



THERMAX LIMITED
33RD ANNUAL
REPORT
2013-2014



About the cover

After the night of the storm, comes a moment when we would like to believe that the worst is over, from now on things can only get better. Even as our minds tell us it is too early to rejoice when dark clouds still hover over us, our hearts are warmed by the first rays of the sun and made hopeful by earlier memories of survival and recovery.

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HIGHLIGHTS OF THE YEAR

- In FY 2013 -14, Thermax posted a total income of Rs. 4,366 crore and a profit after tax Rs. 253 crore.

- Improved order booking by 11% to Rs. 5,394 crore, despite the subdued industrial environment.

- Thermax bagged a prestigious order worth Rs. 1,700 crore from a leading Indian petrochemical company for the design, manufacturing and commissioning of 9 CFBC high pressure boilers.

- Introduced ComBloc, a packaged boiler that offers customers remarkable flexibility to shift between a variety of solid fuels. For the 1 to 6.5 TPH range, ComBloc offers one of the highest thermal efficiencies.

- Thermax commissioned an electrostatic precipitator (ESP) at Baanrai Sugar Industries, Thailand in December 2013. The ESP removes fine particles from boiler emissions and protects the environment.

- Power Plant Management services won the contract for operating and maintaining Asia's biggest solar thermal power plant coming up in Rajasthan.

- Thermax cooling won an order to supply 15 chillers, the biggest number from a single contract, to a textile major in Honduras.

- Thermax won the India Talent Management Award instituted by CNBC- TV 18 at the 9th edition of India Business Leader Awards (ABLA) for excellence in Leadership.



OUR 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 & CEO

Anu Aga

Dr. Raghunath. A. Mashelkar

Dr. Valentin A.H. von Massow

Nawshir Mirza

Tapan Mitra

Pheroz Pudumjee

Dr. Jairam Varadaraj

Executive Council

Ravinder Advani

K. Chakravarthy

Sharad Gangal

Pravin Karve

Amitabha Mukhopadhyay

Hemant Mohgaonkar

Rajan Nair

R. V. Ramani

Dr. R. R. Sonde

M. S. Unnikrishnan

Key Managerial Personnel

M. S. Unnikrishnan

Managing Director & CEO

Amitabha Mukhopadhyay

Group CFO & Member –

Executive Council

Gajanan P. Kulkarni

Vice President – Legal &

Company Secretary

WHOLLY OWNED SUBSIDIARIES

DOMESTIC

1. Thermax Sustainable Energy Solutions Limited
2. Thermax Engineering Construction Company Limited
3. Thermax Instrumentation Limited
4. Thermax Onsite Energy Solutions Limited

OVERSEAS

1. Thermax International Limited, Mauritius
2. Thermax Europe Limited, UK.
3. Thermax Inc., USA.
4. Thermax do Brasil Energia eEquipamentos Ltda, Brazil
5. Thermax Hong Kong Limited, Hong Kong
6. Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited, China
7. Thermax Netherlands B. V.
8. Thermax Denmark ApS
9. Danstoker A/ S, Denmark
10. Omnicall Kessel- und Apparatebau GmbH, Germany
11. Ejendomsanpartsselskabet Industrivej Nord 13, Denmark
12. Rifox-Hans Richter GmbH, Germany
13. Thermax Sdn. Bhd., Malaysia
14. Boilerworks A/S, Denmark
15. Boilerworks Properties ApS, Denmark
16. Thermax Engineering Singapore Pte. Limited

JOINT VENTURES

1. Thermax SPX Energy Technologies Limited
2. Thermax Babcock & Wilcox Energy Solutions Private Limited

WEBSITE : www.thermaxindia.com

REGISTERED OFFICE

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

Ph: 020 – 66122100/ 27475941

Fax: 020 – 27472049

Corporate Identity Number:

L29299PN1980PLC022787

CORPORATE OFFICE

Thermax House
 14, Mumbai-Pune Road,
 Wakdevadi, Pune 411003
 Ph.: 020-66051200/ 25542122
 Fax.: 020-25541226

BANKERS

Union Bank of India
 Bank of Baroda
 Canara Bank
 Citibank N.A.
 Corporation Bank
 ICICI Bank Ltd.
 State Bank of India
 HSBC

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,
 Vittalrao Nagar
 Madhapur, Hyderabad 500 081
 Ph: 040-23420818/ 28
 Fax: 040-23420814
 E-mail : igkpl@karvy.com

ENERGY - ENVIRONMENT OFFERINGS



Power



Heating



Cooling



Water



Chemicals

Raw material



Utilities



Waste



Hazardous waste treatment



Wastewater treatment



Desired products



Air pollution control

OUR CORE BUSINESS



Boiler & Heater

Boiler & Heater

- Packaged boilers • Large capacity power boilers
- Thermal oil / water heaters • Energy recovery systems
- Retrofit and revamp



Cooling & Heating

Cooling

- Exhaust & multi-energy fired chillers • Steam / hot water / direct fired chillers
- Chiller heater • Heat pump • Hybrid chiller

Heating

- Steam boilers for power generation (upto 30 TPH) • Packaged boilers, thermal oil heaters & hot water generators suitable for solid/ oil/ gaseous fuel • Engine exhaust waste heat recovery boilers • Steam efficiency products & services



Power Generation

Turnkey power plants

- Solid fuel based • Gas based combined cycle • Waste heat recovery based
- Renewable energy based (biomass, waste heat, solar)
- Power plant management services



Chemicals & Water

Chemicals

- Ion exchange resins • Fuel & water treatment chemicals • Oilfield chemicals
- Paper chemicals • Construction chemicals

Water and wastewater

- Water treatment • Effluent & sewage treatment • Water recycling
- Waste management • O&M services



