an increase in revenue from pure service offerings. Repeat orders in condition assessment / residual life assessment teams made significant gains in the Middle East and South East Asia markets. In spite of commoditisation, the spares business showed growth.

The service business outlook is positive for 2010-11, considering its current order book position and the customer's requirements of service and spares.

Power

The Power division's service business has been steadily maintaining its pace of growth. The group successfully stabilized an 80 MW power plant, based on pulverised fuel boilers, for a mining major in Rajasthan and achieved an annual plant load factor (PLF) in excess of 97%. To provide better value to the customer, a software application, Enterprise Asset Management (EAM) was successfully implemented.

A new petroleum refinery in central India entrusted the operation and maintenance (O&M) of their 99 MW cogeneration plant to the division for three year tenure. The power plant is slated for start up in August 2010. The group continues to tap the power plant management business from the growing list of EPC projects.

The group also mobilized its first O&M services team in the overseas market for a paper mill cogeneration plant in the Philippines. It plans to add more overseas assignments after this first successful experience.

For 2010-11, the division plans to target the utility sector for O&M business, with the experience gained in pulverized fuel fired boiler based power plants. It also seeks to meet the demand for O&M support of power plants built by other manufacturers, which require support for stabilization and efficient operation.

Cooling & Heating

Cooling & Heating service business increased its total income, its growth driven by spares, O&M along with professional services like energy audit, facility energy management services, branded heating service products and steam accessories.

The business offered energy efficiency solutions in steam generation and distribution to one of the largest edible oil manufacturers in Africa. It also made an entry in the oil & gas segment for energy audit in export markets. The division launched new products like high capacity condensate transfer pump with zero moving parts and de-aerators for special applications.

Based on the expertise of offering green steam generation and O&M capability, the energy rental business line was established at two locations in India. Additionally, a memorandum of understanding was signed with a US based company to evaluate and launch solutions in fuel savings and emission reduction for the benefit of users of packaged boilers heaters. Based on successful pilot studies, the new technology will be introduced in the coming months.

The division will continue to add new services and customised solutions in the areas of energy efficiency to develop its business.

Chemical & Water

The service business of Chemicals & Water manages the O&M of over 45 water utilities across India – for textile, chemical, automobile, thermal and municipal water and wastewater treatment facilities. In the context of JNNURM projects and several corporate customers outsourcing fixed cost O&M contracts with their orders, the group provides value added service from pretreatment of raw water to effluent treatment. Thermax has developed the capability to provide customised service with high standards of plant performance, operational efficiency, safety and adherence to statutory norms.

The O&M of water facilities has introduced green practices – like water recycling and zero liquid discharge – that could become mandatory requirements in future. They help customers by refurbishing and upgrading plants when it is a more viable option than putting up a new plant. Integrating the solutions available from the water and waste treatment divisions with the chemical division, this business is expected to grow significantly in 2010-11.

Risk Management

In recent years, your company's capabilities to forecast, manage and contain risks in an unpredictable and deteriorating business environment helped it to weather the storm with resilience, and build better prospects for future.

The company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of company's financial and non financial resources. They also have ensured compliance to stipulated policies, procedures and statutes, ensuring accuracy of accounting records and corporate governance.

With the empowering of the executive management at all divisions and at centralised functions, suitable measures were initiated to identify and control risks – by reporting and reviewing business as well as process related risks, at defined intervals. The internal audit department has been strengthened to increase audit coverage, its frequency and at the same time to test the adequacy and effectiveness of all internal controls laid down by the management and recommend improvements.

The O&M of water facilities has introduced green practices – like water recycling and zero liquid discharge – that could become mandatory requirements in future. They help customers by refurbishing and upgrading plants when it is a more viable option than putting up a new plant.

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

Customer concentration risk

Large orders from a few customers particularly in the project business can result in customer concentration risk. To mitigate this, the company continues to broad base its orders. However, given the nature of the power, boiler & heater and utility boiler business, where individual orders are of large value, the company reviews such orders on a case to case basis and monitors them closely. With the company's foray into utility and supercritical boiler manufacturing, project sizes are expected to be significantly large and adequate controls are being set up to mitigate the risk of customer concentration.

Risk of concentration in one business segment

As large value projects within 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 significantly mitigated. The environment segment too includes three different businesses, making the company's portfolio diverse. With the enforcement of stringent norms in many countries, your company's environment business segment is availing the business opportunities as a de-risking strategy. The management closely reviews and monitors the overall business situation.

Competition risk

With integrated global markets and increasing trade between geographies, your company faces competition not only from domestic players but also from imports. The company recognises this risk and is focusing on quality, cost and delivery. It aims to create sustainable competitive advantage and as part of its select internationalisation programme, benchmarks its products and services against global competitors.

Project management risk

Your company faces risks associated with project execution with a large portion of the business coming from various projects. As the duration of these projects is 18 months or more, delays can affect the company's finances and reputation. The management reviews the risks related to key projects at all levels, on a case- to- case basis depending on their size and complexity. The management has established processes and systems for reviewing the progress and costs of projects.

Risk related to safe operations

Safety of its people is important to the company. For its operations spread across multiple locations, the management has put in place policies, procedures and processes to enhance and monitor safety.

Your company has a Health, Safety & Environment (HSE) Policy in place with safety officers posted at all major project sites. The safety function is monitored and reviewed by a Corporate Safety Officer.

Many initiatives undertaken in the area of safety in the recent past are yielding good results. The company continues to focus on enhancing safety awareness further and inculcate a culture of safety at senior management and operational levels.

Risk related to human resources

Your company recognises that its people are its assets and strives to motivate and retain its people. The recent economic crisis has improved manpower availability and better talent is being sourced for various segments of the business. Attrition risk and manpower availability risk are reviewed periodically by the management and necessary measures taken to mitigate the impact of these human resource related risks.

Risk of energy price fluctuation

As your company is in the energy business, fluctuations in fuel and energy prices can impact viability of projects being executed by your company or 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 reduce the impact of energy price fluctuations on the company's business.

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 firm for the contract. At the time of quoting for projects, taking cognisance of the business environment, escalations of input prices are factored in. The company's Central Sourcing Group works closely with existing vendors even as it continues to establish new sources including those from overseas markets. These efforts help in reducing the risk of delayed critical input.

Exchange fluctuations and interest rate risks

The volatility witnessed in the global markets has reiterated the need for robust forex management systems and prudent investment practices. Your company has conservative forex management processes, 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 cash flows. The company does not speculate in the forex market.

Regarding deployment of surplus funds, the company continues to maintain its conservative policy and accordingly invests funds only in fixed deposits of reputed banks and 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.

Risk related to international operations

The company operates globally through 19 international offices including its sales and service network, 4 manufacturing facilities and overseas subsidiaries. There is a risk of international operations relating to recruitment of employees, technology cooperation etc which may result in litigation causing disrepute to the company, thereby affecting the business growth. The company has set up necessary policies and procedures relating to the use of technology, operations and personnel information verification to make informed decisions and minimise instances of legal action or lawsuits in future.

Human Resources

Human Resources function continued with the initiatives that were launched in previous years. During the year, there was also emphasis on building capability to address higher volumes of business.

The Thermax Leadership Development Program (TLDP), launched in 2007 saw more than 589 executives attend development centers and around 300 executives participate in the programme. This strategic initiative addresses leadership at different organizational levels and consistently delivers results.

Through the Graduate Engineer Training program (GET) and Thermax Graduate Program (TGP), your company was able to attract entry level talent from colleges across the country.

Open Forums were held in Pune and Regional Offices. The forum has become an effective employee engagement tool and the follow up actions help create a better engaged workforce.

Industrial Relations remained cordial throughout the year. Thermax Kamgar Sanghatana became the first internal union in the country to receive the ISO 9001-2000 quality certification for the administration of its general labour affairs.

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 compliances. This process is facilitated by creating and updating a database on applicable provisions of various laws. Compliance reporting and reviews are monitored.

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 eight directors – three non-executive promoter directors, four independent directors and the managing director.

The table overleaf 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 2009-10.

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 @		No of shares held in the company
				Chairperson	Member	
NON-EXECUTIVE PROMOTER						
Mrs. A. R. Aga	None except*	Yes	1	1	–	68,88,305#
Mrs. Meher Pudumjee	None except*	Yes	2	1	2	22,75,500$
Mr. Pheroz Pudumjee	None except*	Yes	1	2	4	3,57,000
INDEPENDENT						
Dr. Raghunath A. Mashelkar	None	No	6	–	6	–
Dr. Valentin von Massow	None	No	1	1	1	–
Mr. Tapan Mitra	None	No	4	6	3	–
Dr. Manu Seth**	None	No	N. A.	N. A.	N. A.	–
Dr. Jairam Varadaraj	None	No	10	–	6	–
EXECUTIVE						
Mr. M. S. Unnikrishnan	N. A.	No	3	–	5	–

@ Excludes 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. 21,68,700/- to Mr. Pheroz Pudumjee, being rent for premises taken on lease and has maintained Rs. 18,00,000/- as security deposit.

** From August 8, 2009, following his demise, ceased to be Director of the company.

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

a. 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;

b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;

c. has not been an executive of the company in the immediately preceding three financial years;

d. 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(s) that is associated with the company, and
- the legal firm(s) and consulting firm(s) that have a material association with the company;

e. 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

f. 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 six times during the financial year 2009-10 on the following dates: May 19, 2009, July 21, 2009, October 30, 2009, January 30, 2010, January 31, 2010 and February 1, 2010. The 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 2009-10

Name of the Director	Total attendance of Board meetings	Attendance at the AGM held on July 21, 2009	Sitting fees * (Rs.)	Salary and perquisites (Rs.)	Commission† on (Rs.)	Total remuneration (Rs.)
Mrs. Meher Pudumjee	6	Yes	2,20,000	NA	15,00,000	17,20,000
Mrs. A. R. Aga	6	Yes	1,40,000	NA	3,00,000	4,40,000
Dr. Raghunath Mashelkar	6	Yes	1,40,000	NA	8,00,000	9,40,000
Dr. Valentin von Massow	6	Yes	1,80,000	NA	15,02,250	16,82,250
Mr. Tapan Mitra	5	Yes	2,00,000	NA	8,00,000	10,00,000
Mr. Pheroz Pudumjee	6	Yes	3,40,000	NA	8,00,000	11,40,000
Dr. Manu Seth	1	Yes	60,000	NA	3,00,000	3,60,000
Mr. M. S. Unnikrishnan	6	Yes	NA	1,28,67,961	42,00,000	1,70,67,961
Dr. Jairam Varadaraj	4	No	1,60,000	NA	8,00,000	9,60,000

NA = Not applicable

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

† The commission proposed for the year ended March 31, 2010 will be paid, subject to deduction of tax, after adoption of accounts by shareholders at the ensuing 29th 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 of previous meeting(s).

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 resignation of Chief Financial Officer and 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. 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 committees appointed by the Board.
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) Human Resources Committee [erstwhile Remuneration & Compensation Committee] 3) Share Transfer and Shareholders' Grievances Committee, 4) Borrowing and 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 presently comprises three 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. Pheroz Pudumjee and Dr. Jairam Varadaraj, are the other members of the committee. Dr. Raghunath 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. Dr. Valentin von Massow was appointed as member to facilitate quorum for the committee meeting on January 30, 2010 for which Dr. Varadaraj had expressed his inability to attend due to business exigency.

The committee has met five times during the financial year 2009-10 on the following dates i.e. May 5, 2009, May 19, 2009, July 20, 2009, October 29, 2009 and January 30, 2010. Details of meetings attended by the members are as follows:

Committee members	Category	No. of meetings attended
Mr. Tapan Mitra	Independent	4
Mr. Pheroz Pudumjee	Non-executive Promoter	5
Dr. Manu Seth*	Independent	2
Dr. Jairam Varadaraj	Independent	3
Dr. Raghunath A. Mashelkar	Independent	1
Dr. Valentin von Massow	Independent	1

* ceased to be Director following his demise

The chairman of the committee was present at the 28th Annual General Meeting of the company held on July 21, 2009.

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

The committee reviews various aspects of internal controls, reports of the internal auditors' 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 outsourced internal auditors and also on issues having an impact on control system and compliance. The Chief Financial Officer, Chief Internal Auditor 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 committee broadly includes:

a) 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.

b) Reviewing with management and external auditors the financial statements before submitting to the Board, focusing primarily on:

- any changes in accounting policies and practices,
- major accounting entries based on exercise of judgment by management,
- any qualifications in draft audit report,
- significant adjustments arising out of audit,

- compliance with accounting standards,
- compliance with stock exchanges 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.

c) Reviewing with the management, external and internal auditors the adequacy of internal control systems including management information system.

d) Reviewing the company's financial and risk management policies.

e) Looking into the reasons for substantial defaults in payments to the depositors, shareholders and creditors.

f) Recommending the appointment and removal of statutory auditor, determine audit fees and also approve payment for any other services.

g) Discussing with statutory auditors, before the audit commences, the nature and scope of audit. Also conduct post-audit discussion to ascertain any area of concern.

h) 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.

i) Reviewing the coverage and frequency of internal audit.

j) Reviewing the annual plan of work of the internal audit function.

k) Discussing with internal auditors, significant audit findings and follow up action initiated.

l) 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.

m) Any other matter that may be referred by the Board from time to time.

2) Human Resources Committee

The Board at its meeting held on January 30, 2010 has reconstituted and renamed the Remuneration and Compensation Committee as Human Resources Committee.

The erstwhile committee comprised of Dr. Jairam Varadaraj, Chairman, Mrs. A. R. Aga and Mr. Tapan Mitra. Mrs. A.R. Aga has been appointed as the Chairperson of the reconstituted committee and Mr. Pheroz Pudumjee was inducted as a member of the committee effective January 30, 2010.

The Board at its meeting held on January 30, 2010 has modified the committee's terms of reference, which are enumerated below:

a) Specify guidelines for the remuneration package and other benefits of the Executive Council and senior management employees and benchmarking with other companies, if necessary.

b) Review compensation trends across the sector.

c) Review the human resource policies and processes for continuous improvement in tune with the company's values, ethics, growth plans and market advancement for improved performance management system.

d) Advise on formulation of policies to enhance employee engagement.

e) Review the identified job talent and their career/retention strategies.

f) Succession planning of senior management employees within the company.

g) Review the ratio of women employees in the company and advise on methodology to increase the percentage.

h) Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Listing Agreement.

During the financial year, the erstwhile Remuneration and Compensation committee met once on May 18, 2009 where Dr. Jairam Varadaraj and Mrs. A.R. Aga 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 Human Resources – 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 fee 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 and supplemental agreement dated May 12, 2010, between the company and Mr. Unnikrishnan, which have been approved by the Board of Directors. The terms and conditions of the agreement dated July 2, 2007 have been approved by the shareholders while the terms and conditions of supplemental agreement are subject to approval of the shareholders at the ensuring 29th Annual General Meeting. 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. Pheroz 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/ transmission of shares, non-receipt of 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 delegated power to 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 twelve times during the year to inter alia resolve complaints to the satisfaction of the investors.

As per the certificate issued by the RTA, 23 complaints were received from shareholders / investors during the financial year ended March 31, 2010.

Summary of complaints during 2009-10

Nature	Opening balance	Received	Resolved	Pending
No. of sub-divided share certificates	Nil	1	1	Nil
Non-receipt of dividend	Nil	21	21	Nil
Non-receipt of Annual Report	Nil	–	–	Nil
Letters from Statutory Authorities	Nil	1	1	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, 2010.

During the year the RTA processed 25 physical transfers comprising 9,500 number of equity shares.

4) Borrowing and Investments Committee

The committee comprises three members, Mrs. Meher Pudumjee (chairperson), Mr. Pheroz 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 6, 2009 where Mrs. Meher Pudumjee and Mr. Pheroz Pudumjee 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. Pheroz Pudumjee and Mr. M. S. Unnikrishnan.

The committee met three times during the financial year on May 7, 2009, May 19, 2009, and July 20, 2009. Details of meeting attended by the members are as follows:

Committee members	Category	No. of meetings attended
Dr. Valentin von Massow	Independent	2
Mrs. Meher Pudumjee	Non-executive Promoter	3
Mr. Pheroz Pudumjee	Non-executive Promoter	3
Mr. M. S. Unnikrishnan	Executive	2

6) Overseas Investment Committee

The committee comprises three members, Mr. Pheroz 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 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 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 May 5, 2009 where all the members were present.

C) OTHER DISCLOSURES RECOMMENDED BY SEBI

i) Subsidiary Companies

The company has five 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 subsidiary companies. The summary of minutes of Board meetings of the subsidiary companies are circulated to the Board of Thermax Limited along with agenda papers and the minutes are tabled at Board meetings.

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 below:

Mr. Pheroz Pudumjee

Mr. Pheroz Pudumjee, 48, is a Director of the company since January 15, 2001. He facilitates and coordinates the company's international initiatives including the incubation and development of new business and relevant organizational changes.

Mr. Pudumjee is the chairman of the following Board appointed committees – Overseas Investment Committee and Share Transfer and Shareholders' Grievance Committee. He is also a member of the Audit Committee, Strategic Business Development Committee, Borrowing and Investments Committee and Human Resources Committee.

Mr. Pudumjee is a member of the Confederation of Indian Industries (CII)'s National Committee on Export and a member of its Western Regional Council. Earlier, he was the chairman of CII, Pune. He is also a member on the Maratha Chamber of Commerce's International Panel.