Air Pollution Control

Enviro

- ESPs, bagfilters, scrubbers
- Air purification systems
- Retrofit & revamp



Renewable Energy

Solar

- Solar thermal : Cooling ; process heating ; concentrated solar power
- Photovoltaic (PV) : rooftop – grid connected & off- grid ; grid connected PV

RELIABLE SUPPORT FOR INDUSTRY

Our business-to-business solutions help a broad range of industries to be energy efficient and eco-friendly:

Cement



Chemicals



Refineries & Petrochemicals



Power generation



Textile



Hotels & commercial complexes



Pharma



Paper & Pulp



Oil & Gas



Steel



Tank farm heating



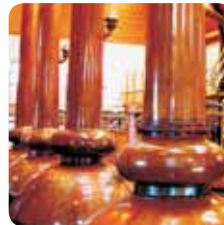
Space heating



EPC Majors & Consultants



Distilleries



Food



Sugar



Paint



Rubber



Edible oil



Automobile



BOARD OF DIRECTORS



(Left to right) Anu Aga, Dr. Raghunath Mashelkar, Dr. Valentin von Massow, M. S. Unnikrishnan, Dr. Jairam Varadaraj, Meher Pudumjee, Nawshir Mirza, Tapan Mitra, Pheroze Pudumjee.

THERMAX LIMITED - FINANCIALS AT A GLANCE

PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	Rs. Crore
Domestic Sales (excluding excise duty)	3139	3648	4101	3722	2432	2299	2479	1735	1157	740	
Export (Including Deemed Export)	1101	984	1143	1066	656	912	678	402	308	176	
<i>% to Total Sales</i>	26%	21%	22%	22%	21%	28%	21%	19%	21%	19%	
Total Sales	4240	4632	5244	4788	3088	3211	3157	2137	1465	916	
<i>% Growth</i>	(8%)	(3%)	10%	55%	(4%)	2%	48%	46%	60%	62%	
Other Income	127	132	131	147	147	92	89	73	33	25	
Total Income	4366	4764	5375	4935	3235	3303	3246	2210	1498	941	
Total Expenses	3893	4184	4720	4317	2801	2850	2795	1894	1289	848	
Profit before Depreciation, Interest, Extra Ordinary Items and Tax	474	580	654	618	434	453	451	316	209	93	
<i>(% to Total Income)</i>	11%	12%	12%	13%	13%	14%	14%	14%	14%	10%	
Depreciation	58	55	47	43	40	32	22	19	15	9	
Interest	9	10	7	2	2	3	1	1	1	1	
Extra-ordinary Items of Expenses	—	—	—	—	115	(1)	(2)	5	—	—	
Profit before Tax/Loss	407	516	601	573	277	419	430	291	193	83	
<i>(% to Total Income)</i>	9%	11%	11%	12%	9%	13%	13%	13%	13%	9%	
Tax	154	166	194	190	136	132	150	103	69	28	
Profit after Tax/ Loss	253	350	407	382	141	287	281	188	123	55	
<i>(% to Total Income)</i>	6%	7%	8%	8%	4%	9%	9%	8%	8%	6%	
Gross Block	1008	873	805	717	688	603	419	279	243	177	
Net Block	664	645	574	516	505	458	326	170	138	102	
Investments	1096	804	553	404	378	176	580	578	417	316	
Current Assets	3534	2840	2913	2658	1664	1287	1008	929	533	368	
Current Liabilities	2655	2168	2324	2307	2044	1270	1163	1087	600	368	
Net Current Assets	879	673	589	351	(381)	17	(155)	(158)	(67)	(0)	
Deferred Revenue Expenses	—	—	—	—	—	—	—	—	—	1	
Capital Employed	2026	1870	1601	1292	1051	962	736	579	474	402	
Equity Share Capital	24	24	24	24	24	24	24	24	24	24	
Preference Share Capital \$	—	—	—	—	—	—	—	—	—	48	
Reserves and Surplus	2001	1845	1577	1269	1027	938	712	555	450	332	
Networth	2025	1869	1601	1292	1051	962	736	579	474	355	
Loan Funds	1	0	—	—	—	—	—	—	—	—	
<i>Fixed Asset Turnover Ratio</i>	6.39	7.18	9.14	9.27	6.12	7.02	9.68	12.60	10.64	9.01	
<i>Debt-Equity Ratio</i>	—	—	—	—	—	—	—	—	—	—	
<i>Current Ratio</i>	1.33	1.31	1.25	1.15	0.81	1.01	0.87	0.85	0.89	1.00	
<i>Return on Capital Employed</i>	21%	28%	38%	44%	37%	44%	58%	51%	41%	21%	
<i>Return on Net Worth</i>	12%	19%	25%	30%	13%	30%	38%	32%	24%	15%	
<i>Cash Earnings per Share (Rs.) **</i>	26.08	33.97	38.09	35.73	15.26	26.81	25.39	17.34	10.97	5.14	
<i>Earnings per Share **</i>	21.23	29.37	34.15	32.09	11.87	24.11	23.56	15.76	9.69	4.37	
<i>Dividend(%)</i>	300%	350%	350%	450%	250%	250%	400%	300%	170%	120%	
<i>Book Value per Share (Rs.) **</i>	170	157	134	108	88	81	62	49	40	30	

\$ 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.

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

Note : The Working Capital figures for FY 10-11 and onwards are based on revised Schedule VI classification and hence are not strictly comparable with previous year's figures.

THERMAX GROUP - FINANCIALS AT A GLANCE

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	Rs. Crore
PARTICULARS											
Domestic Sales (excluding excise duty)	3271	3965	4457	3997	2556	2445	2718	1849	1214	895	
Export	1757	1468	1574	1250	720	959	715	441	393	352	
<i>% to Total Sales</i>	35%	27%	26%	24%	22%	28%	21%	19%	24%	28%	
Total Sales	5028	5433	6031	5247	3276	3404	3433	2290	1606	1247	
<i>% Growth</i>	-7%	-10%	15%	60%	-4%	-1%	50%	43%	29%	60%	
Other Income	143	143	144	148	146	97	93	73	34	34	
Total Income	5171	5577	6176	5395	3422	3501	3525	2363	1640	1281	
Total Expenses	4663	5002	5501	4763	2975	3038	3055	2038	1449	1165	
Profit before Depreciation, Interest , Extra Ordinary Items and Tax	509	575	675	632	447	463	471	325	190	117	
<i>(% to Total Income)</i>	10%	10%	11%	12%	13%	13%	13%	14%	12%	9%	
Depreciation	92	77	66	54	44	35	23	19	16	12	
Interest	27	17	12	4	2	4	2	2	2	1	
Extra-ordinary Items of Expenses	—	—	—	—	115	-1	-2	5	—	—	
Profit before Tax/Loss	389	481	596	573	286	425	448	298	173	104	
<i>(% to Total Income)</i>	8%	9%	10%	11%	8%	12%	13%	13%	11%	8%	
Tax	170	177	204	196	142	136	157	105	70	37	
Profit after Tax/ Loss before Minority	220	304	392	377	144	289	291	194	103	67	
Minority Interest	-26	-16	-11	-5	—	—	—	—	—	-1	
Profit after Tax/ Loss after Minority	246	320	404	382	144	289	291	194	103	68	
<i>(% to Total Income)</i>	5%	6%	7%	7%	4%	8%	8%	8%	6%	5%	
Gross Block	2044	1296	1193	1068	742	661	433	292	253	232	
Net Block	1580	1390	1091	821	548	509	349	179	144	134	
Investments	708	443	242	241	370	143	560	574	397	318	
Current Assets	4125	3287	3406	3065	1832	1402	1119	1024	590	536	
Current Liabilities	2999	2509	2758	2563	2239	1372	1259	1178	655	519	
Net Current Assets	1126	778	648	502	-407	30	-140	-154	-66	17	
Deferred Revenue Expenses	—	—	—	—	—	—	4	—	—	1	
Capital Employed	2695	2362	1828	1452	1096	995	756	592	462	455	
Equity Share Capital	24	24	24	24	24	24	24	24	24	24	
Preference Share Capital \$	—	—	—	—	—	—	—	—	—	48	
Reserves and Surplus	2014	1845	1605	1291	1054	967	736	566	431	378	
Networth	2038	1869	1629	1315	1078	991	756	590	455	401	
Minority Interest	140	110	112	52	9	—	—	—	—	—	
Loan Funds	517	383	88	85	8	4	—	2	7	7	

<i>Fixed Asset Turnover Ratio</i>	3.14	3.91	5.53	6.39	5.98	6.69	9.85	12.80	11.16	9.32	
<i>Debt-Equity Ratio</i>	0.25	0.21	0.05	0.06	0.01	—	—	—	0.02	0.02	
<i>Current Ratio</i>	1.38	1.31	1.24	1.20	0.82	1.02	0.89	0.87	0.90	1.03	
<i>Return on Capital Employed</i>	15%	21%	33%	40%	37%	43%	59%	52%	38%	23%	
<i>Return on Net Worth</i>	12%	17%	25%	29%	13%	29%	38%	33%	23%	17%	
<i>Cash Earnings per Share (Rs.) **</i>	28.38	33.33	39.42	36.57	15.82	27.20	26.34	17.89	9.30	6.46	
<i>Earnings per Share (Rs.) **</i>	20.64	26.87	33.86	32.03	12.11	24.25	24.40	16.26	7.96	5.46	
<i>Dividend(%)</i>	300%	350%	350%	450%	250%	250%	400%	300%	170%	120%	
<i>Book Value per Share (Rs.) **</i>	171	157	137	110	90	83	63	49	38	34	

\$ 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 previous year's figures have been restated.

'@ Adjusted for fixed deposits with bank

Note : The Working Capital figures for FY 10-11 and onwards are based on revised Schedule VI classification and hence are not strictly comparable with previous year's figures.

CHAIRPERSON'S MESSAGE



Dear Shareholder,

It is my privilege to present the 33rd Annual Report of your company. Thermax's order backlog stood at Rs. 5,389 crore in fiscal 2013-14, compared to Rs. 4,357 crore the previous year. The operating revenue stood at Rs. 4,302 crore, lower by 9 % compared to Rs. 4,691 crore, last year. The company's profit after tax reduced by 28% to Rs. 253 crore from last year's Rs. 350 crore.

The headwinds for companies in the capital goods sector continue unabated and the market conditions remain challenging. I would like to thank our Managing Director & CEO, M. S. Unnikrishnan and his team who have ably guided the company in these difficult times. I would also like to thank our Directors for their continued guidance and support in helping us navigate these choppy waters.

The world economy showed some signs of recovery with the developed world strengthening its economy and growing a little more in the year gone by. Except for the latest quarter, the US economy has expanded for 10 consecutive quarters and Europe too came out of recession and is expected to grow at a better pace in the coming year. However, some of the developing economies continued to register a slower growth in 2013. They will need to kickstart the reform process to capitalise on the expected growth in developed countries in the next few years.