Mr. Pudumjee has a Masters degree in Business Administration and a Diploma in Automotive Technology from Stanford University, USA. He is a squash, golf and motoring enthusiast.

The other companies where Mr. Pheroz Pudumjee holds chairmanship/directorship are given below:

	Name of the company	Chairmanship/ Directorship
1.	RDA Holding & Trading Pvt. Ltd.	Director
2.	Thermax SPX Energy Technologies Ltd.	Chairman
3.	Thermax International Ltd., Mauritius	Director
4.	Thermax Hong Kong Ltd., Hong Kong	Director

Mr. Pudumjee holds 3,57,000 equity shares of the company.

Dr. Jairam Varadaraj

Dr. Jairam Varadaraj, 49, is a Director of the Company since January 31, 2003. He holds a Masters degree in Business Administration from George Washington University, USA and has done his Ph.D. in International Business from the University of Michigan, USA. He has varied experience of Indian industrial sector covering textiles, polymers, mechanical machines and consumer appliances.

Dr. Varadaraj has spent about four years in teaching and research in the United States, studying computerized marketing simulation as well as researching on Euro-bond markets. He has also conducted detailed research studies on international financial markets, joint ventures, corporate strategy and technology transfers in the United States. He was the Chairman of the Tamil Nadu State Committee of CII.

The other companies on which Dr. Varadaraj holds directorship and is also a chairman/ members of Committees of the Board is given on the next page:

	Name of the company	Chairmanship and Membership of Committees
1.	Elgi Equipments Ltd.	Managing Director & Member of Share Transfer Committee
2.	Elgi Industrial Products Ltd.	Managing Director
3.	Elgi Ultra Industries Ltd.	Member of Share Transfer Committee
4.	Elgi Rubber Company Limited	—
5.	Adisons Precision Instruments Manufacturing Co. Ltd.	—
6.	Precot Meridian Ltd.	Member of Audit and Remuneration Committee
7.	Magna Electro Castings Ltd.	—
8.	Executive and Business Coaching Foundation India Ltd.	—
9.	ATS Elgi Limited	Chairman
10.	Elgi Sauer Compressors Ltd.	—
11.	Treadsdirect Limited, Kenya	—
12.	Treadsdirect Limited, Mauritius	—
13.	Treadsdirect Limited, Bangladesh	—
14.	Treadsdirect Limited, Sri Lanka	—
15.	Belair S.A., France	—

As an independent director of the company, Dr. Varadaraj also serves as a member on two Board appointed committees viz. Audit Committee and Human Resources Committee.

Dr. Varadaraj 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
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.
2009 28th AGM	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune - 411007.	July 21, 2009 at 11.30 a.m.

No special resolution was passed during the last year that required approval through postal ballot. Similarly, there is no proposal to pass any special resolution through postal ballot for the ensuing meeting.

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, minimize, 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 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, 2010. The declaration of the Managing Director is given as an annexure.

v) Means of Communication

1. As the company publishes the quarterly and half-yearly financial results in prominent English and regional language 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 Electronic Data Information Filing and Retrieval System (EDIFAR) website i.e. www.sebiedifar.nic.in. However, SEBI, vide circular no. CIR/CFD/DCR/3/2010 dated April 16, 2010 has informed that filing on EDIFAR has been discontinued effective April 1, 2010. A new portal viz. Corporate Filing and Dissemination System (CFDS) has been put in place jointly by BSE and NSE at the URL www.corpfiling.co.in. Applicability of filing on this new portal shall be informed by SEBI.

2. The company's corporate website www.thermaxindia.com provides comprehensive information of its business portfolio, including social initiative comprising CSR activities. Quarterly and half yearly financial results are available in downloadable formats for investor's convenience.

3. Management Discussion and Analysis forms part of the annual report.

4. Transcripts of tele-conferences with analysts are also available on the website of the company.

5. Reminders for unpaid /unclaimed dividend are sent to the shareholders every year.

6. Latest press releases and presentation of the chairperson's speech at the Annual General Meeting submitted to the stock exchanges are also available on the company's website.

7. The company has designated igkcpl@karvy.com and cservices@thermaxindia.com as e-mail 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 directly or indirectly when in possession of unpublished price sensitive information. The code is applicable to the directors, designated employees and 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) 29th Annual General Meeting

Date and Time : July 21, 2010 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

The financial results for the Financial Year 2009-10 were announced as follows:

	As indicated	Actual Date
Quarter ended June 2009	July 21, 2009	July 21, 2009
Quarter ended September 2009	October 30, 2009	October 30, 2009
Quarter ended December 2009	January 30, 2010	January 30, 2010
Year ended March 2010	End May, 2010	May 12, 2010

For the year 2010-11 the indicative announcement of financial results is as follows:

Quarter ended June 2010	July 21, 2010
Quarter ended September 2010	October 27, 2010
Quarter ended December 2010	January 25, 2011
Year ended March 2011	During May 2011

iii) Book Closure Date

The company's Share Transfer Books and Register of Members of equity shares shall remain closed from July 12, 2010 to July 21, 2010 (both days inclusive), to determine the shareholders entitled to receive dividend for the year ended March 31, 2010.

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 2010-11.

Custodial fees to Depositories: The company has paid custodial fees for the year 2010-11 to National Securities Depository Limited (NSDL)and Central Depositories Services (India) Limited (CDSL)on the basis number of beneficial accounts maintained by them, as on March 31, 2010.

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	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

	MKT QUOTE - NSE		MKT QUOTE - BSE	
Month	High	Low	High	Low
Apr. 2009	262.00	179.50	260.00	180.00
May 2009	425.00	226.55	424.80	227.00
Jun. 2009	450.00	367.00	450.80	367.00
Jul. 2009	474.90	380.25	475.20	382.00
Aug. 2009	485.00	394.25	486.00	390.20
Sep. 2009	570.00	441.10	569.90	442.00
Oct. 2009	609.00	515.05	609.00	514.50
Nov. 2009	631.80	524.00	650.00	465.45
Dec. 2009	646.70	561.00	649.00	562.00
Jan. 2010	747.00	606.05	745.00	607.10
Feb. 2010	670.00	556.05	670.95	589.40
Mar. 2010	698.70	635.00	703.90	595.00

v) Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Telephone: 040 - 23420818 / 828
Fax: 040 - 23420814
E-mail ID for redressal of grievances of shareholders / investors: igkcpl@karvy.com

vi) Share Transfer System

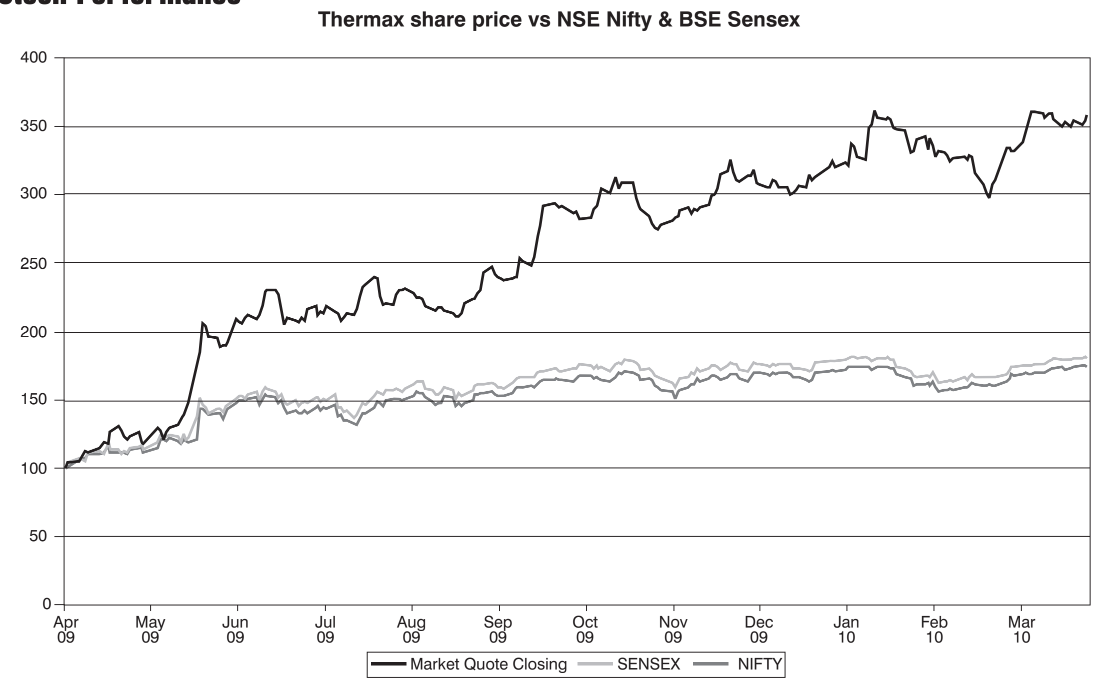
The company's shares are traded on the stock exchanges only in electronic mode. Shares received for transfer by the company or its Registrar and Transfer Agent in physical mode are processed and all valid transfers are approved. The share certificate(s) is/ are duly transferred and despatched within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

vii) Shareholding Pattern

Distribution of equity shareholding as on March 31, 2010

No. of shares	No. of shareholders	%	No. of shares held	% of shareholding
1-500	29,675	93.37	33,85,259	2.84
501-1000	972	3.05	7,94,239	0.67
1001-2000	454	1.43	6,92,299	0.58
2001-3000	164	0.52	4,14,421	0.35
3001-4000	59	0.19	2,11,981	0.18
4001-5000	76	0.24	3,56,549	0.30
5001-10000	99	0.31	7,41,952	0.62
10001& above	283	0.89	11,25,59,600	94.46
TOTAL	**31,782**	**100.00**	**11,91,56,300**	**100.00**

viii) Stock Performance

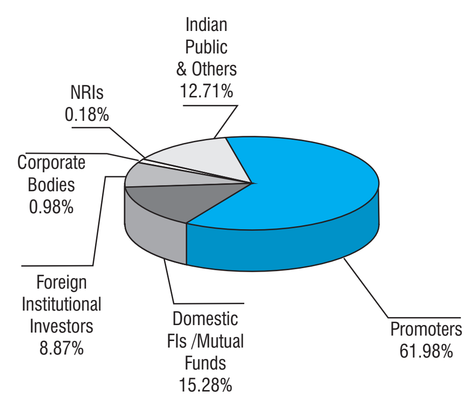


NOTE: The company's share price and indices have been indexed to 100 as on the first working day of the financial year 2009-10 i.e. April 1, 2009

Category of equity shareholders as on March 31, 2010

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.	1,82,07,521	15.28
2 Foreign institutional investors	1,05,71,988	8.87
3 Corporate bodies	11,66,386	0.98
4 Non-resident individuals	2,14,501	0.18
5 Indian public & others	1,51,40,599	12.71
Total public shareholding	**4,53,00,995**	**38.02**
Total (A)+(B)	**11,91,56,300**	**100.00**

Shareholding Pattern as on March 31, 2010



viii) Details of Dematerialisation

The company's equity shares are under compulsory demat trading for all categories of investors. As on March 31, 2010, 3,77,60,109 shares have been dematerialised which account for 31.69% of the total equity.

Top ten shareholders under non-promoter category as on March 31, 2010 are as under:

Name of shareholder	No of shares held	% of shareholding
Life Insurance Corporation of India	19,10,304	1.60
SBI Mutual Fund - Magnum Tax Gain 1993	12,17,043	1.02
Reliance Capital Trustee Co. Ltd. A/c Reliance Diversified Power Sector Fund	11,49,100	0.96
Matthews India Fund	10,43,128	0.88
HDFC Trustee Company Limited - HDFC Tax Saverfund	8,50,000	0.71
SBIMF- SBI Infrastructure fund - Series I	8,10,000	0.68
Norges Bank A/c Government Petroleum Fund	8,03,207	0.67
LIC of India Market Plus – 1	7,48,448	0.63
Tata Trustee Co.Pvt Ltd. a/c Tata Mutual Fund - Tata Infrastructure Fund	7,45,135	0.63
DSP Blackrock India T.I.G.E.R. Fund	7,09,956	0.60

ix) Plant Locations

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

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

Mundra SEZ
Survey no-169, Village Dhrub, Taluka Mundra,
Mundra-370421, 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,
Wakdewadi,
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.

Whistle Blower Policy

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 defines processes for receiving and investigating complaints. No personnel have been denied access to the Audit Committee.

Shareholder Rights

Quarterly and half yearly statements are being published in newspapers.

Audit Qualification

There is no audit qualification in the company's financial statements for the year ended March 31, 2010.

SHAREHOLDER REFERENCE

Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2001-02 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'.

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 2002-03 will be due for transfer to IEPF later this year as detailed below. 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.

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 2001-2002 amounting to Rs. 0.84 lakh to the Fund.

Financial year	Dividend	Date of declaration	Total dividend amount (Rs. crore)	Unclaimed Dividend as on March 31, 2010		Due for transfer to IEPF on
				(Rs.)	%	
2002-03	Final	31.07.2003	28.60	5,63,196	0.19	04.09.2010
2003-04	Final	27.07.2004	Equity: 28.60	4,41,060	0.15	02.09.2011
			RPS* : 1.50	72,744	0.48	
2004-05	Final	26.07.2005	Equity: 28.60	3,26,436	0.11	31.08.2012
			RPS* : 2.86	58,500	0.20	
2005-06	Final (pro rata)	26.07.2005	RPS* : 0.92	19,626	0.21	31.08.2012
2005-06	Final	20.07.2006	40.51	6,38,610	0.15	30.08.2013
2006-07	Interim	13.03.2007	40.51	6,23,500	0.15	18.04.2014
2006-07	Final	25.07.2007	30.98	4,99,147	0.16	30.08.2014
2007-08	Final	22.07.2008	95.33	14,55,896	0.30	27.08.2015
2008-09	Final	21.07.2009	59.57	10,32,585	0.17	27.08.2016

* RPS = Redeemable Preference Shares

The company had issued 6 per cent Redeemable Preference Shares (RPS) of face value Rs. 10 each aggregating to Rs.47.7 crore in the ratio of two RPS for every equity share held. The shares were allotted on September 22, 2003 and were redeemed on July 26, 2005 at face value.

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 in securities market transaction, i. e. deletion of name of the deceased shareholder(s) where the shares are held in the name of two or more shareholders, transmission of shares and transposition of shares. 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.

NATIONAL ELECTRONIC CLEARING SERVICE (NECS) FACILITY

Currently, as per the directive of Securities and Exchange Board of India, the company uses Electronic Clearing Service (ECS) introduced by Reserve Bank of India for payment of dividend to shareholders, wherever available. Through this system, the bank account of the shareholder is directly credited with the dividend amount under advice to the shareholder.

With effect from October 1, 2009, Reserve Bank of India (RBI) has instructed Banks to move to the National Electronic Clearing Service (NECS) platform replacing the ECS facility. NECS essentially operates on new and unique bank account number allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing of inward instructions and further efficiency in handling bulk transactions. The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies.

In view thereof, shareholders of the Company holding shares in,

- DEMATERIALISED (electronic) form are requested to intimate to their Depository Participant (DP) new bank account number allotted by their bank after implementation of CBS. Further, all changes pertaining to their bank account details, electronic credit mandate, nominations, power of attorney, change of address/name etc., should be informed to their 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.
- PHYSICAL FORM and desirous of availing this facility are requested to send their details through a mandate form. This may be collected from the company's Corporate Office or its Registrar and Transfer Agent or could also be downloaded from the company's website (www.thermaxindia.com). To avail the NECS facility the mandate form should be sent by post or hand delivered to the company's Corporate Office or its Registrar and Transfer Agent to reach before commencement of the book closure date i.e. July 12, 2010.

Consequently, if the new account number has not been provided post implementation of CBS, electronic credit to your old account may either be rejected or returned.

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

Pune: May 12, 2010 Managing Director

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, 2010, 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 above mentioned 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)
Firm Regn. No. : 105102W

Pune : May 12, 2010

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

In a year when bottom lines and order booking demanded more attention, your company has maintained its focus on the larger concern for human well being. Thermax's CSR efforts reinforce its emphasis on empowerment, respect and sustaining values not only in a business setting but also in the community at large.

Thermax Social Initiative Foundation (TSIF), the CSR arm of the company completed three years after it was established in 2007. The Foundation continued to do useful work in education, its focus area and in the other social initiatives it has undertaken.

EDUCATIONAL INITIATIVES

TSIF reaches out to the less privileged children and guide them through their formative years with the help of creatively designed education. This way it hopes to realize the basic purpose of education to create responsible citizens who will strengthen the social and economic fabric of our society.

K C Thackeray Vidya Niketan English Medium School

This is the first educational initiative that TSIF began in June 2007. Students are selected by the Pune Municipal Corporation (PMC) School Board from other English medium PMC Schools and they are directly admitted to the 3rd standard. It currently has classes from the 3rd to the 7th standard. With the addition of the 8th standard in the academic year 2010-11, its student strength has risen to 360.

The school made some significant achievements in 2009:

It was declared the 'National Winner' among all government schools in the Whole School Awards category in the India Education Awards 2008. This award, instituted by Education Quality Foundation of India, was declared in 2009.

The school students did very well in an 'Asset Test' conducted by Educational Initiatives Pvt. Ltd. each year, to assess the education standards of these students as compared to other schools in India. In the March 2009 test

- One student was among the national toppers in Math.

- Four students were awarded Distinguishing certificates which put them among the country's top 6% of students who took this test.