In India, manufacturing witnessed a contraction of 0.7% against a growth of 1.1% the previous year. For a country that has the onerous task of creating millions of new jobs over the next decade, investment in manufacturing is a key driver. Inflation continues to be high, resulting in higher interest rates, which in turn is hurting investment. Above all, the prospect of a new government at the centre resulted in a wait and watch approach from industry and the bureaucracy, resulting in fewer investment decisions and stalled projects for want of approvals at various government departments.



We have had some landmark legislations enacted during the year, which will have a significant long-term impact on the way business is done in our country. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, is one such Act, which focuses on rehabilitating and providing adequate compensation to those affected by land acquisition for large projects. While it is important to compensate and rehabilitate the displaced, the impact of the bill on industry in terms of speed of execution remains to be seen. Most companies would not mind paying a fair compensation. However, the government needs to take responsibility for rehabilitation.

The Companies Act 2013 seeks to bring in a new era of governance in the corporate world. It has

introduced significant changes in governance, compliance, audit, disclosure norms, corporate social responsibility and added more responsibilities to the role of independent directors, key managerial personnel and internal and statutory auditors. The new Act emphasises that companies should have a wider perspective to be responsible and accountable to all stakeholders including society and the environment. At Thermax, we have always cherished this perspective and look forward to embracing the new Act as a way of life for the company.

I am happy to inform you that during the year, our joint venture company, Thermax Babcock & Wilcox Energy Solutions (TBWES), has commissioned its state-of-the-art manufacturing plant and has commenced operations. As of now the factory is manufacturing part of a large order received by the parent partner. Over the past two years, the power scenario has been dismal. However, we are hopeful that policy decisions taken and action on the ground will open up this sector once again.

We continued to focus on increasing our share of revenue from services and international business, in order to insulate the company from the cyclical nature of the capital goods sector. This year too, we have managed to increase the share of service revenue on the back of new orders for power plant O&M, fuel shift, retrofit and other energy efficiency solutions. We have decided to take our strategy of selective internationalisation to the next level by launching a company-wide initiative, to enhance our revenue and profits from overseas business.

We continued to make progress in adding energy efficient and green projects and products to our portfolio. In a market troubled by the vagaries of fuel pricing and availability, we provided products and solutions that offered versatile applications and flexibility. The year also saw Thermax reinforcing its innovative offerings that hybridised traditional technologies with renewable energy options.

Thermax Social Initiative Foundation (TSIF), the CSR arm of the company, has successfully completed six years of operation. Last year, the Foundation expanded its educational initiatives to two schools in the Pimpri Chichwad Municipal Corporation, in addition to the four Pune Municipal schools it runs along with its NGO partner, Akanksha. The two schools which begin with Lower KG will add a new class each year.

TSIF, together with the Pune Municipal Corporation, also launched an in-service training programme for teachers of English medium municipal schools. The 17-day programme spread over the year trained 72 teachers from 34 schools in pedagogical skills that will help them teach better. The programme was very impactful and received positive feedback. We intend to take on another batch of teachers for training this year.

At this early stage of the financial year, we have a new government at the Centre. Sentiment is slowly turning positive; there is a lot of expectation from the new government to bring in fundamental reforms and lead the country on the path of steady and sustainable growth. The challenges the government faces are formidable and it is only by engaging and enabling all stakeholders (society, environment, industry, institutions) can we resume the process of nation building.

My sincere thanks to all our employees, customers, vendor partners, business associates and all those who continue to help and support the organisation.

With best wishes,

Meher Pudumjee



LETTER FROM THE MANAGING DIRECTOR



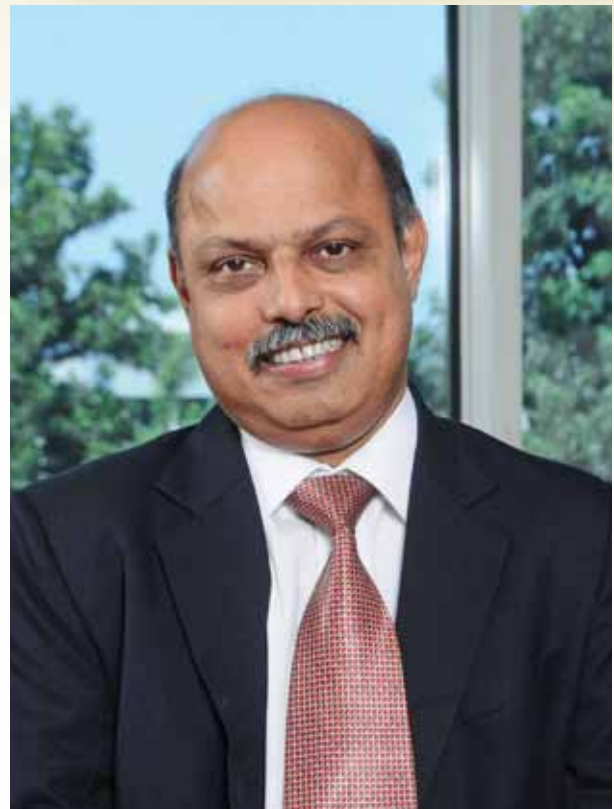
Dear Shareholder,

2013-14 was another year of economic downturn when, globally, doubts were expressed about India's ability to grow. Such a climate of uncertainty adversely impacted all companies that depend predominantly on the domestic economy characterised by subdued consumption. The situation has been especially challenging for companies like Thermax operating in the business to business (B- to- B) space.

In the turbulent year that passed by, the primary focus of your management has been on the critical areas of maintaining the health of the balance sheet, improving the processes and efficiencies, containing costs, innovation and getting the organisation ready for capturing the market as it recovers.

During the year, there were very limited projects that were ordered out in our chosen segments such as power, steel, cement, oil & gas, etc. However, the base level order intake of the company remained intact as food, food processing, pharma, textiles and sugar sectors continued with brownfield expansion. The international markets in which your company has been active – South East Asia, Middle East, Africa – had economic stability and offered opportunities to conclude several small and medium sized contracts.