Savitribai Phule English Medium School

TSIF and its partner NGO, Akanksha Foundation signed the second MOU for 30 years with the PMC School Board to run and manage the Savitribai Phule English Medium School from June 2008. Unlike K C Thackeray Vidya Niketan School, this school directly admits students from the surrounding slums at the Junior KG level. The school currently has 240 students in classes from Junior KG to the newly added 2nd Standard for the academic year 2010-2011.

PARTNERSHIP WITH AKANKSHA FOUNDATION

The partnership between Thermax and Akanksha is now almost a decade old. Over the years the partnership has witnessed the transformation of Thermax from a sponsor to a strategic partner, with its employees participating as volunteers in various Akanksha initiatives.

The combined expertise of the partners support the children with a strong educational foundation, self esteem, values and the confidence to earn a steady livelihood and improve the quality of their lives.

Akanksha, with its expertise in education, contributes to this venture by training teachers on topics like classroom management, teaching of language and math, setting timetables, creating learning goals and making learning fun.

Thermax has provided office space to Akanksha Foundation within its corporate office premises at Wakdewadi. The Akanksha office and one of its centres operate from its premises. Thermax also supports another Akanksha learning centre in Pune that caters to 75-80 children.

In its endeavour to make quality education accessible to more children through the Akanksha Foundation, Thermax is liaising with the PMC to enable Akanksha to manage two more municipal schools.

TEACH FOR INDIA

Thermax is sponsoring one of its employees to work at 'Teach for India' for a period of two years. Teach For India selected the Thermax graduate trainee who had applied to the program.

'Teach For India', based on the 'Teach For America' model, was started in 2009 to reduce the educational inequity in India by placing India's most outstanding college graduates and young professionals (under the age of 35) for two years as full time teachers in municipal and low-income schools. In the short run, they are expected to raise the educational level of each child but in the long run, when there are thousands of Teach For India Fellows all over the country, they are expected to bring a systemic change in the education system.

AFFIRMATIVE ACTION

CYDA–TSIF Leadership Development Programme

Last year, TSIF had sponsored 10 interns of the Centre for Youth Development and Activities (CYDA) from SC / ST backgrounds, from remote rural areas, for a period of 10 months. They completed their internship during the year.

This initiative was undertaken to encourage SC/ST youth to develop leadership skills through their engagement in socially meaningful activities, and also expose them to higher education and employment opportunities. Out of these 10 interns six are females and four are males. Out of the 10 interns, five have gone for higher studies like MSW, B.Ed and IT, three are working with different NGOs and one candidate is working in the corporate sector.

EMPLOYEE INVOLVEMENT

To encourage employees to play a role in various social initiatives undertaken by the company, a CSR Section on the company intranet has been created. Here, employees can send in their requests and participate in various initiatives undertaken by the company.

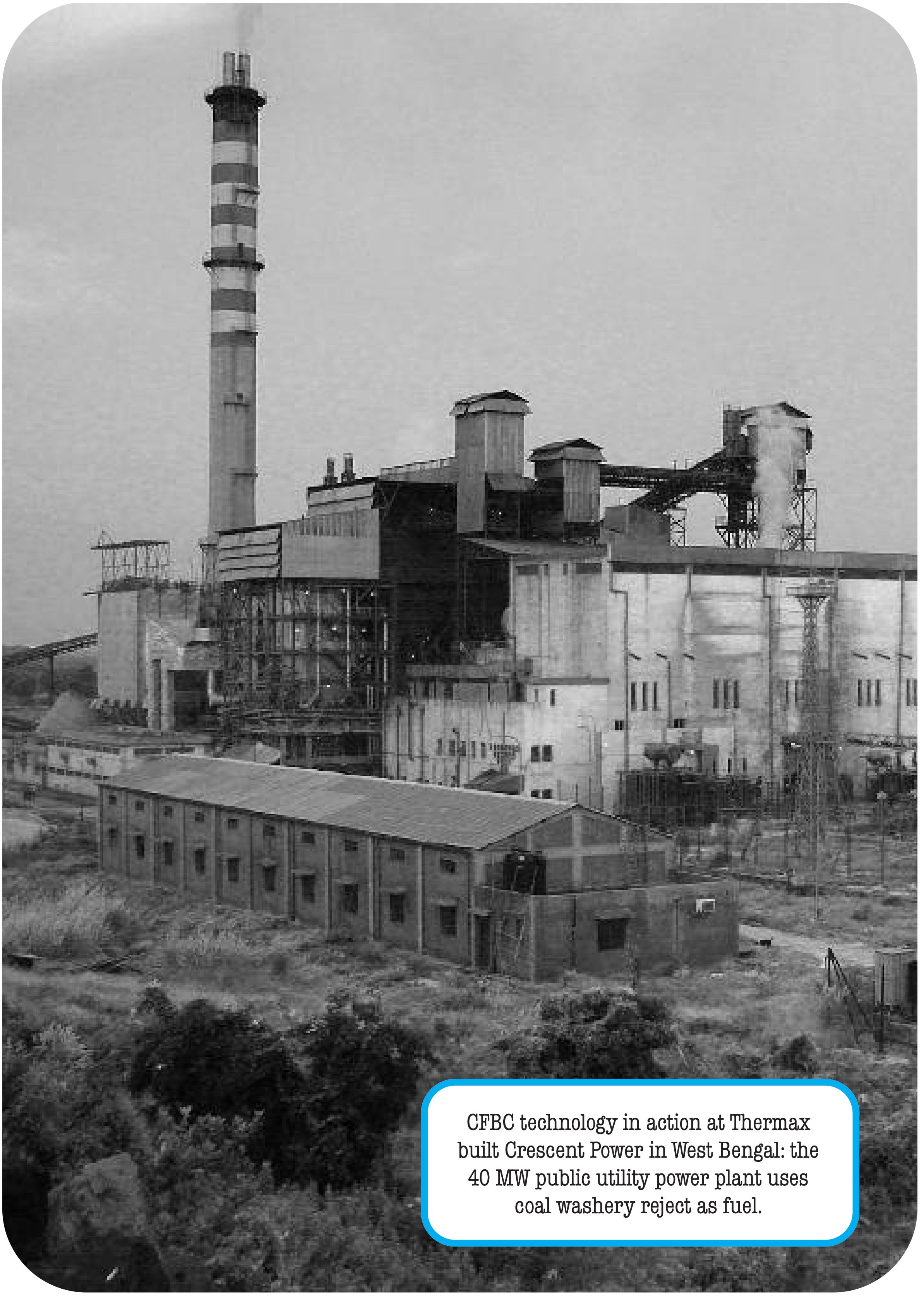
Payroll Giving: Employees participate by contributing to the pay roll giving programme through the NGO, Give India. An average monthly contribution of over Rs.70000/- is being made by Thermax employees.

Mentoring Programme: The 'Mentor Programme' at Akanksha is an initiative which attempts to provide adolescents (in their 10th standard) the opportunity to interact with experienced, successful professionals. The programme enables the children to receive support and guidance from adults outside their communities and be provided with exposure to a new set of perspectives. Three employees of this program were recently invited by the Chairperson, Mrs. Meher Pudumjee and Director, Mrs. Anu Aga to share their experiences on mentoring.

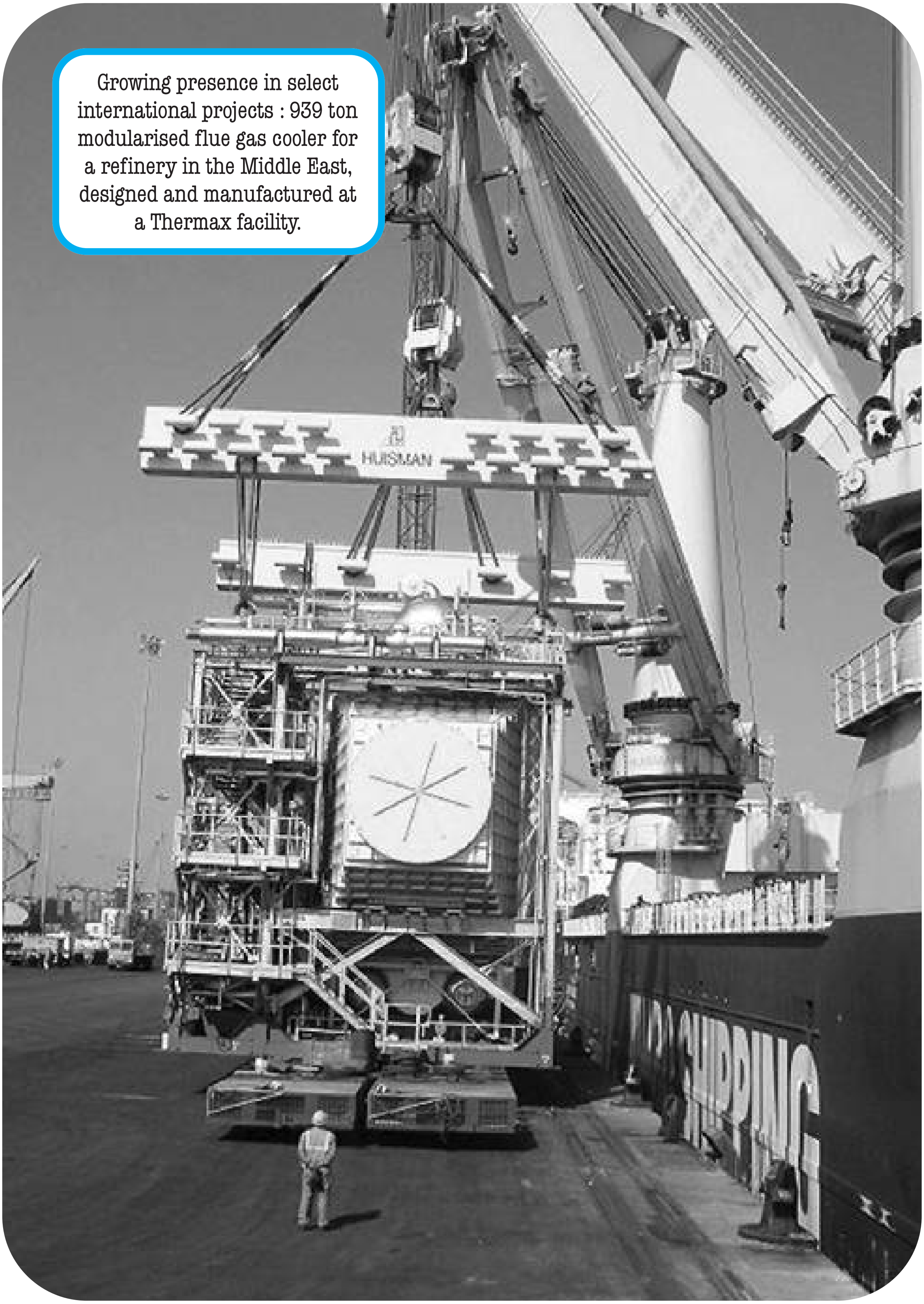
Blood Donation Camp: Blood donation camps are organised each year at various Thermax locations to provide employees an opportunity to help needy patients and to save lives.

Unused medicine donation drive: An unused medicine donation drive is carried out across all Thermax locations for employees to donate usable medicines well before their expiry date for needy patients at KEM Hospital in Pune.

Pune & Mumbai Marathon: For the 4th successive year, Thermax participated in the Pune and Mumbai Marathons. Employees participating in the Mumbai Marathon have raised nearly Rs. 18 lakh for Akanksha Foundation, which is approximately Rs.4.5 lakh per year.



CFBC technology in action at Thermax built Crescent Power in West Bengal: the 40 MW public utility power plant uses coal washery reject as fuel.



Growing presence in select international projects : 939 ton modularised flue gas cooler for a refinery in the Middle East, designed and manufactured at a Thermax facility.

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Auditors' Report

To the members of Thermax Limited

1. We have audited the attached Balance Sheet of **Thermax Limited** as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;

   (e) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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

For B.K. Khare & Company
Chartered Accountants

H.P. Mahajani
Partner
(Membership no. 30168)
Firm Reg. No. 105102W

Place : Pune
Date : May 12, 2010

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 2010, 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	
		5.117	2003-04	
		6.864	2004-05	
		0.004	2007-08	
		0.123	2006-07	
		0.053	2000-01	Tribunal
		0.037	2001-02	
		0.008	2002-03	
		0.086	2003-04	
		0.336	2004-05	High Court
		0.373	2001-02	
		0.184	2002-03	
		0.158	2003-04	
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	0.066	2009-10	Appellate Authority- upto Commissioner's level
		0.611	2003-04	
		0.190	2001-02	Tribunal
		0.371	2003-04	
		0.842	2005-06	
		0.144	2007-08	
		0.061	2006-07	
		4.271	1999-00	
		0.218	2008-09	
		3.838	2006-07	Supreme Court
		5.301	1997-98	Supreme Court
Customs Act, 1962	Customs duty including interest and penalty, as applicable	1.667	2005-06	Tribunal
Service Tax (Finance Act, 1994)	Service Tax including intereset and penalty, as applicable	0.383	2003-04	Tribunal
		2.065	2005-06	Tribunal
ESI Act, 1948	Dues, interest and penalty as applicable	0.022	2008-09	ESI Court
		0.046	2008-09	High Court
Income Tax Act, 1961	Income Tax including interest and penalty as applicable	0.055	2001-02	Appellate Authority- upto Commissioner's level
		5.941	2005-06	

10. The Company has neither accumulated losses as at 31st March 2010, nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment 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. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

For B.K. Khare & Company
Chartered Accountants

H.P. Mahajani
Partner
(Membership no. 30168)
Firm Reg. No. 105102W

Place : Pune
Date : May 12, 2010

Balance Sheet as at March 31, 2010

	Schedule	Sch 17 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	**1**	**9**	**23.83**	23.83
Reserves & Surplus	**2**		**1026.96**	938.06
			1050.79	961.89
Loan Funds :				
Secured Loans	**3**		**–**	–
			–	–
Deferred Tax Liability :		**8**		
Deferred Tax Liabilities			**43.63**	36.21
Deferred Tax Assets			**(26.42)**	(18.16)
			17.21	18.05
Total Funds Employed			**1068.00**	979.94
APPLICATION OF FUNDS				
Fixed Assets :	**4**	**1 (c), (d) & (e)**		
Gross Block			**688.44**	602.89
Less: Depreciation			**194.59**	162.98
Net Block			**493.85**	439.91
Capital Work-in-progress			**11.17**	17.65
Investments	**5**	**1 (f)**	**378.16**	176.45
Current Assets, Loans & Advances :				
Inventories	**6**	**1(g)**	**246.36**	266.42
Contracts in Progress		**7**	**276.17**	226.86
Sundry Debtors	**7**		**747.05**	540.78
Cash & Bank Balances	**8**		**605.55**	340.78
Other Current Assets			**52.51**	38.70
Loans & Advances	**9**		**301.42**	202.18
			2229.06	1615.72
Less: Current Liabilities & Provisions :				
Current Liabilities	**10**		**1879.41**	1119.03
Contracts in Progress		**7**	**67.38**	55.85
Provisions	**11**	**1(h), 1(i) & 24**	**97.45**	94.91
			2044.24	1269.79
Net Current Assets			**184.82**	345.93
Total Funds Applied			**1068.00**	979.94
Notes to Accounts	**17**			

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

H. P. Mahajani
Partner
Membership No. 30168
Pune, May 12, 2010

For and on Behalf of the Board
Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

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

	Schedule	Sch 17 Note No. Reference	Year Ended March 31, 2010 Rs. Crore	Year Ended March 31, 2009 Rs. Crore
INCOME				
Sales and Other Income	12	1 (j)	**3235.23**	3303.17
EXPENDITURE				
Materials	13		**2058.47**	2097.63
Personnel	14		**292.71**	254.64
Other Expenses	15		**447.73**	495.32
Excise Duty (Net)			**2.44**	2.35
Depreciation		1 (d)	**40.42**	32.11
Interest	16	1 (k)	**1.52**	3.27
			2843.29	2885.32
Profit Before Tax & Extraordinary Items			**391.94**	417.85
Extraordinary Items of Expenses / (Income) (Net of Tax)		10	**114.86**	(1.36)
Profit Before Tax			**277.08**	419.21
Less : Provision for Taxation		1 (n)		
Current Tax			**(136.49)**	(125.84)
Deferred Tax		8	**0.85**	(2.97)
Fringe Benefit Tax			**-**	(3.10)
Profit After Tax			**141.44**	287.30
Balance carried forward from last year			**548.00**	359.20
Profit available for appropriation			**689.44**	646.50
Appropriations				
Proposed Equity Dividend			**59.58**	59.58
Tax on Dividend			**9.90**	10.12
General Reserve			**14.20**	28.80
Balance Carried to Balance Sheet			**605.76**	548.00
			689.44	646.50
Basic / Diluted Earnings Per Share (EPS) - Rs. [Equity Shares of Rs. 2/- each]		22		
-Before Extraordinary Items			**21.51**	24.00
-After Extraordinary Items			**11.87**	24.11
Weighted average number of Equity Shares			**11,91,56,300**	11,91,56,300
Notes to Accounts	17			