Your company was successful in clinching the only major boiler order in the industrial sector that got concluded in the country, from a private refinery against stiff global competition.



Domestic and international subsidiaries of your company barring the Thermax Zhejiang (China) had a profitable year, even though they remained at nominal to noticeable levels.

During the year, we commenced regular manufacturing at our modern facility for the air pollution control (APC) business, at Solapur (Maharashtra). Being one-of-a kind in the entire country, with in-house manufacturing capability we can expect pre-qualification of our company for specialised APC solutions in the international markets too.

Continued emphasis on operational excellence through more than 800 ongoing projects has certainly helped our organisation in improving the quality of its products and projects. This has also resulted in controlling cost, reducing cycle times and enhanced product performance at customer sites.

Capitalising on the withdrawal of subsidy for diesel used by industry, we introduced a solid fuel and biomass fired packaged boiler in the 1.5 to 6 ton range that will help our medium sized customers to sustain their operations. We expect this product line to perform at accelerated levels and contribute to our revenues in the coming year.

Your company had introduced utility outsourcing business in 2010 through its wholly owned subsidiary, Thermax Onsite Energy Solutions Limited (TOESL). The business has grown to a sustainable and profitable level, enabling us to plan for faster expansion of this portfolio. This subsidiary is already operating six projects and, additionally, executing two projects which will be operational in the financial year 2015. TOESL envisages rapid growth and an asset base in excess of Rs. 100 crore within the next 24 months.

With the firming up of our business presence in South East Asia and Africa, we are rolling out an initiative to consolidate our position. As part of this strategy, we plan to progressively localise more facets of our value chain in these markets. This should enable us to globalise our footprint in a sustainable manner, and derisk the organisation from an uneven dependence on the domestic market.

We have now moved into a predictably stable political environment in India with a government committed to reinvigorate a declining economy and bring it back on the path to recovery and revival. This can result in creating an enabling environment for sustained growth for at least a decade. Your company is well poised in terms of existing capacities in technology, engineering, manufacturing, project management, construction and commissioning to be an active participant and a beneficiary in the anticipated growth trajectory, and enhance the size and strength of its balance sheet.

With warm regards,

M. S. Unnikrishnan

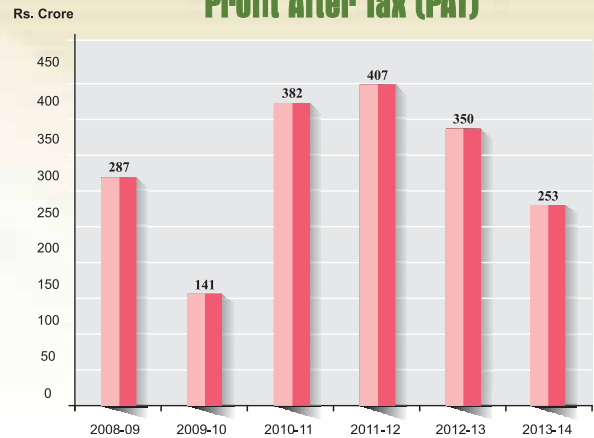


Key Financial Indices

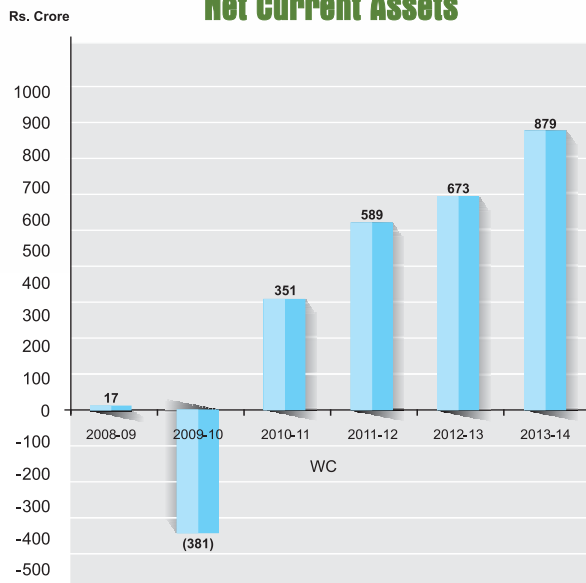
Sales (excl excise)



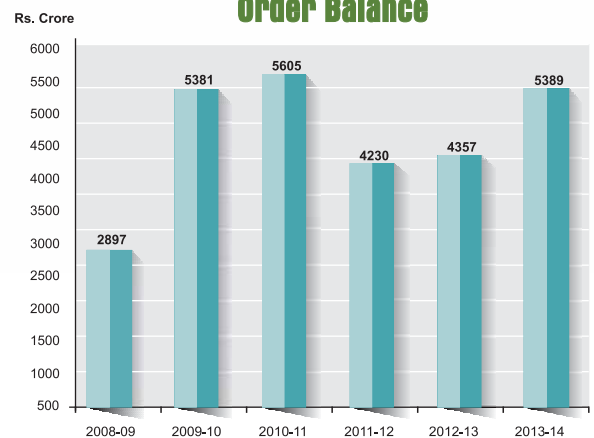
Profit After Tax (PAT)