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

H. P. Mahajani
Partner
Membership No. 30168
Pune, May 12, 2010

For and on Behalf of the Board

Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

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

	Sch 17 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
37,50,00,000 Equity Shares of Rs. 2/- each		**75.00**	75.00
		75.00	75.00
Issued, Subscribed & Paid Up			
11,91,56,300 Equity Shares of Rs. 2/- each, fully paid-up	**9 & 20(A)**	**23.83**	23.83
[Of the above, 6,43,28,500 shares are held by holding company, RDA Holding & Trading Pvt. Ltd. (Previous year 6,43,28,500 shares)]		**23.83**	23.83
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	**1(m)**		
Per Last Balance Sheet		**2.87**	(5.28)
Profit / (Loss) - Cash Flow Hedging		**16.94**	8.15
		19.81	2.87
General Reserve			
Per Last Balance Sheet		**273.80**	245.00
Add: Transferred from Profit and Loss A/c		**14.20**	28.80
		288.00	273.80
Balance in Profit and Loss A/c		**605.76**	548.00
		1026.96	938.06

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

	Sch 17 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 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 17]

Rs. Crore

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1.4.2009	Additions/ Adjustments during the year	Deductions during the year	**Total Cost as at 31.3.2010**	Upto 31.3.2009	Deductions/ Adjustments during the year	Provisions during the year	**Total as at 31.3.2010**	**As at 31.3.2010**	As at 31.3.2009
TANGIBLE :										
Land - Freehold	7.36	-	-	**7.36**	-	-	-	**-**	**7.36**	7.36
Land - Leasehold	20.93	5.03	0.35	**25.61**	-	-	0.23	**-**	**25.61**	20.93
Building	145.07	36.49	0.00	**181.56**	14.08	-	4.73	**18.81**	**162.75**	130.99
Plant & Machinery	270.47	35.14	2.95	**302.66**	82.94	2.63	17.93	**98.24**	**204.42**	187.53
Electrical Installation	29.06	2.81	0.60	**31.27**	5.46	0.42	1.81	**6.85**	**24.42**	23.60
Furniture, Fixtures, Office Equipment & Computer	77.31	6.49	2.14	**81.66**	39.43	1.58	5.93	**43.78**	**37.88**	37.88
R & D Equipments	4.13	0.16	1.39	**2.90**	2.54	1.34	0.17	**1.37**	**1.53**	1.59
Vehicles	16.99	3.80	4.12	**16.67**	6.49	2.61	2.25	**6.13**	**10.54**	10.50
INTANGIBLE :										
Software	17.83	4.09	-	**21.92**	9.74	-	4.10	**13.84**	**8.08**	8.09
Technical Know How	13.74	3.09	-	**16.83**	2.30	-	3.27	**5.57**	**11.26**	11.44
Total	**602.89**	**97.10**	**11.55**	**688.44**	**162.98**	**8.58**	**40.42**	**194.59**	**493.85**	**439.91**
Previous Year	419.30	196.16	12.57	602.89	140.70	9.65	32.11	162.98	439.91	278.60
Capital W.I.P									11.17	17.65

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

	Face Value Rs. Crore	**As at March 31, 2010 Rs. Crore**	As at March 31, 2009 Rs. Crore
SCHEDULE 5			
INVESTMENTS			
[Refer note 1 (f) of Schedule 17]			
A. Non Trade (Long Term)			
Units - Quoted but not Listed			
1 Nil *(Previous year 51,93,959)* units of ABN AMRO Fixed Term Plan Series 10 of ABN AMRO Asset Management	-	**-**	5.19
2 Nil *(Previous year 1,05,24,957)* units of DSPML Fixed Maturity Plan 13M Series 1 of DSP Merill Lynch Mutual Fund	-	**-**	10.53
3 Nil *(Previous year 50,00,000)* units of JM Fixed Maturity Fund Series VII of JM Financial Mutual Fund	-	**-**	5.00
4 Nil *(Previous year 5,00,000)* units of Sundaram S.M.I.L.E. Fund Dividend Plan of Sundaram Mutual Fund	-	**-**	0.50
5 1,00,01,041 *(Previous Year Nil)* units of Kotak Fixed Maturity Plan 370 days Series 3- Growth of Kotak Mahindra Mutual Fund	10.00	**10.00**	-
Quoted Equity Shares (fully paid up)			
6 25 *(Previous year 25)* Equity Shares of Rs. 10/- each in Global Boards Ltd.	0.00	**0.00**	0.00
7 476 *(Previous year 238)* Equity Shares of Rs 10/- each in Reliance Industries Ltd	0.00	**0.04**	0.04
8 450 *(Previous year 450)* Equity Shares of Rs. 10/- each in Sudarshan Chemical Industries Ltd.	0.00	**0.00**	0.00
9 30,000 *(Previous year 30,000)* Equity Shares of Rs.2/- each in Sanghvi Movers Ltd.	0.01	**0.05**	0.05
Quoted Equity Shares (partly paid up)			
10 1,25,000 *(Previous year 1,25,000)* 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)			
11 1,375 *(Previous year 1,375)* Equity Shares of Rs.20/-each in Cosmos Co-operative Bank Ltd.	0.00	**0.00**	0.00
12 17,539 *(Previous year 17,539)* Equity Shares of Rs 10/- of G S L (India) Ltd.	0.02	**0.00**	0.00
13 10,000 *(Previous year 10,000)* Equity Shares of Rs 10/- of Sicom Ltd.	0.01	**0.07**	0.07
Unquoted Preference Shares (fully paid up)			
14 21,800 *(Previous year 21,800)* 18% Redeemable Cumulative Preference Shares of Rs.10/- each in Indian Food Fermentation Limited	0.02	**0.02**	0.02

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

		Face Value Rs. Crore	**As at March 31, 2010 Rs. Crore**	As at March 31, 2009 Rs. Crore
In Subsidiary Companies (fully paid up)				
15	47,50,000 *(Previous year 7,50,000)* Equity Shares of Rs. 10/- each in Thermax Sustainable Energy Solutions Ltd.	4.75	**4.45**	0.45
16	45,00,000 *(Previous year 45,00,000)* Equity Shares of Rs.10/- each in Thermax Engineering Construction Company Ltd.	4.50	**4.50**	4.50
17	90,00,000 *(Previous year 90,00,000)* Equity Shares of Rs.10/- each in Thermax Instrumentation Ltd.	9.00	**4.59**	4.59
18	2,00,000 *(Previous year 2,00,000)* Ordinary Shares of GBP 1 each in Thermax Europe Ltd.	1.17	**1.17**	1.17
19	9,88,776 *(Previous year 9,88,776)* Equity Shares of Rs.10/- each in Thermax Energy Performance Services Ltd.*	0.99	**0.99**	0.99
20	14,80,000 *(Previous year 14,55,000)* Equity Shares of USD 1 each in Thermax International Ltd., Mauritius	6.90	**6.90**	6.78
21	10,87,130 *(Previous year 10,16,560)* Equity Shares of Brazilian Real 1 each in Thermax do Brasil - Energia e Equipamentos Ltda.	1.88	**1.88**	1.70
22	59,83,333 *(Previous year 59,33,133)* Equity Shares of Hong Kong Dollar 1 each in Thermax Hong Kong Ltd.	3.52	**3.52**	3.49
23	17,47,300 *(Previous year 17,47,300)* 6% Cummulative Redeemable Preference Shares USD 1 with conversion option in Thermax International Ltd., Mauritius	7.81	**7.81**	7.81
24	Equity shares of USD 1,03,45,030 *(Previous year USD 1,03,45,030)* in Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.	42.50	**42.50**	42.50
25	50,000 *(Previous Year Nil)* Equity Shares of Rs 10/- each in Thermax Onsite Energy Solutions Ltd	0.05	**0.05**	-
26	1,01,59,200 *(Previous Year Nil)* Equity Shares of Rs 10/- each in Thermax SPX Energy Technologies Ltd	10.16	**10.16**	-
	Application Money			
	Towards Shares / Units		**0.04**	-
		103.41	**98.80**	95.45
	Provision for diminution in value of investments		**20.59**	20.39
		103.41	**78.21**	75.06

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

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

		Face Value Rs. Crore	**As at March 31, 2010 Rs. Crore**	As at March 31, 2009 Rs. Crore
B.	**Current Investment**			
	Units - Quoted but not Listed			
	Liquid and Liquid Plus			
1	15,49,05,165 *(Previous year 10,13,30,034)* units of Birla Sunlife Short Term Fund	154.99	**154.99**	101.39
2	1,44,93,077 *(Previous year Nil)* units of ICICI Prudential Floating Rate Plan D	144.96	**144.96**	-
	Total Investment in Liquid and Liquid Plus Schemes	299.95	**299.95**	101.39
	Total Investment	403.36	**378.16**	176.45

	As at March 31, 2010		As at March 31, 2009	
	***Cost (Rs.Crore)**	**Market Value (Rs.Crore)**	*Cost (Rs.Crore)	Market Value (Rs.Crore)
Long Term Investments				
Aggregate Value of Quoted Investments	**10.15**	**10.70**	21.38	22.72
Aggregate Value of Un-quoted Investments	**88.64**	**-**	74.07	-
Total	**98.80**	**10.70**	95.45	22.72
Current Investments				
Fixed Maturity Plans	**-**	**-**	-	-
Liquid & Liquid Plus	**299.95**	**299.95**	101.39	101.39
Total	**299.95**	**299.95**	101.39	101.39
Grand Total	**398.75**	**310.65**	196.84	124.11

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

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

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)**
ABN Amro FTP Series 10 Plan F- Institutional Calender Quarterly Dividend	0.02	0.23	0.23
Birla Sun Life Liquid Plus - Institutional Daily Dividend Reinvestment	3.49	35.01	35.01
Birla Sun Life Short Term Fund- Institutional Daily Dividend Reinvestment	21.19	212.00	212.00
DSPML FMP 13M Series 1- Institutional Dividend	0.03	0.34	0.34
ICICI Prudential Floating Rate Plan D - Daily Dividend Reinvestment	17.96	412.86	412.86
IDFC Cash Fund-Super Institutional Plan C Daily Dividend Reinvestment	1.00	10.01	10.01
Kotak Liquid -Institutional Premium Daily Dividend Reinvestment	0.82	10.00	10.00
SBNPP Money Fund -Super Institutional Daily Dividend Reinvestment	0.50	5.00	5.00

	Sch 17 Note No. Reference	**As at March 31, 2010 Rs. Crore**	As at March 31, 2009 Rs. Crore
SCHEDULE 6			
INVENTORIES			
(As valued and certified by Management)	**1(g)**		
Raw Materials and Components [Including Rs. 10.48 Crore Goods in Transit *(Previous year Rs. 39.16 Crore)]*		**217.00**	231.74
Work-in-Progress		**20.00**	25.07
Finished Goods		**5.72**	5.55
Stores, Spare Parts and Tools		**3.64**	4.06
		246.36	266.42
SCHEDULE 7			
SUNDRY DEBTORS	**1(o)(ii)**		
Unsecured			
Debts Outstanding for a period exceeding six months			
Considered good		**83.34**	67.61
Considered doubtful		**83.98**	59.27
Less : provided for		**83.98**	59.27
Other Debts		**663.71**	473.17
		747.05	540.78

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

	Sch 17 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 8			
CASH & BANK BALANCES			
Cash on hand		**0.33**	0.77
Bank Balances & remittances in transit :			
With Scheduled banks :			
In Current accounts		**12.08**	(15.83)
In Deposit accounts		**565.46**	328.82
With Other Banks in Foreign Currency :			
In Current Accounts			
Bangkok Bank - Bangkok		**0.06**	0.05
[Maximum balance during the year Rs. 0.17 Crore *(Previous year Rs. 0.12 Crore)]*			
PT Bank Mandiri - Indonesia		**0.07**	0.01
[Maximum balance during the year Rs. 0.20 Crore *(Previous year Rs. 0.06 Crore)]*			
Al Ahli Bank- Kuwait		**0.66**	0.74
[Maximum balance during the year Rs. 1.10 Crore *(Previous year Rs. 0.77 Crore)]*			
Bank Bumiputra - Malaysia		**0.01**	0.04
[Maximum balance during the year Rs. 0.09 Crore *(Previous year Rs. 0.04 Crore)]*			
Bank Austria - Moscow		**0.04**	0.06
[Maximum balance during the year Rs. 0.18 Crore *(Previous year Rs. 0.17 Crore)]*			
Bank of Baroda - Belgium		**0.15**	0.12
[Maximum balance during the year Rs. 0.27 Crore *(Previous year Rs. 0.13 Crore)]*			
HSBC Bank - Dubai		**0.19**	0.14
[Maximum balance during the year Rs. 0.50 Crore *(Previous year Rs. 0.18 Crore)]*			
Citibank - China		**0.04**	0.25
[Maximum balance during the year Rs. 0.20 Crore *(Previous year Rs. 0.25 Crore)]*			
Standard Chartered Grindlays Bank - Bangladesh		**0.01**	0.04
[Maximum balance during the year Rs. 0.09 Crore *(Previous year Rs. 0.04 Crore)]*			
Remittances in Transit		**26.45**	25.57
		605.55	340.78

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

	Sch 17 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 9			
LOANS & ADVANCES			
Unsecured, considered good			
Advances recoverable in cash or in kind or for value to be received		**138.42**	75.30
Prepaid Long Term Employee Benefits	**1(h)(iii)**	**7.86**	6.34
Advances for Capital Expenditure		**2.67**	3.40
Loans & Advances to Subsidiary Companies (Net of dues Rs. Nil)	**13**	**2.65**	3.66
Advances to Staff and Workers [Including Advances to Directors & Officers Rs. Nil *(Previous year Rs. Nil)*] [Maximum balance Rs. Nil *(Previous year Rs. Nil)*]		**6.85**	7.17
Balance in Central Excise & Customs Accounts		**34.79**	57.42
Sundry Deposits [Including Deposits with Directors Rs. 0.58 Crore *(Previous year Rs. 0.58 Crore)]* [Maximum balance Rs. 0.58 Crore *(Previous year Rs.0.58 Crore)]*		**17.68**	15.65
Advance Payment of Income Tax and Wealth Tax [Net of Provision of Rs. 709.62 Crore *(Previous year Rs. 647.06 Crore)]*		**89.43**	32.79
Advance Payment of Fringe Benefit Tax [Net of Provision of Rs.12.09 Crore *(Previous year Rs. 12.09 Crore)]*		**1.07**	0.45
		301.42	202.18
SCHEDULE 10			
CURRENT LIABILITIES			
Acceptances		**24.02**	18.00
Short-Term Employee Benefits	**1(h)(v) & (vi)**	**49.80**	36.84
Customer Advances		**1007.62**	588.86
Sundry Creditors	**3**	**729.88**	397.15
Other Liabilities	**12**	**82.82**	68.59
Foreign Currency Forward Contract		**(16.22)**	8.19
Trade Deposits		**1.49**	1.40
		1879.41	1119.03
SCHEDULE 11			
PROVISIONS	**1(i)**		
Proposed Equity Dividend		**59.58**	59.58
Provision for Tax on Dividend		**9.90**	10.12
Provision for Employee Retirement & Other Benefits	**1(h)(iv)**	**27.97**	25.21
		97.45	94.91

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

		Sch 17 Note No. Reference	Year ended March 31, 2010 Rs. Crore	Year ended March 31, 2009 Rs. Crore
SCHEDULE 12				
SALES AND OTHER INCOME				
I. Sales		**1 (j)**		
(i) Domestic			**2313.84**	2391.46
Less: Excise Duty			**77.70**	103.36
Net Sales			**2236.14**	2288.10
Add : Closing Contracts in Progress			**209.70**	13.92
Less : Opening Contracts in Progress			**13.92**	3.27
			2431.92	2298.75
(ii) Exports			**814.46**	791.22
Add : Closing Contracts in Progress			**(0.91)**	157.09
Less : Opening Contracts in Progress			**157.09**	36.01
[Includes Deemed Exports of Rs 100.52 Crore (Previous Year Rs 209.80 Crore)]			**656.46**	912.30
Total Sales	**(I)**		**3088.38**	3211.05
II. Other Income from Operations				
(i) Claims and Refunds			**0.09**	1.60
(ii) Balances earlier Written Off now Recovered			**0.84**	4.12
(iii) Commission			**5.04**	7.03
(iv) Sale of Scrap			**8.83**	11.57
(v) Exchange Difference Income		**1(l) & 15**	**25.77**	-
(vi) Miscellaneous Income			**56.52**	28.99
Total Other Income from Operations	**(II)**		**97.09**	53.31
III. Other Income From Investments				
(i) Dividend from subsidiaries			**-**	-
(ii) Dividend - others		**1(j)(viii)**		
Long-term Investment			**0.58**	1.42
Current Investment			**7.28**	20.41
(iii) Interest			**41.00**	11.35
[Tax deducted at source Rs. 4.20 Crore *(Previous year Rs. 2.16 Crore)]*				
(iv) Profit/(Loss) on Sale of Investment				
Long-term Investment			**0.90**	5.51
Current Investment			**0.00**	0.12
Total Income from Investments	**(III)**		**49.76**	38.81
	(I+II+III)		**3235.23**	3303.17

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

	Sch 17 Note No. Reference	**Year Ended March 31, 2010 Rs. Crore**	Year Ended March 31, 2009 Rs. Crore
SCHEDULE 13			
MATERIALS			
A. Consumption of raw materials and components			
Opening Stocks		**198.28**	149.66
Add: Purchases		**2067.19**	2141.45
(Including cost of goods resold)			
		2265.47	2291.11
Less: Closing Stocks		**210.16**	198.28
(A)		**2055.31**	2092.83
B. (Increase)/Decrease in stocks			
Opening Stocks:			
Work-in-Progress		**23.33**	28.49
Finished Goods		**5.55**	5.19
		28.88	33.68
Less: Closing Stocks:			
Work-in-Progress		**20.00**	23.33
Finished Goods		**5.72**	5.55
		25.72	28.88
(B)		**3.16**	4.80
(A)+(B)		**2058.47**	2097.63