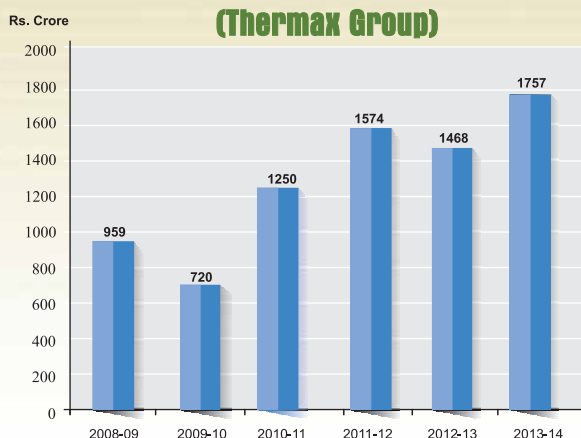
Net Current Assets



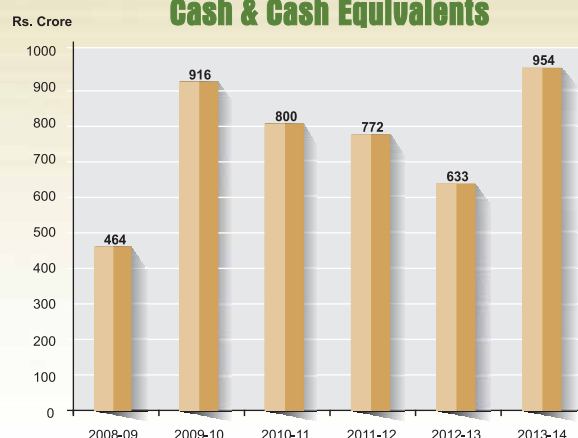
Order Balance



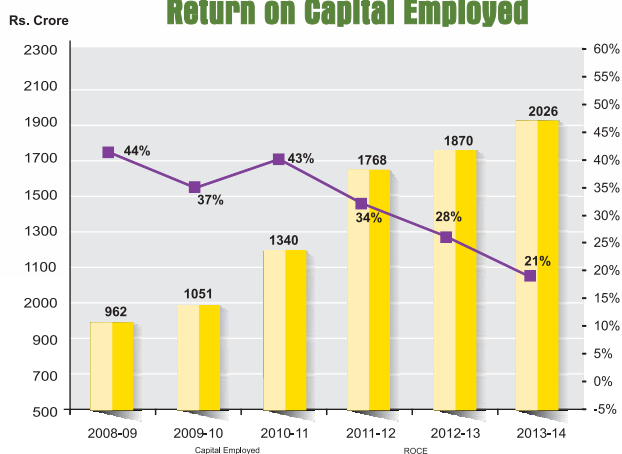
International Business (Thermax Group)



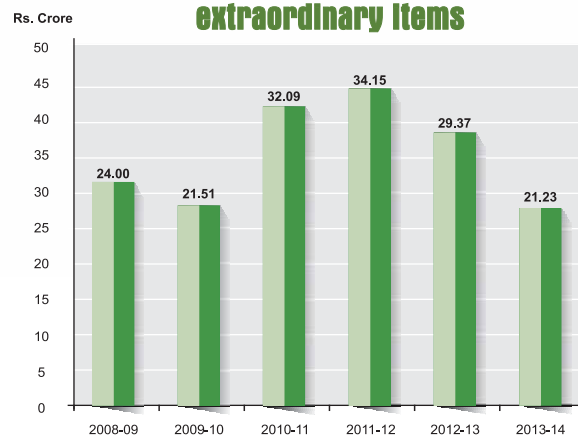
Cash & Cash Equivalents



Return on Capital Employed



Earnings Per Share before extraordinary items



DIRECTORS' REPORT



Dear Shareholder,

Your Directors have pleasure in presenting the Thirty-third Annual Report, together with the audited accounts of your company for the year ended March 31, 2014.

Financial Results

	(Rupees in crore)	
	2013-14	2012-13
Total income	4366.46	4763.88
Profit before finance cost, depreciation and tax	473.51	580.14
Finance cost & depreciation	66.62	64.51
Profit before tax	406.89	515.63
Provision for taxation (incl. deferred tax)	153.92	165.67
Profit after tax	252.97	349.96
Balance carried forward from last year	1308.83	1091.46
Profit available for appropriation	1561.80	1441.42
Proposed equity dividend	71.49	83.41
Tax on dividend	12.15	14.18
Transfer to general reserve	26.00	35.00
Surplus carried forward	1452.16	1308.83

ANNUAL PERFORMANCE

Your company posted a total revenue of Rs. 4,366.5 crore for the financial year 2013-14, against last year's Rs. 4,763.9 crore, a reduction of 8.3%. During the year, the manufacturing sector has had a continued decline in capacity utilisation. Capacity additions, both in brown field and green field, remained subdued barring a few sectors like food, food processing, pharma and textiles. The core sectors such as power, steel, cement and infrastructure were virtually stagnant in terms of investment and expansion. Moreover, orders on-hand were executed at a slower pace in comparison to the previous year owing to a lack of sense of urgency within the user industry. The limited number of orders finalised in the market were fiercely competed by all the players, reducing margins substantially. Your company has strived to navigate its business through these challenging times by focusing on improving internal efficiencies.

Thermax's Energy business – Boiler & Heater, Power, Cooling and Heating divisions and the Solar performance unit – contributed 76% of the total revenue while the Environment business comprising Air Pollution Control, Water & Waste Solutions and Chemical divisions accounted for the remaining 24% – almost the same as last year .

During the year, the revenue from international markets including deemed exports increased by 11.9% to Rs. 1,101.1 crore against Rs. 983.9 crore last year. In order to reverse a declining trend of revenues, the company is focusing its energies in international markets to further consolidate its position in the current year.

Profit before tax at Rs. 406.9 crore was 9.3% of the total revenue, compared to Rs. 515.6 crore, 10.8% in the previous year. During adverse market conditions, your company continued to invest in research and innovation initiatives.

Profit after tax stood at Rs. 253 crore compared to Rs. 350 crore in the previous year. Earnings per share (EPS) declined to Rs. 21.23 from Rs. 29.37 in FY 2012-13.

Order booking for the year was Rs. 5,394 crore against Rs. 4,859 crore last year, registering an increase of 11%. Your company completed the year with an order backlog of Rs. 5,389 crore as against Rs. 4,357 crore

in FY 2012-13. As stated earlier, FY 2013-14 has been a challenging year for the capital goods sector. The improved order intake was facilitated by two specific projects in the oil and gas sector and an improvement in exports.

Profit after tax on a consolidated basis is lower than the stand-alone results owing to the losses incurred by Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (TZL) and the company's share of losses in the joint venture subsidiaries, Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (TBWES) and Thermax SPX Energy Technologies Ltd. (TSPX).

The manufacturing facility of TBWES has been completed and the commercial operations commenced in December 2013.

The consolidated total income of the Thermax Group was Rs. 5,171.5 crore (Rs. 5,576.5 crore, previous year). Income from international business including deemed exports was Rs. 1,757.3 crore as compared to Rs. 1,468.3 crore for the previous year. The Group registered a profit before tax of Rs. 389.3 crore (Rs. 481.4 crore, previous year). Profit after tax, and minority interest was Rs. 246 crore for the year. EPS was Rs. 20.64 (Rs. 26.87, previous year).

The audited consolidated financial statements presented by the company include the financial results of all subsidiary companies, prepared in accordance with Accounting Standard 21 issued by The Institute of Chartered Accountants of India. In addition, a statement of summarised financials of all the subsidiaries is included.

DIVIDEND

The Directors have recommended a dividend of Rs. 6/- (300%) per equity share of face value Rs. 2/-. The dividend, if approved by the shareholders, will result in a payout of Rs. 83.6 crore, including dividend distribution tax of Rs. 12.2 crore.

SUBSIDIARIES

By a general circular (No. 2/ 2011 dated February 8, 2011), the Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956, has permitted companies not to attach copies of the Balance Sheets and Profit and Loss Accounts,



Thermal captive power plant for Grasim Industries commissioned in September 2013. The scope of work included engineering, supply, erection and commissioning of 3 units of 32 MW each along with balance- of- plant.

Directors' Reports, Auditors' Reports and other documents of their subsidiaries to the Accounts of the company. The company has acted accordingly.

However, annual accounts of the subsidiary companies and related detailed information are available to shareholders of the parent company, subsidiary companies and to the statutory authorities. On request, these documents will be made available for inspection at the company's corporate office.

Boilerworks A/S and Boilerworks Properties ApS., Denmark

During the year, these two entities became the subsidiaries of your company, through its step-down subsidiary, Danstoker A/S, Denmark.

Thermax Engineering Singapore Pte. Ltd.

In order to enhance its presence in South East Asia, the company has established a wholly owned subsidiary, 'Thermax Engineering Singapore Pte. Ltd.' on May 22, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis report, highlighting the performance and prospects of the company's energy and environment segments, including details of subsidiaries catering to the respective businesses, is attached.

CORPORATE GOVERNANCE REPORT

A detailed Corporate Governance Report is included in this report.

A certificate from the statutory 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 stock code - THERMAX EQ) and BSE Limited (BSE stock code - 500411).

FINANCE, ACCOUNTS AND SYSTEMS

Opening cash & cash equivalent as on April 1, 2013 including current investments was Rs. 632.9 crore. Closing cash & cash equivalent as on March 31, 2014 including current investments stood at Rs. 953.6 crore.

During the year, the company made net investment of Rs. 75.6 crore in fixed assets (previous year Rs. 127.3 crore) and Rs. 68.4 crore in certain subsidiaries (previous year Rs. 42.7 crore). Details are mentioned in this report.

During the year, net cash inflow from operating activities was Rs. 330.8 crore, against Rs. 207.1 crore in the previous year.

The company also made a net investment of Rs. 200.8 crore in mutual funds which has been shown separately in the cash flow statement.

The company's net working capital, adjusted for bank fixed deposits, was positive at Rs. 566.2 crore as against Rs. 469.1 crore in the previous year.

The company continued to strengthen the process of building internal controls as well as automation of work flows. Focus on cash flows, working capital as well as expenditure control continued through enhanced Management Information Systems.

ICRA Ltd. has reaffirmed its rating, AA+ for long term and A1+ for short term banking facilities. The long term rating carries a 'Stable' outlook.

Public Deposits

The company had no unpaid/ unclaimed deposit(s) as on March 31, 2014. 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 4046 as on March 31, 2014 (4,100, the previous year).

WAGE AGREEMENTS

Negotiations for Memorandum of Settlement with the Thermax Kamagar Sanghatana (representing workmen at Chinchwad works) and with the Bharatiya Kamgar Karmachari Mahasangh (representing workmen at Paudh works) are in progress. The management is confident of an amicable settlement.

PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

A statement of the particulars required under Section 217(1) of the Companies Act, 1956 (the Act), 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.

In terms of the provisions of Section 217(2A) of the Act, read with the rules framed thereunder as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219 (1) (b) (IV) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the corporate office of the company. The statement is also available for inspection at the corporate office during working hours up to the date of the Annual General Meeting.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Anu Aga retires by rotation at the ensuing Annual

General Meeting and being eligible, offers herself for re-appointment as director.

Tapan Mitra has been associated with your company as an independent director since January 15, 2001. He is also the Chairman of the Audit Committee of the Board. Mr. Mitra, being a Director liable to retire by rotation, is eligible for re-appointment as a Director at the ensuing Annual General Meeting. However, he has expressed his desire to retire.