	Sch 17 Note No. Reference	**Year Ended March 31, 2010 Rs. Crore**	Year Ended March 31, 2009 Rs. Crore
SCHEDULE 14			
PERSONNEL			
Salaries, wages, bonus, testimonials and allowances	**4**	**251.54**	221.23
Contribution to Provident and other Funds	**1(h)(i) & ii)**	**29.24**	21.96
Staff Welfare Expenses		**11.93**	11.45
		292.71	254.64

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

	Sch 17 Note No. Reference	Year Ended March 31, 2010 Rs. Crore	Year Ended March 31, 2009 Rs. Crore
SCHEDULE 15			
OTHER EXPENSES			
a. Consumables and Tools		**17.47**	21.36
b. Power and Fuel		**18.51**	18.18
c. Drawing, Design and Technical Service Charges		**44.20**	36.54
d. Site Expenses and Contract Labour Charges		**57.23**	39.67
e. Rent and Service Charges		**8.83**	9.42
f. Lease Rentals		**0.02**	0.04
g. Rates and Taxes		**2.67**	1.61
h. Insurance		**3.75**	2.17
i. Repairs and Maintenance:			
Building		**5.36**	4.37
Plant and Machinery		**6.44**	5.83
Others		**8.79**	7.12
j. Communication		**6.65**	6.50
k. Travelling and Conveyance		**38.47**	35.30
l. Advertising and Exhibition Expenses		**1.02**	0.99
m. Freight Outward		**49.19**	38.60
n. Commission on Sales		**17.07**	25.86
o. Other Selling and Distribution Expenses		**24.55**	20.85
p. Free of Cost Supplies and Modifications		**13.25**	28.77
q. Bank Charges		**9.84**	6.81
r. Legal & Professional Charges		**40.65**	32.86
s. Printing and Stationery		**3.14**	3.61
t. Donations		**1.91**	4.11
u. Bad Debts		**5.91**	2.19
v. Provision for Doubtful Debts/Customer Claims	**1(o)(ii)**	**10.44**	6.68
w. Liquidated Damages	**1(o)(i)**	**27.87**	15.79
x. Loss on Assets sold/discarded (net)		**0.90**	1.31
y. Additional Sales Tax and Turnover Tax		**3.67**	2.27
z. Exchange Difference-Expenditure (net)		**-**	89.54
aa. Balances Written Off		**0.45**	2.41
ab. Miscellaneous Expenses		**19.28**	24.56
ac. Deferred Revenue Expenditure		**-**	0.00
ad. Diminution in Value of Long-term Investments	**1(f)**	**0.20**	0.00
		447.73	495.32
SCHEDULE 16			
INTEREST	**1(k)**		
Interest on:			
Fixed Period Loans		**-**	-
Others		**1.52**	3.27
		1.52	3.27

Schedule forming part of the Accounts

SCHEDULE 17

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) 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.

i) 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.

j) 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 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 recognised 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 recognized when the company's right to receive is established.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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. 22.11 Crore *(Previous Year Rs. 14.22 crore)*, Sales Tax Rs. 13.38 Crore *(Previous Year Rs. 6.53 Crore)* and other Statutes Rs. 0.09 Crore *(Previous Year Rs. 0.14 Crore).*

b) Income Tax

   i) Demands disputed in appellate proceedings Rs. 34.55 Crore *(Previous Year Rs. 24.53 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. 19.38 Crore *(Previous Year Rs. 22.30 Crore).*

c) Counter Guarantees given by the company to the banks on behalf of group companies : Rs. 0.34 Crore on behalf of Thermax Engineering Construction Co. Ltd. (TECC), Rs. 92.64 Crore on behalf of Thermax Instrumentation Ltd. (TIL) and Rs. Nil on behalf of ME Engineering Ltd (ME Engg.), towards securing advances received from clients and performance of contracts.*(Previous Year Rs. 6.32 Crore for TECC, Rs. 40.16 Crore for TIL and Rs. 1.30 Crore for ME Engg.).*

d) Counter Guarantees given to the banks for guarantees issued by them on company's behalf Rs. 1417.84 Crore *(Previous Year Rs. 837.11 Crore).*

e) Indemnity Bonds/Corporate guarantees given to Customs, other Government departments and various customers Rs. 69.80 Crore *(Previous Year Rs 33.49 Crore).*

f) Liability for unexpired export obligations Rs. 48.71 Crore *(Previous Year Rs. 19.67 Crore).*

g) Claims against the company not acknowledged as debts Rs. 9.45 Crore (*Previous Year Rs. 7.75 Crore).*

h) Bills Discounted with banks Rs. 43.39 Crore *(Previous Year Rs. 73.45 Crore).*

i) 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 include following amount due to MSMED parties :

Rs. Crore

Sr. No.	**Particulars**	**2009-10**			2008-09		
		Principal	**Interest**	**Total**	Principal	Interest	Total
a)	Total Oustandings dues to micro and small enterprises	4.22	0.01	4.23	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	2.14	0.03	2.17	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	NA	0.00	0.00
e)	Total Interest out standing as on March 31 (Interest in 'b' + interest in 'd' above)	NA	0.00	0.00	NA	0.00	0.00

4. Directors' Remuneration **

		2009 - 10	2008 - 09
			Rs. Crore
(i)	Salaries (including ex-gratia)	**1.39** @	1.23 @
(ii)	Contribution to Provident & other funds	**0.21**	0.16
(iii)	Perquisites in cash or in kind	**0.11**	0.00
(iv)	Commission to Non-Executive Directors	**0.68**	0.69

@ includes Rs. 0.42 Crore (*Previous Year Rs. 0.35 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.

Rs. Crore

			2009 - 10	2008 - 09
(i)	Profit Before Tax and Extra Ordinary Items	(i)	**391.94**	417.85
(ii)	Add:			
	Remuneration to Directors		**2.38**	2.08
	Directors sitting fees		**0.14**	0.18
	Provision for diminution in investment		**0.20**	0.00
	Loss on discarded assets		**0.34**	0.33
	Loss on sale of assets		**0.70**	1.00
	Sub total	(ii)	**3.76**	**3.59**
(iii)	Less:			
	Profit on sale of assets		**0.15**	0.02
	Profit on sale of investment		**0.90**	5.63
	Write-back of provision for diminution in the value of investments		**Nil**	Nil
	Sub total	(iii)	**1.05**	**5.65**
	Net profit as per Sections 349 & 350 of the Companies Act, 1956	(i + ii - iii)	**394.65**	**415.79**
	Remuneration to Whole-time Director(s) restricted to		**19.73**	20.79

On the basis of an expert opinion, for the purpose of Sections 198 and 309 of the Companies Act, 1956, net profits have been computed under Section 349 of the Act, without reducing there from extraordinary item of expense of Rs.114.86 crore (net of tax). Even otherwise, managerial remuneration payable by the company is well within the ceiling laid down under the Act.

5. Auditors' Remuneration & Directors fees

Other expenses include:

		2009 - 10	2008 - 09
			Rs. Crore
a)	Auditors' Remuneration (excluding service tax)		
	i) As Auditors	**0.44**	0.37
	ii) For Taxation matters (including Tax Audits)	**0.15**	0.18
	iii) Certification fees	**0.04**	0.01
	iv) Reimbursement of expenses	**0.01**	0.02
b)	Directors Sitting fees	**0.14**	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 as on 31.03.2010	Production Quantity		Closing Stock as on 31.03.2010		Closing Stock as on 31.03.2009	
			2009-10	2008-09	QTY.	Value	QTY.	Value
Energy Products & Systems								
a) Boilers Capacity up to 30 MT/Chillers	Nos.	**3,441**	**1,881**	1,994	**5**	**0.46**	22	1.56
b) Boilers Capacity above 30 MT	MT	**22,410**	**4,379**	4,340	-	-	-	-
c) Heaters	Mn. Kg Cal	-	**67**	81	-	-	-	-
d) Power Plants	MW	-	**40**	261	-	-	-	-
Environmental Products & Systems								
a) Air Pollution Control Plants & Systems	Nos.	-	**834**	1,490	-	-	-	-
b) Water and Waste Treatment Plants	Nos.	-	**1,076**	1,141	**1**	**0.00**	1	0.01
c) Ion Exchange Resins & Chemicals	MT	**36,161**	**18,343**	15,234	**869**	**5.26**	503	3.98
Components & Spares	Numerous	-	-	-	-	**3.64**	-	4.06
Total						**9.36**		9.61

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	2009 - 10		2008 - 09	
		QTY.	VALUE	QTY.	VALUE
Energy Products & Systems					
a) Boilers capacity up to 30 MT / Chillers					
(i) Completed	Nos.	**1,896**	**408.97**	1,997	495.82
(ii) Ongoing		**128**	**96.68**	66	62.39
b) Boilers Capacity above 30 MT					
(i) Completed	MT	**3,769**	**310.40**	3,636	586.47
(ii) Ongoing		**-**	**644.33**	-	463.89
c) Heaters	Mn Kg. Cal	**67**	**76.96**	81	126.68
d) Power Plants					
(i) Completed	MW	**40**	**9.61**	261	52.51
(ii) Ongoing		-	**520.88**	-	444.60
Environmental Products & Systems					
a) Air Pollution Control Plants & Systems	Nos.				
(i) Completed		**618**	**252.59**	967	315.38
(ii) Ongoing		**7**	**15.96**	15	12.26
b) Water & Waste Treatment Plants	Nos.				
(i) Completed		**1,041**	**73.15**	1,089	89.78
(ii) Ongoing		**134**	**175.44**	109	111.10
c) Ion Exchange Resins & Chemicals	MT	**17,050**	**167.54**	14,180	147.75
Goods Traded In	Numerous	-	**78.00**	-	30.42
Accessories, Spares, Erection, Commissioning, services, commission etc.		-	**257.87**	-	272.00
Total			**3088.38**		3211.05

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) Nil nos. used for captive consumption *(Previous Year 6 nos.)*
      ii) 2 nos. free replacements *(Previous Year 3 nos.)*
      iii) Nil nos. scraped (*Previous Year 2 nos.)*
   2. Boiler capacity above 30 MT.
      610 MT used for captive consumption *(Previous Year 704 MT)*

   b) Environmental Products & Systems :
   1. Air Pollution Control Plants & Systems
      216 nos. used for captive consumption *(Previous Year 523 nos.)*
   2. Water & Waste Treatment Plants
      35 nos. used for captive consumption *(Previous Year 52 nos.)*

3) Ion Exchange Resins & Chemicals
   i) 858 MT used for captive consumption *(Previous Year 981 MT)*
   ii) 69 MT free replacements *(Previous Year 53 MT)*

C) Consumption of Raw Materials, Components etc. Rs. Crore

PARTICULARS	UNIT	2009-10		2008-09	
		QTY.	VALUE	QTY.	VALUE
Ferrous Sheets, Plates	MT	16,390	73.41	16,033	82.16
Ferrous Tubes	Numerous		361.53		223.47
Fabricated Items	Numerous		368.47		638.85
Chemicals	MT	26,360	89.81	23,616	96.36
Purchase of goods for resale	Numerous		55.38		25.95
Others	Numerous		1109.87		1030.84
Total			2058.47		2097.63

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

PARTICULARS	%	2009-10	%	2008-09
Imported	16	327.97	16	346.06
Indigenous	84	1730.50	84	1751.57
Total	100	2058.47	100	2097.63

E) CIF Value of Imports Rs. Crore

PARTICULARS	2009-10	2008-09
Raw Materials	189.36	163.21
Components & Spares	100.17	102.42
Consumables	2.79	5.36
Capital Goods	23.06	35.64
Total	315.38	306.63

F) Earnings in Foreign Currency (on accrual basis) Rs. Crore

PARTICULARS	2009-10	2008-09
Export of goods on FOB	700.86	627.57
Others	12.63	17.03
Total	713.49	644.60

G) Expenditure in Foreign Currency (on accrual basis) Rs. Crore

PARTICULARS	2009-10	2008-09
Technical Fees	5.65	4.57
Expenses in Foreign Offices	12.95	13.30
Royalty	12.16	7.11
Travelling, Commission, Legal & Professional Charges and Others	39.48	36.21
Capital Expenditure at foreign offices	-	0.16
Out of court settlement of US litigation (net of TDS)	155.71	-
Total	225.95	61.35

7. Contracts in Progress (CIP) Rs Crore

PARTICULARS	2009-10	2008-09
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	**2118.08**	2229.16
b) In respect of contracts in progress as on 31st March :		
1. Aggregate amount of costs incurred and recognised profits (less recognised losses)	**5579.53**	4762.13
2. Amount of Customer Advances received	**381.04**	512.06
3. Amount of Retentions	**134.68**	73.20
c) Gross amount due from customers for contract work	**276.17**	226.86
d) Gross amount due to customers for contract work	**67.38**	55.85

8. Deferred Tax

Particulars	**2009-10**	2008-09
Major components of deferred tax asset:		
i Provision for Doubtful Debts	**12.98**	9.74
ii Others	**13.44**	8.42
Total (A)	**26.42**	18.16
Major components of deferred tax liability		
i Depreciation on Fixed Assets	**43.46**	35.98
ii Others	**0.17**	0.23
Total (B)	**43.63**	36.21
Net Deferred Tax Assets / (Liability) (A-B)	**(17.21)**	(18.05)

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. Extraordinary items of expenses/income during the year are as follows

Extraordinary expense for the year ended 31.03.2010, Rs. 174 crore (Rs 114.86 crore, net of tax), represents the rupee equivalent of USD 38 million payable under a business settlement agreement dated 23.02.2010 with Purolite International Ltd., a US competitor, in settlement of a business dispute concerning, inter alia, their trade secrets. As per the agreement, the amount is payable in four instalments of USD 9.5 million each, spread over the calendar year, beginning April 2010.

Extraordinary income for the year ended 31.03.2009 Rs. 1.36 crore represents write back of the provision made by the company 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 Investor Education and Protection Fund (on expiry of the specified period, if the amount remains unclaimed at that time):-

		As at 31.03.10	As at 31.03.09
			Rs. Crore
i)	Unclaimed Dividend on Equity	**0.56**	0.50
ii)	Unclaimed Dividend on Redeemable Preference Share (RPS)	**0.02**	0.02
iii)	RPS Redemption Amount	**0.10**	0.11
iv)	Unclaimed matured deposits	**0.00**	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:

Rs. Crore

Name of subsidiary	Balance Outstanding as at		Maximum Balance Outstanding During the Year	
	March 31, 2010	March 31, 2009	**2009-10**	2008-09
Thermax Sustainable Energy Solutions Ltd.	**2.65**	2.51	**2.65**	2.51

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

Particulars	Amount in Rs. Crore	Amount in Foreign Currency
Export of Goods	0.22	USD 49,900
Export of Goods	0.02	GBP 3,577
Import of Goods	(2.98)	Euro 496,651
Import of Goods	(1.93)	YEN 39,865,765

16. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 15.57 Crore *(Previous year Rs. 39.16 Crore)*.

17. Capitalisation of expenses

Raw materials, labour and overheads capitalised in respect of Plant & Machinery Rs. 3.07 Crore *(Previous Year Rs.1.71 Crore)*.

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

	Rs. Crore
Commision on Sales	0.13
Legal and Professional charges	0.18
Sales Reversal	1.65
Other Miscellaneous Expenses	0.12

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, Solar Concentrators
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.

I) Information about Primary Business Segments : Rs. Crore

Particulars	2009-10		
	Energy	**Environment**	**Total**
Revenue :			
Gross Revenue	2408.20	840.99	3249.19
Less : Intersegment Revenue	0.89	62.83	63.72
Net Revenue	2407.31	778.16	3185.47
Result :			
Segment Result	287.34	117.34	404.68
Unallocated expenses net of unallocated income			11.22
Operating Profit			393.46
Interest expenses			1.52
Taxation for the year			135.64
Profit after taxation and before exceptional items			256.30
Extraordinary items of expenses/(Income)			114.86
Net Profit			141.44
Other Information :			
Segment Assets	1444.59	363.40	1807.99
Unallocated Corporate Assets			1028.07
Total Assets			2836.06
Segment Liabilities	1265.41	262.12	1527.53
Unallocated Corporate Liabilities			257.74
Total Liabilities			1785.27
Capital Expenditure	73.75	14.12	87.87
Depreciation	32.08	8.34	40.42
Non-cash expenses other than depreciation	-	-	-

Rs. Crore

Particulars	2008-09 Energy	2008-09 Environment	2008-09 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	320.79	109.89	430.68
Unallocated expenses net of unallocated income			9.56
Operating Profit			421.12
Interest expenses			3.27
Taxation for the year			131.91
Profit after taxation and before exceptional items			285.94
Extraordinary items of expenses / (Income)			(1.36)
Net Profit			287.30
Other Information :			
Segment Assets	1100.59	342.37	1442.96
Unallocated Corporate Assets			610.54
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	-	-	-

II) Information about Secondary Segments :

Rs. Crore

Particulars	**Year Ended March 31, 2010**	Year Ended March 31, 2009
Revenue		
India	**2629.53**	2561.86
Outside India	**555.94**	702.50
Total Revenue	**3185.47**	3264.36
Carrying Amount of Segment Assets :		
India	**1755.87**	1380.85
Outside India	**52.12**	62.11
Addition to Fixed Assets :		
India	**87.71**	163.55
Outside India	**0.16**	(0.07)

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.

B) Enterprises controlled by the Company :

Subsidiary Companies:

i. Domestic:

Thermax Sustainable Energy Solutions Ltd.
Thermax Instrumentation Ltd.
Thermax Engineering Construction Co. Ltd.
Thermax Onsite Energy Solutions Ltd.
Thermax SPX Energy Technologies Ltd. (Joint venture with SPX Netherlands BV)

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. Pheroz Pudumjee – Director

D) Enterprise, over which control is exercised by individuals listed in 'C' 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 20 (B) and (D)]

Particulars	**2009-10**	2008-09
I Sales, Service, Other income		
Sales of Goods		
i Thermax Europe Ltd.	**10.97**	26.81
ii Thermax Inc.	**38.73**	42.61
iii Others	**1.03**	5.14
Total	**50.73**	74.56
Rendering of Services	**1.52**	-
Interest Income	**0.16**	0.16
Reimbursement of Expenses / cost of material / Stores	**0.86**	1.23

		2009-10	Rs. Crore 2008-09
II	**Purchase of Material / Services**		
	Purchase of Goods / Services		
	i Thermax Engineering Construction Co Ltd.	**70.75**	47.05
	ii Thermax Instrumentation Ltd.	**23.34**	-
	iii Others	**1.47**	3.38
	Total	**95.56**	50.43
III	**Expenses**		
	Receiving of Services	**0.35**	**-**
	Liquidated Damages	**0.73**	0.07
	Reimbursement of Expenses	**4.14**	4.96
	FOC Modification / Warranty Expenses:		
	i Thermax Inc.	**-**	1.13
	ii Thermax Europe Ltd.	**0.01**	0.76
	Total	**0.01**	1.89
	Deputation of employees	**0.07**	0.05
	Donation to Thermax Social Initiative Foundation	**1.81**	3.87
IV	**Finance (Including Loan / Equity Contribution)**		
	Equity Contribution		
	i Thermax SPX Energy Technologies Ltd.	**10.20**	-
	ii Thermax Sustainable Energy Solutions Ltd.	**4.00**	-
	iii Thermax do Brasil - Energia e Equipamentos Ltda.	**0.17**	0.13
	iv Thermax (Zhejiang) Cooling & Heating Engg. Co. Ltd.	**-**	10.05
	v Others	**0.20**	-
	Total	**14.57**	10.18
	Diminution in value of Investments Provided		
	i Thermax Hong Kong Ltd.	**0.03**	-
	ii Thermax do Brasil - Energia e Equipamentos Ltda.	**0.17**	-
		0.20	-
	Loans / Advances given Received		
	i Thermax Instrumentation Ltd.	**1.27**	0.65
V	**Guarantee / Bond / Collateral Given on behalf of subsidiaries and out standing as on 31st March**		
	i Thermax Instrumentation Ltd.	**92.64**	40.16
	ii Thermax Engineering Construction Co Ltd.	**0.34**	6.32
	Total	**92.98**	46.48
VI	**Amount Outstanding - Loan / Advances, Receivable**		
	Loan / Advances Outstanding		
	i Thermax Instrumentation Ltd.	**-**	1.27
	ii Thermax Sustainable Energy Solutions Ltd.	**2.65**	2.51
	Total	**2.65**	3.78
	Account Receivable		
	i Thermax Inc.	**11.72**	14.73
	ii Thermax Europe Ltd.	**1.47**	2.07
	iii Others	**2.07**	0.88
	Total	**15.26**	17.68
	Trade Advances		
	i Thermax Engineering Construction Co. Ltd.	**2.13**	6.04
	ii Thermax Instrumentation Ltd.	**1.86**	-
	iii Thermax SPX Energy Technologies Ltd.	**1.08**	-
	Total	**5.07**	6.04

		2009-10	Rs. Crore 2008-09
VII	**Amount Outstanding - Payable**		
	Accounts Payable		
i	Thermax Engineering Construction Co Ltd.	**7.78**	5.88
ii	Thermax Instrumentation Ltd.	**3.62**	-
iii	Thermax Inc.	**0.76**	0.34
iv	Others	**0.21**	-
	Total	**12.37**	6.22

Details of Transactions relating to the Persons [Refer Note 20 (C) and (E)]

	2009-10	2008-09
Managerial Remunaration	**1.71**	1.39
Directors' Sitting Fees	**0.07**	0.08
Rent Paid to Directors	**0.28**	0.23
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**	0.58

21. Defined Benefit Plans for Employees (AS 15)

As per Actuarial valuation as on March 31, 2010 and recognised in financial statements in respect of Gratuity schemes:

			2009-10	Rs. Crore 2008-09
i	Components of Employer expense			
	a	Current service cost	**3.22**	2.41
	b	Interest Cost	**1.88**	1.73
	c	Expected Return on Plan Assets	**(2.90)**	(1.82)
	d	Actuarial (Gain) / Loss	**5.75**	0.27
	e	Total Expense recognised in the Profit and Loss Account	**7.95**	2.60
ii	Net Assets / (Liability) recognised in Balance Sheet as at 31st March			
	a	Present Value of Obligation	**32.94**	25.34
	b	Fair Value of Plan Assets	**40.80**	31.67
	c	(Asset)/Liability recognised in the Balance Sheet	**(7.86)**	(6.34)
iii	Change in Gratuity Obligation during the year			
	a	Present Value of Obligation as at 31st March	**25.34**	23.22
	b	Current Service Cost	**3.22**	2.41
	c	Interest Cost	**1.88**	1.73
	d	Actuarial (Gain)/ Loss	**6.20**	1.05
	e	Benefit Paid	**3.70**	(3.07)
	f	Present Value of Obligation as at 31st March	**32.94**	25.34
iv	Changes in the Fair Value of Plan Assets			
	a	Present Value of Plan Assets as 31st March	**31.67**	25.16
	b	Expected Return on Plan Assets	**2.90**	1.82
	c	Actual Company Contribution	**5.86**	3.98
	d	Benefits Paid	**(0.09)**	(0.07)
	e	Actuarial Gain / (Loss)	**0.45**	0.78
	f	Present Value of Plan Assets as 31st March	**40.80**	31.67
v	Actuarial Assumptions			
	a	Discount Rate	**8% p.a.**	8% p.a.
	b	Expected Rate of Return	**8% p.a.**	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	2009-10	2008-09
Profit After Tax but before Extraordinary items (Rs. Crore)	**256.30**	285.94
Weighted average number of Equity shares of Rs. 2 each	**11,91,56,300**	11,91,56,300
Basic & Diluted EPS before Extraordinary items (Rs.)	**21.51**	24.00
Profit After Tax and after Extraordinary items (Rs. Crore)	**141.44**	287.30
Basic & Diluted EPS after Extraordinary items (Rs.)	**11.87**	24.11

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 guarantees	
	2009-10	2008-09	**2009-10**	2008-09
Opening Balance (as on 1st April)	**40.70**	24.67	**-**	1.67
Additions during the year	**27.92**	32.84	**-**	-
Utilisation during the year	**9.54**	7.45	**-**	-
Reversals during the year	**20.79**	9.36	**-**	1.67
Closing Balance (as on 31st March)	**38.29**	40.70	**-**	-

25. Disclosure in relation to in-house Research & Development (R&D) expenses and fixed assets.

A) Details of R&D revenue expenses incurred during the year.

Expenses included in respective category of Schedule 13, 14, 15 & 16, incurred for the purpose of in-house R&D activity.

Rs Crore

Particulars	2009-10
Material Cost	**1.76**
Employee Cost	**6.71**
Consumable & Maintenance Cost	**0.61**
Drawing Design, License fees & Professional fees	**1.32**
Site Expenses	**0.34**
Labour Charges	**0.22**
Traveling Expenses	**0.71**
Other Costs	**0.69**
Depreciation	**0.52**
Total	**12.88**

B) Fixed Assets schedule of R&D assets.

Fixed Assets included in respective category of Schedule 4, used for the purpose of in-house R&D activity.

Rs. Crore

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1.4.2009	Additions/ Adjustments during the year	Deductions during the year	**Total Cost as at 31.3.2010**	Upto 31.3.2009	Deductions/ Adjustments during the year	Provisions during the year	**Total as at 31.3.2010**	**As at 31.3.2010**	As at 31.3.2009
TANGIBLE :										
Building	0.64	-	-	**0.64**	0.27	-	0.01	**0.28**	**0.36**	0.37
Plant & Machinery	0.40	-	-	**0.40**	0.17	-	0.03	**0.20**	**0.20**	0.23
Electrical Installation	-	0.07	-	**0.07**	-	-	0.00	**0.00**	**0.07**	-
Furniture, Fixtures, Office Equipment & Computer	-	0.17	-	**0.17**	-	-	0.03	**0.03**	**0.14**	-
R & D Equipments	4.13	0.16	1.39	**2.90**	2.54	1.34	0.17	**1.37**	**1.53**	1.59
INTANGIBLE :										
SOFTWARE	-	0.95	-	**0.95**	-	-	0.28	**0.28**	**0.67**	-
Total	**5.17**	**1.35**	**1.39**	**5.13**	**2.98**	**1.34**	**0.52**	**2.16**	**2.97**	**2.19**
Capital W.I.P									-	-

26. Previous year’s figures have been regrouped wherever necessary to conform to this year’s classification.

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

I. Registration Details

Registration No. : 022787 State Code : 11

Balance Sheet Date : 310310

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

Public Issue : NIL Rights Issue : NIL

Bonus Issue : NIL Private Placement (including share premium) : NIL

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

Total Liabilities : 31122380

Total Assests : 31122380

Sources of Funds

Paid up Capital : 238313

Reserves & Surplus : 10269630

Secured Loans : NIL Unsecured Loans : NIL

Application of Fund

Net Fixed Assets : 5050148

Investments : 3781602

Net Current Assets : 1848217

Misc. Expenditure : NIL Accumulated Losses : NIL

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

Total Revenue : 32352310

Total Expenditure : 29581536

Profit Before Tax / Loss (-) : 2770774

Profit After Tax / Loss (-) : 1414389

Earning Per Share in Rs. : 11.87 Dividend Rate % : 250

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

Item Code No. (ITC Code) : 8402.10

Product Description : STEAM OR OTHER VAPOUR GENERATING BOILERS

Item Code No. (ITC Code) : NOT APPLICABLE

Product Description : POWER PLANT

Item Code No. (ITC Code) : 8421.10

Product Description : PURIFYING MACHINERY FOR LIQUID OR GASES

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

H. P. Mahajani
Partner
Membership No. 30168
Pune, May 12, 2010

For and on behalf of the Board

Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

CASH FLOW STATEMENT

		2009-10	Rs. Crore 2008-09
A	**Cash flow from Operating Activities**		
	Net profit before tax and Extraordinary items	**391.94**	417.85
	Add Adjustments for		
	Depreciation	40.42	32.11
	Amortisation of deferred revenue expenses	-	(0.00)
	Net Provision for Doubtful Debts	24.71	17.59
	Interest (expense)	1.52	3.27
	Lease rentals Paid	0.02	0.04
	Leave Encashment Provision	2.30	1.92
	Provision for Long term Investments	0.20	0.00
	Less Adjustments for		
	Interest / Dividend / Brokerage Income	(48.87)	(33.18)
	(Profit) / Loss on sale of Investment	(0.90)	(5.63)
	(Profit) / Loss on sale of assets	0.90	1.31
	Operating profit before working capital changes	**412.24**	435.28
	Adjustments for		
	Trade and other receivables	138.47	77.07
	Inventories	20.07	(66.90)
	Trade payables	203.26	(26.03)
	Contract in Progress	(37.78)	(131.75)
	Cash generated from operations (Before Extraordinary Items)	**736.26**	287.67
	Adjustment for Extraordinary Items		
	Amount (Gross of withholding tax) payable under out of court settlement	(174.00)	(1.67)
	Not due till year end	155.71	1.36
	Cash generated from operations	**717.97**	287.36
	Direct taxes paid	(134.61)	(139.33)
	Net cash from operating activities	**583.36**	148.03
B	**Cash flow from Investing activities**		
	Purchase of Fixed Assets (Net)	(88.77)	(164.79)
	Advance for Capital Expenditure	0.73	5.27
	Investments in Subsidiaries / Group Companies	(14.57)	(10.00)
	Purchase of other Investments	(620.86)	(735.94)
	Proceeds from sale of Investments	434.41	1154.86
	Advance to Subsidiaries	1.00	0.70
	Interest / Dividend / Brokerage received	40.66	29.44
	Net cash from Investing activities	**(247.40)**	279.54

		2009-10	Rs. Crore 2008-09
C	**Cash flow from Financing Activities**		
	Redemption of Preference Shares	(0.01)	(0.00)
	Lease rentals paid	(0.02)	(0.04)
	Interest paid	(1.52)	(3.27)
	Dividend paid and Tax thereon	(69.64)	(111.39)
	Net cash from Financing activities	**(71.19)**	(114.70)
	Net (decrease)/increase in cash & cash equivalents	**264.77**	312.87
	Opening cash & bank balances	**340.78**	27.91
	Closing cash & bank balances	**605.55**	340.78

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

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

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 12, 2010

For and on behalf of the Board
Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

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

(Amount in Crore)

Name of the Subsidary	Financial Year ending of the Subsidary	Holding Company's interest in Equity Capital	Currency	For Financial Year 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	For Financial Year of the Subsidiary: 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	For the previous Financial Years of the Subsidiary: 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	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 not dealt with in the books of Account of the Holding Company
Thermax Sustainable Energy Solutions Ltd.	March 31, 2010	100%	Rs.	-	(1.17)	2.06	(1.22)
Thermax Engineering Construction Co. Ltd.	March 31, 2010	100%	Rs.	-	3.03	3.33	6.58
Thermax Instrumentation Ltd.	March 31, 2010	100%	Rs.	-	2.02	(4.88)	7.71
Thermax Onsite Energy Solutions Ltd.	March 31, 2010	100%	Rs.	-	(0.08)	-	-
Thermax SPX Energy Technologies Ltd.	March 31, 2010	51%	Rs.	-	(0.85)	-	-
Thermax International Ltd. (Mauritius)	March 31, 2010	100%	USD	-	(0.00)	-	(0.27)
Thermax Europe Ltd. (U.K.)	March 31, 2010	100%	Pound Sterling	-	0.04	-	0.11
Thermax Hong Kong Ltd. (Hong Kong)	March 31, 2010	100%	Hong Kong Dollar	-	(0.00)	-	(0.59)
Thermax do Brasil-Energia e Equipamentos Ltda. (Brazil)	March 31, 2010	100%	Brazillian Real	-	0.00	-	(0.10)
Thermax Inc. (U.S.A.) *	March 31, 2010	100%	USD	-	0.10	-	0.04
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China)	December 31, 2009	100%	Yuan	-	(1.19)	-	(1.23)

*** This company is a subsidary of Thermax International Ltd. (Mauritius) and hence a 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 12, 2010

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 2010, and also the 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 five foreign subsidiaries, whose financial statements reflect total assets of Rs. 97.70 Crore as at 31st March 2010 and total revenues of Rs. 113.20 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 2010;

   (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)
Firm Regn. No. 105102W

Place: Pune
Date : May 12, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1		**23.83**	23.83
Reserves & Surplus	2		**1054.38**	967.49
			1078.21	991.32
Loan Funds :				
Secured Loans	3	7	**7.96**	-
Unsecured Loans	4		**-**	4.08
			7.96	4.08
Minority Interest		3 (c)(iii)	**9.38**	-
Deferred Tax Liability:		5		
Deferred Tax Liability			**44.05**	36.66
Deferred Tax Asset			**(29.66)**	(20.68)
			14.39	15.98
Total Funds Employed			**1109.94**	1011.38
APPLICATION OF FUNDS				
Fixed Assets	5	3 (e) & (f)		
Gross Block			**741.75**	661.49
Less : Depreciation			**204.84**	170.36
Net Block			**536.91**	491.13
Capital Work in Progress			**11.47**	17.65
Investments	6	3 (g)	**370.33**	143.25
Current Assets, Loans & Advances :				
Inventories	7	3(h)	**256.34**	280.53
Contracts in Progress		3(l)(iv)	**318.09**	246.19
Sundry Debtors	8		**798.40**	571.87
Cash & Bank Balances	9		**670.21**	369.61
Other Current Assets			**59.37**	41.03
Loans & Advances	10		**328.19**	222.36
			2430.60	1731.59
Less : Current Liabilities & Provisions :				
Current Liabilities	11		**2058.07**	1206.86
Contracts in Progress		3(l)(iv)	**82.86**	69.72
Provisions	12	3(k)	**98.48**	95.71
			2239.41	1372.29
Net Current Assets			**191.19**	359.30
Miscellaneous Expenditure to the extent not written off or adjusted	13	3(i)	**0.04**	0.05
Total Funds Applied			**1109.94**	1011.38
Notes to Accounts	19			

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

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 12, 2010

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 12, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedule	Sch. 19 Note No. Reference	Year Ended March 31, 2010 Rs. Crore	Year Ended March 31, 2009 Rs. Crore
INCOME				
Sales and Other Income	14	3 (l)	3422.19	3500.70
EXPENDITURE				
Materials	15		2027.05	2080.15
Personnel	16		329.95	288.23
Other Expenses	17		616.13	667.71
Excise Duty (Net)			2.44	2.35
Depreciation		3 (e)	44.20	35.14
Interest	18	3 (m)	2.03	3.81
			3021.80	3077.39
Profit Before Tax and Extraordinary items			400.39	423.31
Extraordinary Items of Expenses		6	114.86	(1.36)
Profit before Tax and after Extraordinary Items			285.53	424.67
Provision for Taxation				
Current Tax		3(p)(i)	(142.41)	(129.47)
Deferred Tax		3(p)(ii)	0.78	(2.69)
Fringe Benefit Tax			-	(3.57)
Profit After Tax			143.90	288.94
Less: Minority Interest		3 (c)(iii)	(0.41)	-
Profit After Tax and Minority Interest			144.31	288.94
Balance carried forward from last year			549.21	359.02
Profit available for appropriation			693.52	647.96
Appropriations				
Proposed Equity Dividend			59.58	59.58
Tax on Dividend			9.90	10.12
General Reserve			14.70	29.05
Balance carried to Balance Sheet			609.34	549.21
			693.52	647.96
Basic / Diluted Earnings Per Share (EPS) - Rs.		10		
[Equity Shares of Rs.2/- each]				
-Before Extra Ordinary Items			21.75	24.14
-After Extra Ordinary Items			12.11	24.25
Weighted Average number of Equity Shares			11,91,56,300	11,91,56,300
Notes to Accounts	19			

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

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 12, 2010

For and on behalf of the Board

Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

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

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
37,50,00,000 Equity Shares of Rs. 2/- each		**75.00**	75.00
Issued, Subscribed & Paid Up			
11,91,56,300 Equity Shares of Rs. 2/- each, fully paid-up		**23.83**	23.83
		23.83	23.83
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. Hedgeing Reserve	**3 (o)**		
Per last Balance Sheet		**2.87**	(5.28)
Profit / (Loss) - Cash Flow Hedging		**16.94**	8.15
		19.81	2.87
f. General Reserve			
Per last Balance Sheet		**277.24**	248.19
Add: Transferred from Profit & Loss a/c		**14.70**	29.05
		291.94	277.24
g. Foreign Currency Translation Reserve	**3 (d)**	**4.01**	8.89
h. Balance in Profit & Loss A/c		**609.34**	549.21
		1054.38	967.49

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

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 3			
SECURED LOANS			
a. Borrowing from Banks for Working Capital (including Working Capital Term Loans)	**7**	**7.96**	-
b. Other Secured Loans		**-**	-
		7.96	-

	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
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) & (f) of Schedule 19]

Rs. Crore

Particulars	**Gross Block**				**Depreciation**				**Net Block**	
	Cost as at 1.4.2009	Additions/ Adjustments during the year	Deductions/ Adjustment during the year	**Total Cost as at 31.3.2010**	Upto 31.3.2009	Deductions/ Adjustmetns during the year	Provisions during the year	**Total as at 31.3.2010**	**As at 31.3.2010**	As at 31.3.2009
TANGIBLE:										
Land - Freehold	7.36	-	-	**7.36**	-	-	-	**-**	**7.36**	7.36
Land - Leasehold	26.02	4.47	0.46	**30.03**	-	-	0.23	**-**	**30.03**	26.02
Building	148.12	36.48	0.00	**184.60**	14.94	-	4.83	**19.77**	**164.83**	133.18
Plant & Machinery	316.10	30.86	3.00	**343.96**	87.08	2.88	20.76	**104.96**	**239.00**	229.02
Electrical Installation	29.44	2.81	0.60	**31.65**	5.84	0.42	1.81	**7.23**	**24.42**	23.60
Furniture, Fixtures, Computers & Office Equipment	80.54	6.88	2.61	**84.81**	40.92	2.07	6.65	**45.50**	**39.31**	39.62
R & D Equipments	4.13	0.16	1.39	**2.90**	2.54	1.34	0.17	**1.37**	**1.53**	1.59
Vehicles	17.93	3.92	4.32	**17.53**	6.99	2.78	2.38	**6.59**	**10.94**	10.94
INTANGIBLE:										
Software	18.11	4.06	0.09	**22.08**	9.75	-	4.10	**13.85**	**8.23**	8.36
Technical Knowhow	13.74	3.09	-	**16.83**	2.30	-	3.27	**5.57**	**11.26**	11.44
Total	661.49	92.73	12.47	**741.75**	170.36	9.49	44.20	**204.84**	**536.91**	491.13
Previous Year	432.84	245.64	16.99	**661.49**	145.03	9.65	35.14	**170.36**	**491.13**	287.81
Capital WIP									**11.47**	17.65

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 6			
INVESTMENTS	**3(g)**		
A) Non Trade (Long Term)			
a. Units		**10.00**	21.22
b. Quoted Equity Shares (fully paid up)		**0.09**	0.09
c. Quoted Equity Shares (partly paid up)		**0.06**	0.06
d. Unquoted Equity Shares (fully paid up)		**0.07**	0.07
e. Unquoted Preference Shares (fully paid up)		**0.02**	0.02
f. Equity in Subsidiary Companies (fully paid up)		**7.08**	3.55
g. Preference Shares in Subsidiary Companies (fully paid up)		**7.58**	7.58
		24.90	32.59
Provision for Diminution in value of long-term investments		**14.85**	11.29
(A)		**10.05**	21.30
B) Current Investments			
Units **(B)**		**360.28**	121.95
(A+B)		**370.33**	143.25

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 7			
INVENTORIES	**3 (h)**		
(As valued & certified by management)			
a. Raw Material & Components		**217.85**	233.13
b. Work in Progress		**21.79**	25.83
c. Finished Goods		**11.56**	17.19
d. Stores, Spare Parts & Tools		**5.14**	4.38
		256.34	280.53

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 8			
SUNDRY DEBTORS	**3(q)(ii)**		
Unsecured Debts Outstanding for a period exceeding six months			
Considered good		**94.84**	83.07
Considered doubtful		**86.71**	60.23
Less: Provided for		**86.71**	60.23
Other Debts		**703.56**	488.80
		798.40	571.87

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

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 9			
CASH & BANK BALANCES			
A. Cash on Hand		**0.35**	0.79
B. Bank Balances & Remittances in Transit			
With Scheduled Banks			
a. In Current Accounts		**33.71**	(3.87)
b. In Deposit Accounts		**598.31**	329.40
With Non-scheduled bank / Foreign Banks			
a. In Current Accounts		**6.07**	17.37
b. In Deposit Accounts		**5.31**	0.35
Remittances in Transit		**26.46**	25.57
		670.21	369.61
SCHEDULE 10			
LOANS & ADVANCES			
Unsecured, considered good			
a. Advances recoverable in Cash or in Kind		**146.20**	80.18
b. Prepaid Long Term Employee Benefits	**3 (j)(iii)**	**7.90**	6.34
c. Advances for Capital Expenditure		**2.67**	3.40
d. Advances to Staff & Workers		**8.19**	8.16
e. Balance in Central Excise & Customs Accounts		**34.79**	57.42
f. Sundry Deposits		**17.88**	15.95
g. Advance Payment of Income Tax		**108.58**	49.49
h. Advance Payment of Fringe Benefit Tax		**1.16**	0.48
i. Others		**0.82**	0.94
		328.19	222.36
SCHEDULE 11			
CURRENT LIABILITIES			
a. Acceptances		**36.78**	18.00
b. Customer Advances		**1108.48**	614.51
c. Sundry Creditors		**758.30**	419.87
d. Other Liabilities		**117.30**	88.77
e. Foreign Currency Forward Contracts		**(16.22)**	8.30
f. Trade Deposits		**1.49**	18.77
g. Short Term Employee Benefits	**3 (j)(v) & (vi)**	**51.94**	38.64
		2058.07	1206.86

	Sch. 19 Note No. Reference	As at March 31, 2010 Rs. Crore	As at March 31, 2009 Rs. Crore
SCHEDULE 12			
PROVISIONS	**3 (k)**		
a. Proposed Equity Dividend		**59.58**	59.58
b. Tax on Dividend		**9.90**	10.12
c. Provision for Employee Retirement & Other Benefits	**3 (j)(iv)**	**29.00**	26.01
		98.48	95.71
SCHEDULE 13			
MISCELLANEOUS EXPENDITURE	**3(i)**		
(To the extent not written off or adjusted)			
a. Technical Know-how			
Per last Balance Sheet		**-**	-
Add : Incurred during the year		**-**	(0.00)
		-	(0.00)
Less : Written off during the year		**-**	(0.00)
Technical Know-how	**(a)**	**-**	-
b. Preliminary Expenses			
Per last Balance Sheet		**0.05**	3.95
Add : Incurred during the year		**0.01**	-
		0.06	3.95
Less : Amortised during the year		**0.01**	3.90
Less : Transferred to Profit & Loss Account		**-**	
Preliminary Expenses	**(b)**	**0.04**	0.05
	(a+b)	**0.04**	0.05

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

	Sch. 19 Note No. Reference	Year ended March 31, 2010 Rs. Crore	Year ended March 31, 2009 Rs. Crore
SCHEDULE 14			
SALES AND OTHER INCOME			
I. Sales & Services	**3 (l)**		
a. India		**2417.17**	2539.81
Less : Excise Duty		**77.70**	103.36
		2339.47	2436.45
Add : Closing Contracts in Progress		**236.14**	19.37
Less : Opening Contracts in Progress		**19.37**	10.52
		2556.24	2445.30
b. Outside India		**878.36**	837.76
Add : Closing Contracts in Progress		**(0.91)**	157.09
Less : Opening Contracts in Progress		**157.09**	36.01
		720.36	958.84
Total Sales & Services (I)		**3276.60**	3404.14
II. Other Income from Operations			
a. Claims & Refunds		**0.30**	3.22
b. Balances earlier written off now recovered		**0.84**	4.13
c. Profit on Sale of Assets		**0.01**	0.00
d. Commission		**5.04**	7.03
e. Sale of Scrap		**9.60**	11.90
f. Interest Income		**0.00**	0.05
g. Exchange Difference (net)	**3 (n)**	**25.63**	0.03
h. Balances/Excess Provision written back		**0.06**	0.73
i. Provision for Doubtful Debt written back		**-**	2.70
j. Miscellaneous Income		**52.21**	26.36
Total Other Income from Operations (II)		**93.69**	56.15
III. Other Income From Investments			
a. Dividend - Long term Investment	**3 (l)(viii)**	**0.83**	1.60
b. Dividend - Current Investment		**8.49**	21.59
c. Interest		**41.39**	11.20
d. Profit on Sales of Long Term Investments		**0.90**	5.52
e. Profit on Sales of Current Investments		**0.08**	0.36
f. Other Income From Investment		**0.21**	0.14
Total Other Income from Investment (III)		**51.90**	40.41
(I+II+III)		**3422.19**	3500.70

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

	Sch. 19 Note No. Reference	Year ended March 31, 2010 Rs. Crore	Year ended March 31, 2009 Rs. Crore
SCHEDULE 15			
MATERIALS			
(A) Consumption of Raw Material & Components			
Opening Stock		**199.66**	149.66
Add : Purchases		**2031.65**	2127.63
		2231.31	2277.29
Less : Closing Stock		**211.01**	199.66
(A)		**2020.30**	2077.63
(B) (Increase) / Decrease in stock			
Opening Stock :			
Work-in-Progress		**24.09**	28.49
Finished Goods		**17.52**	15.64
		41.61	44.13
Less : Closing Stock			
Work-in-Progress		**21.79**	24.09
Finished Goods		**13.07**	17.52
		34.86	41.61
(B)		**6.75**	2.52
(A+B)		**2027.05**	2080.15

	Sch. 19 Note No. Reference	Year ended March 31, 2010 Rs. Crore	Year ended March 31, 2009 Rs. Crore
SCHEDULE 16			
PERSONNEL			
a. Salaries, Wages, Bonus, Testimonials & Allowances		**285.86**	252.37
b. Contribution to Provident & Other Funds	**3 (j)(i) & (ii)**	**30.69**	23.03
c. Staff Welfare Expenses		**13.40**	12.83
		329.95	288.23

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

		Sch. 19 Note No. Reference	Year ended March 31, 2010 Rs. Crore	Year ended March 31, 2009 Rs. Crore
SCHEDULE 17				
OTHER EXPENSES				
a.	Consumables and Tools		**18.10**	22.03
b.	Power and Fuel		**18.97**	18.52
c.	Drawing, Design and Technical Service Charges		**44.43**	33.44
d.	Site Expenses and Contract Labour Charges		**66.02**	57.06
e.	Erection, Fabrication Charges		**137.56**	137.30
f.	Rent and Service Charges		**9.68**	10.17
g.	Lease Rentals		**0.73**	0.66
h.	Rates and Taxes		**3.32**	2.02
i.	Insurance		**6.28**	3.56
j.	Repairs and Maintenance :			
	Building		**5.37**	4.38
	Plant & Machinery		**6.50**	5.87
	Others		**9.40**	7.74
k.	Communication		**7.60**	8.33
l.	Travelling and Conveyance		**41.88**	37.92
m.	Advertisement and Exhibition		**1.25**	1.33
n.	Freight Outward		**50.40**	40.02
o.	Commission on Sales		**17.88**	27.87
p.	Other Selling and Distribution Expenses		**25.56**	21.89
q.	Free of Cost Supplies and Modifications		**13.36**	29.30
r.	Bank Charges		**10.95**	7.42
s.	Legal and Professional Charges		**42.88**	34.24
t.	Printing & Stationery		**3.34**	3.72
u.	Donations		**1.91**	4.11
v.	Bad Debts		**6.45**	2.76
w.	Doubtful Debts		**12.59**	7.16
x.	Liquidated Damages	**3(q)(i)**	**29.73**	18.67
y.	Loss on Asset Discarded		**0.92**	1.32
z.	Additional Sales Tax and Turnover Tax		**3.67**	2.27
aa.	Balances Written Off		**0.45**	2.41
ab.	Miscellaneous Expenses		**18.66**	25.25
ac.	Deferred Revenue Expenditure	**3(i)**	-	0.00
ad.	Diminution in Value of Long Term Investments	**3(g)**	**0.20**	0.00
ae.	Loss On Exchange Fluctuations	**3(n)**	**0.09**	88.97
			616.13	667.71
SCHEDULE 18				
INTEREST		**3(m)**		
Interest on :				
a.	Fixed Period Loan		**0.53**	-
b.	Others		**1.50**	3.81
			2.03	3.81

Schedules forming part of the Consolidated Accounts

SCHEDULE 19

1. The Consolidated Financial Statements (CFS) pertains to Thermax Ltd. and its ten subsidiaries of which five 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, 2010
1	Thermax Sustainable Energy Solutions Limited	India	100
2	Thermax Engineering Construction Co. Ltd	India	100
3	Thermax Instrumentation Limited	India	100
4	Thermax Onsite Energy Solutions Limited*	India	100
5	Thermax SPX Energy Technologies Limited*	India	51
6	Thermax International Limited	Mauritius	100
7	Thermax Europe Limited	UK	100
8	Thermax Inc.	USA	100
9	Thermax do Brasil-Energia e Equipamentos Ltda.	Brazil	100
10	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	China	100

During the year, Thermax Hong Kong Ltd. has become a "Dormant" company and hence has not been considered for consolidation purpose.

* Incorporated during the year.

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.

iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the company in the subsidiary companies and further movement in there share in the equity, subsequent to the date of investment.

d. Foreign Currency Translationm

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

Deferred 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 affect 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. 22.11 crore *(Previous year Rs. 14.22 crore)*, Sales Tax Rs. 13.56 crore *(Previous year Rs. 6.79 crore)* and other Statutes Rs. 0.09 crore (*Previous year Rs.0.14 crore*)

b) i) Income Tax demands disputed in appellate proceedings Rs. 36.72 crore (*Previous year Rs.26.70 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. 20.76 crore (*Previous year Rs.23.68 crore*)

c) Counter Guarantees given to the banks for guarantees issued by them on Group's behalf Rs. 1536.04 crore (*Previous year Rs. 890.44 crore*)

d) Indemnity Bonds/Corporate Guarantees given to Customs, other Government departments and various customers Rs. 73.23 crore (*Previous year Rs. 37.40 crore*)

e) Liability for unexpired export obligations Rs. 48.71 crore (*Previous year Rs.19.67 crore*)

f) Claims against Group not acknowledged as debts Rs. 9.45 crore (*Previous year Rs.7.75 crore*)

g) Bills Discounted with banks Rs. 43.39 crore (*Previous year Rs.73.45 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. 1.96 crore (*Previous year Rs.0.53 crore*)

5. Deferred Taxation

Particulars	2009-10	(Rs. Crore) 2008-09
Major components of deferred tax asset are:		
i) Provision for Doubtful Debts	**13.84**	10.03
ii) Others	**15.82**	10.65
Total	**29.66**	20.68
Major components of deferred tax liability are :		
i) Depreciation on Fixed Assets	**43.46**	35.98
ii) Others	**0.59**	0.68
Total	**44.05**	36.66

Deferred tax credit for the year of Rs. 0.78 crore *(previous year debit of Rs. 2.69 crore)* has been recognised in the Profit & Loss Account of the year.

6. Extraordinary items of Expenses during the year are as follows :

Extraordinary expense for the year ended 31.03.2010, Rs. 174 crore (Rs 114.86 crore, net of tax), represents the rupee equivalent of USD 38 million payable under a business settlement agreement dated 23.02.2010 with Purolite International Ltd., a US competitor, in settlement of a business dispute concerning, inter alia, their trade secrets. As per the agreement, the amount is payable in four instalments of USD 9.5 million each, spread over the calendar year, beginning April 2010.

Extraordinary income for the year ended 31.03.2009 Rs. 1.36 crore represents write back of the provision made by the company towards possible financial obligations on account of counter guarantees given by the company 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, Solar Concentrators.
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	**2009-10**			
	Energy	**Environment**	**Others**	**Total**
Revenue :				
Gross Revenue	2575.96	857.41	0.65	3434.02
Less : Intersegment Revenue	0.89	62.84	-	63.73
Net Revenue	2575.07	794.57	0.65	3370.29
Result :				
Segment Result	292.44	121.18	(2.27)	411.35
Unallocated expenses net of unallocated income				8.93
Operating Profit				402.42
Interest expenses				2.03
Extraordinary items of expenses				114.86
Taxation for the year				141.63
Net Profit				143.90
Other Information :				
Segment Assets	1650.72	371.95	14.81	2037.48
Unallocated Corporate assets				1035.70
Total Assets				3073.18
Segment Liabilities	1456.71	264.29	2.73	1723.73
Unallocated Corporate Liabilities				261.86
Total Liabilities				1985.59
Capital expenditure	69.25	14.22	0.33	83.80
Depreciation	35.75	8.44	0.01	44.20
Non-cash expenses other than Depreciation	-	-	-	-

Rs. Crore

Particulars	2008-09			
	Energy	Environment	Others	Total
Revenue :				
Gross Revenue	2696.90	827.41	0.16	3524.47
Less : Intersegment Revenue	4.27	59.91	-	64.18
Net Revenue	2692.63	767.50	0.16	3460.29
Result :				
Segment Result	324.35	110.82	(0.14)	435.03
Unallocated expenses net ofunallocated income				7.91
Operating Profit				427.12
Interest expenses				3.81
Extraordinary items of expenses				(1.36)
Taxation for the year				135.73
Net Profit				288.94
Other Information :				
Segment Assets	1248.57	348.66	0.12	1597.35
Unallocated Corporate assets				594.03
Total Assets				2191.38
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

ii) Information about Secondary Segments : Rs. Crore

Particulars	2009-10	2008-09
Revenue		
India	**2858.69**	2709.58
Outside India	**511.60**	750.71
Total	**3370.29**	3460.29
Carrying amount of Segment Assets :		
India	**1890.42**	1427.08
Outside India	**147.06**	170.27
Additions to Fixed assets :		
India	**88.68**	163.86
Outside India	**(4.88)**	31.58

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.

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

a) Mrs. Anu Aga b) Mrs. Meher Pudumjee c) Mr. Pheroz Pudumjee

iii) Enterprise, over which control is exercised by individuals listed in '(ii)' above

Thermax Social Initiative Foundation

iv) 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
	2009-10	2008-09
Rent Paid	**0.28**	0.23
Managerial Remuneration	**1.71**	1.39
Sitting Fees	**0.07**	0.08
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**	0.58
Donation paid to Thermax Social Initiative Foundation	**1.81**	3.87

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	**2009-10**	2009-10
Net Profit before Extraordinary items available for Equity Shareholders (Rs. Crore)	**259.17**	287.58
Weighted average number of Equity shares of Rs. 2/- each	**11,91,56,300**	11,91,56,300
Basic & Diluted EPS before Extraordinary items (Rs.)	**21.75**	24.14
Profit After Tax and after Extraordinary items available for Equity Shareholders (Rs. Crore)	**144.31**	288.94
Basic & Diluted EPS after Extraordinary items (Rs.)	**12.11**	24.25

11. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 16.44 crore (*Previous year Rs. 39.16 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 12, 2010

For and on behalf of board

Meher Pudumjee
Chairperson

Gopal Mahadevan
Exe. Vice President
& Chief Financial Officer

M S Unnikrishnan
Managing Director

Sunil Lalai
Company Secretary

Pune, May 12, 2010

CONSOLIDATED CASH FLOW STATEMENT

Rs. Crore

		2009-10	2008-09
A	**Cash flow from Operating activities**		
	Net profit before tax before Extraordinary items	**400.39**	423.31
	Add Adjustments for		
	Depreciation	**44.20**	35.14
	Amortisation of deferred revenue expenses	**0.02**	3.90
	Provision for Doubtful Debts	**26.48**	16.73
	Interest paid	**2.03**	3.81
	Lease rentals Paid	**0.73**	0.66
	Diminution in value of Investments	**0.20**	0.00
	Less Adjustments for		
	Interest / Dividend / Brokerage (Income received)	**(50.92)**	(34.53)
	(Profit)/Loss on sale of Investment	**(0.97)**	(5.88)
	(Profit)/Loss on sale of assets	**0.91**	1.34
	Operating profit before working capital changes	**423.07**	444.48
	Adjustments for		
	Trade and Other Receivables	**184.06**	80.53
	Inventories	**24.18**	(70.55)
	Trade Payables	**221.41**	(16.85)
	Contracts in Progress	**(58.77)**	(129.76)
	Cash generated from Operations (Before Extra Ordinary Items)	**793.95**	307.85
	Adjustment for Extra Ordinary Items		
	Amount payable under out of court settlement	**(174.00)**	(1.67)
	Outstanding at year end	**155.71**	1.36
	Cash generated from Operations (After Extra Ordinary Items and before tax)	**775.66**	307.54
	Direct taxes paid	**(143.85)**	(150.55)
	Net cash from operating activities (after tax)	**631.81**	156.99

Rs. Crore

		2009-10	2008-09
B	**Cash flow from Investing Activities**		
	Purchase of Fixed Assets	**(83.97)**	(191.48)
	Purchase of Investments	**(660.73)**	(732.10)
	Proceeds from sale of Investments	**434.41**	1154.86
	Payment towards Deferred revenue Expenditure	**(0.01)**	-
	Exchange Rate Fluctuation	**(4.87)**	4.31
	Minority Interest Contribution	**9.80**	-
	Interest / Dividend / Brokerage received	**42.70**	30.79
	Net cash from Investing activities	**(262.67)**	266.38
C	**Cash flow from Financing activities**		
	Increase/(Decrease) in borrowings	**3.87**	4.08
	Lease rentals paid	**(0.73)**	(0.66)
	Interest paid	**(2.03)**	(3.81)
	Dividend paid and Tax thereon	**(69.65)**	(111.39)
	Net cash from Financing activities	**(68.54)**	(111.78)
	Net (decrease)/increase in cash & cash equivalents	**300.60**	311.59
	Opening cash & bank balances	**369.61**	58.02
	Closing cash & bank balances	**670.21**	369.61

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants

H. P. Mahajani
Partner
Membership No. 30168

Pune, May 12, 2010

For and on behalf of the Board

Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

Gopal Mahadevan
Executive Vice President
& Chief Financial Officer

Sunil Lalai
Company Secretary

Pune, May 12, 2010

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

Sr. No.	Particulars	Thermax Sustainable Energy Solutions Ltd.	Thermax Engineering Construction Co. Ltd.	Thermax Instrumentation Ltd.	Thermax Onsite Energy Solutions Ltd.	Thermax SPX Energy Technologies 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)
		2009-10	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009-10**	**2009 #**
1	Capital	4.75	4.50	9.00	0.05	20.00	14.49	1.36	2.24	3.46	2.74	51.15
2	Reserves	(2.39)	9.61	9.64	(0.08)	(0.85)	(12.16)	10.33	6.23	(3.44)	(2.49)	(16.50)
3	Total Assets	3.51	44.56	126.44	0.17	13.07	0.11	16.54	35.75	0.02	0.43	46.86
4	Total Liabilities	3.20	43.01	145.67	0.20	1.94	0.02	4.85	27.28	-	0.18	12.21
5	Investments											
	A) Long Term (Non-Trade Investments)	-	-	-	-	-	2.24	-	-	-	-	-
	B) Current Investments											
	a. Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-	-
	b. Quoted Equity Shares	-	-	-	-	-	-	-	-	-	-	-
	c. Units	2.05	12.56	37.87	-	8.02	-	-	-	-	-	-
	Total Current Investments	2.05	12.56	37.87	-	8.02	-	-	-	-	-	-
	Total Investments (A+B)	2.05	12.56	37.87	-	8.02	2.24	-	-	-	-	-
6	Turnover	0.70	96.79	129.12	-	0.05	-	25.81	67.07	0.01	0.29	13.57
7	Profit Before Tax	(1.17)	5.08	3.45	(0.08)	(0.85)	(0.03)	4.11	5.47	(0.01)	0.10	(8.12)
8	Provision for tax	-	(2.05)	(1.43)	-	-	-	(1.16)	(1.17)	-	-	-
9	Profit After Tax	(1.17)	3.03	2.02	(0.08)	(0.85)	(0.03)	2.96	4.31	(0.01)	0.10	(8.12)
10	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	-	-
11	Original Currency	INR	INR	INR	INR	INR	USD	GBP	USD	HKD	BrazilianReal	Yuan
12	Exchange rate as on 31st March, 2010 in INR	-	-	-	-	-	44.89	68.15	44.89	5.78	25.17	6.82*

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.

For the year ended December 31, 2009.
* Exchange Rate as on 31st December, 2009.

THERMAX LIMITED - FINANCIALS AT A GLANCE

Rs. Crore

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Domestic Sales (excluding excise duty)	2432	2299	2479	1735	1157	740	446	398	333	345
Export (Including Deemed Export)	656	912	678	402	308	176	118	116	107	101
% to Total Sales	*21%*	*28%*	*21%*	*19%*	*21%*	*19%*	*21%*	*22%*	*24%*	*23%*
Total Sales	3088	3211	3157	2137	1465	916	564	514	440	445
% Growth	*(4%)*	*2%*	*48%*	*46%*	*60%*	*62%*	*10%*	*17%*	*(1%)*	*16%*
Other Income	147	92	89	73	33	25	40	39	36	32
Total Income	3235	3303	3246	2210	1498	941	604	552	476	477
Total Expenses	2801	2850	2795	1894	1289	848	516	473	422	469
Profit before Depreciation, Interest, Extraordinary Items and Tax	434	453	451	316	209	93	87	80	54	8
(% to Total Income)	*13%*	*14%*	*14%*	*14%*	*14%*	*10%*	*14%*	*14%*	*11%*	*2%*
Depreciation	40	32	22	19	15	9	9	10	12	12
Interest	2	3	1	1	1	1	0	1	3	4
Extraordinary Items of Expenses	115	(1)	(2)	5	0	0	6	6	7	3
Profit before Tax/Loss	277	419	430	291	193	83	72	64	31	(10)
(% to Total Income)	*9%*	*13%*	*13%*	*13%*	*13%*	*9%*	*12%*	*11%*	*6%*	*(2%)*
Tax	136	132	150	103	69	28	18	15	7	3
Profit after Tax/ Loss	141	287	281	188	123	55	54	48	24	(13)
(% to Total Income)	*4%*	*9%*	*9%*	*8%*	*8%*	*6%*	*9%*	*9%*	*5%*	*(3%)*
Gross Block	688	603	419	279	243	177	165	166	167	168
Net Block	505	458	326	170	138	102	83	81	87	99
Investments	378	176	580	578	417	316	276	240	189	158
Current Assets	1663@	1287@	1008	929	533	368	265	201	232	254
Current Liabilities	2044	1270	1163	1087	600	368	227	150	145	118
Net Current Assets	(381)@	17@	(155)	(158)	(67)	(0)	38	51	88	136
Deffered Revenue Expenses	0	0	0	0	0	1	1	8	14	4
Capital Employed	1051	962	736	579	474	402	383	356	344	393
Equity Share Capital	24	24	24	24	24	24	24	24	24*	23
Preference Share Capital $	0	0	0	0	0	48	48	0	0	0
Reserves and Surplus	1027	938	712	555	450	332	312	340	324	331
Networth	1051	962	736	579	474	355	335#	356	333	350
Loan Funds	0	0	0	0	0	0	0	0	11	43
Fixed Asset Turnover Ratio	*6.12*	*7.02*	*9.68*	*12.60*	*10.64*	*9.01*	*6.80*	*6.33*	*5.07*	*4.50*
Working Capital Turnover Ratio	*0.00*	*187.74*	*0.00*	*0.00*	*0.00*	*0.00*	*14.74*	*9.98*	*5.03*	*3.28*
Debt-Equity Ratio	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.03*	*0.12*
Current Ratio	*0.81*	*1.01*	*0.87*	*0.85*	*0.89*	*1.00*	*1.17*	*1.34*	*1.60*	*2.15*
Return on Capital Employed	*37%*	*44%*	*58%*	*51%*	*41%*	*21%*	*21%*	*20%*	*12%*	*(1%)*
Return on Net Worth	*13%*	*30%*	*38%*	*32%*	*24%*	*15%*	*16%*	*14%*	*7%*	*(4%)*
*Cash Earnings per Share (Rs.) ***	*15.26*	*26.81*	*25.39*	*17.34*	*10.97*	*5.14*	*5.13*	*4.86*	*3.05*	*(0.13)*
*Earnings per Share (Rs.) ***	*11.87*	*24.11*	*23.56*	*15.76*	*9.69*	*4.37*	*4.40*	*4.05*	*2.02*	*(1.11)*
Dividend (%)	*250%*	*250%*	*400%*	*300%*	*170%*	*120%*	*120%*	*120%*	*50%*	*10%*
*Book Value per Share (Rs.) ***	*88*	*81*	*62*	*49*	*40*	*30*	*28*	*30*	*28*	*30*

* During the year the company had alloted 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' fiqures have been restated.

@ Adjusted for the 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	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Domestic Sales (excluding excise duty)	2557	2445	2718	1849	1214	895	570	501	436
Export	720	959	715	441	393	352	207	198	151
% to Total Sales	*22%*	*28%*	*21%*	*19%*	*24%*	*28%*	*27%*	*28%*	*26%*
Total Sales	3277	3404	3433	2290	1606	1247	777	699	587
% Growth	*(4%)*	*(1%)*	*50%*	*43%*	*29%*	*60%*	*11%*	*19%*	
Other Income	145	97	93	73	34	34	51	42	40
Total Income	3422	3501	3525	2363	1640	1281	829	741	627
Total Expenses	2975	3038	3055	2038	1449	1165	721	641	562
Profit before Depreciation, Interest, Extraordinary Items and Tax	447	463	471	325	190	117	108	100	66
(% to Total Income)	*13%*	*13%*	*13%*	*14%*	*12%*	*9%*	*13%*	*14%*	*10%*
Depreciation	44	35	23	19	16	12	12	14	18
Interest	2	4	2	2	2	1	1	1	4
Extraordinary Items of Expenses	115	(1)	(2)	5	0	0	6	6	8
Profit before Tax/Loss	286	425	448	298	173	104	89	79	36
(% to Total Income)	*8%*	*12%*	*13%*	*13%*	*11%*	*8%*	*11%*	*11%*	*6%*
Tax	142	136	157	105	70	37	23	20	8
Profit after Tax/ Loss before Minority	144	289	291	194	103	67	65	59	28
Minority Interest	0	-	-	-	-	(1)	3	3	0
Profit after Tax/ Loss after Minority	144	289	291	194	103	68	62	56	28
(% to Total Income)	*4%*	*8%*	*8%*	*8%*	*6%*	*5%*	*8%*	*8%*	*4%*
Gross Block	742	661	433	292	253	232	207	215	216
Net Block	548	509	349	179	144	134	102	102	110
Investments	370	143	560	574	397	318	287	242	170
Current Assets	1832@	1402@	1119	1024	590	536	379	270	309
Current Liabilities	2239	1372	1259	1178	655	519	321	210	201
Net Current Assets	(407)@	30@	(140)	(154)	(66)	17	58	59	108
Deferred Revenue Expenses	0	0	4	0	0	1	1	8	15
Capital Employed	1096	995	756	592	462	455	434	388	367
Equity Share Capital	24	24	24	24	24	24	24	24	24
Preference Share Capital $	0	0	0	0	0	48	48	0	0
Reserves and Surplus	1054	967	736	566	431	378	337	357	333
Networth	1078	991	756	590	455	401	377	386	352
Minority Interest	9	0	0	0	0	0	17	13	10
Loan Funds	8	4	0	2	7	7	9	2	16
Fixed Asset Turnover Ratio	*5.98*	*6.69*	*9.85*	*12.80*	*11.16*	*9.32*	*7.60*	*6.87*	*5.33*
Working Capital Turnover Ratio	*0.00*	*113.89*	*0.00*	*0.00*	*0.00*	*74.19*	*13.34*	*11.81*	*5.43*
Debt-Equity Ratio	*0.01*	*0.00*	*0.00*	*0.00*	*0.02*	*0.02*	*0.02*	*0.00*	*0.04*
Current Ratio	*0.82*	*1.02*	*0.89*	*0.87*	*0.90*	*1.03*	*1.18*	*1.28*	*1.54*
Return on Capital Employed	*37%*	*43%*	*59%*	*52%*	*38%*	*23%*	*22%*	*22%*	*13%*
Return on Net Worth	*13%*	*29%*	*38%*	*33%*	*23%*	*17%*	*16%*	*14%*	*8%*
*Cash Earnings per Share (Rs.) ***	*15.82*	*27.20*	*26.34*	*17.89*	*9.30*	*6.46*	*6.11*	*5.89*	*3.86*
*Earnings per Share (Rs.) ***	*12.11*	*24.25*	*24.40*	*16.26*	*7.96*	*5.46*	*5.07*	*4.67*	*2.32*
Dividend (%)	*250%*	*250%*	*400%*	*300%*	*170%*	*120%*	*120%*	*120%*	*50%*
*Book Value per Share (Rs.) ***	*90*	*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 years classification.

NOTES

THERMAX

Sustainable Solutions
Energy & Environment