Being the Audit Committee chairman during the turnaround and consolidation period, Mr. Mitra has rendered invaluable contribution to the company. He has revitalised the internal audit function of the company and has guided the management in streamlining, automating and simplifying the financial processes of the company. The Board would like to place on record its appreciation of the valuable services rendered by Mr. Mitra. The company will be filling up the resultant vacancy in due course.

Pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, the company had appointed Dr. Jairam Varadaraj, Dr. Valentin A. H. von Massow, Dr. Raghunath A. Mashelkar and Nawshir Mirza as its independent directors.

In terms of the provisions of Section 149 (4) of the Companies Act, 2013 ('the Act'), effective from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors.

In accordance with the provisions of the Act, these directors are being appointed as independent directors to hold office as per their tenure of appointment mentioned in the Notice of the ensuing Annual General Meeting of the company.

Environment House, the new office facility inaugurated in November 2013, in Bhosari, Pune. Thermax's environment businesses – Enviro (air pollution control), Water & Waste Solutions and Chemical operates from this location, spread over 1,47,000 sq. ft. Constructed with fly ash bricks, the building's skylights bring in natural light. It can accommodate 800 people, has an auditorium and a cafeteria.



Thermax received the National Intellectual Property Award for 2013 in the category of Trademarks at a ceremony in New Delhi. On behalf of Thermax Dr. R. R. Sonde, head of Research, Technology and Innovation accepted the award, instituted by the CII in partnership with the Government of India's Department of Industrial Policy and Promotion and Intellectual Property Office.



KEY MANAGERIAL PERSONNEL (KMP)

The Board has noted the appointment of the following officials as the KMP of the company in accordance with the Companies Act, 2013:

- (i) M. S. Unnikrishnan – Managing Director & CEO
- (ii) Amitabha Mukhopadhyay – Group Chief Financial Officer & Member, Executive Council and
- (iii) Gajanan Kulkarni – Vice President-Legal & Company Secretary

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them with respect to the statement of Profit & Loss for the financial year ended March 31, 2014 and the Balance Sheet as at that date ("financial statements") 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. Judgments 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 the Notes 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.

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

COMMITTEES OF THE BOARD

Corporate Social Responsibility (CSR) Committee

During the year, your company has constituted a CSR Committee as per the Companies Act, 2013. Membership and terms of reference of the CSR Committee are detailed in the Corporate Governance Report.

AUDITORS

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

As required under the provisions of Section 139 (1) of the Companies Act, 2013 [corresponds to Section 224(1B) of the Companies Act, 1956], the company has obtained a written consent from them to the effect that their reappointment, if made, would be in conformity with the limits specified in the said section.

COST AUDITORS

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune have been appointed as the Cost Auditors of the Company for FY 2014-15, subject to notification of rules pertaining to the applicability of cost audit to the company.

AWARDS AND RECOGNITION

Your company has received the following awards during the year:

- National Intellectual Property Award for 2013 in the category of Trademarks.
- Best Human Response Award for Thermax Industrial Relations team in the large scale industry category. The award, instituted by the Mahratta Chamber Of Commerce Industries & Agriculture (MCCIA), Pune and Rotary Club of Poona acknowledges the company's harmonious industrial relations, employee-friendly policies and initiatives.

- Best Innovator Award 2013 in recognition of innovative research on 'Development of Anaerobic Membrane Bio-reactor for Waste to Energy Solutions'. It is instituted by the Biotechnology Research Assistance Council (BIRAC), Department of Biotechnology, Govt. of India.
- Safety Innovation Award 2013 from the Greentech Foundation for the Chinchwad factory for implementing innovative practices such as safety through Kaizen, involving contract workers in safety committees and audits at vendors' premises from The Institute of Engineers (India) in New Delhi. The factory was also a winner at the 12th Annual Occupational Health, Safety & Fire Conference in Goa, for its excellence in fire and safety management.
- The India Talent Management Award instituted by CNBC-TV 18 at the 9th edition of India Business Leader Awards (IBLA) for excellence in Leadership.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the continued support extended during the year by the company's customers, business associates, suppliers, bankers, investors, government authorities and joint venture partners. They also place on record their appreciation of the dedication and contributions made by all the employees for commitment, hard work and support.

Your Directors would also like to thank all their shareholders for their continued faith in the company and its future.

For and on behalf of the Board

Pune: May 27, 2014

Meher Pudumjee
Chairperson

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, 2014

A. CONSERVATION OF ENERGY

During the year, the following measures were taken for energy and resource conservation:

1. **Electricity:** At the Chinchwad and Savli manufacturing facilities, consumption was optimised using energy efficient systems including installing auto on-off, solar power panels, replacing old devices, replacing fossil fuel with biomass for air-conditioning, arresting leakage points through air audit, proper crimping of air hoses with internally developed crimping tools; maintaining the power factor according to State Electricity Board norms – resulting in an annual saving of Rs. 90 lakh.

At the Paudh manufacturing facility, the company has reduced electricity consumption by 12% over the last year for every cubic metre of resin produced. This was achieved by controlling process cycle time, optimally using power-consuming machinery and reducing power consumption in cooling towers.

2. **Water:** The company continued to recycle a major portion of its wastewater and has reduced water consumption. During the year it saved 2220 m³ potable water by optimising consumption (and minimising wastage) of potable water at various locations in the Chinchwad plant.

At Paudh and Jhagadia manufacturing facilities, around 90185 m³ water has been recycled and used for gardening, process and recirculation

3. **Fuel:** At the Paudh manufacturing facility, the company has been able to sustain the fuel reduction achieved in the previous year.

B. TECHNOLOGY ABSORPTION

Research and Development (R&D)

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

Your company continued its R&D efforts in the renewable energy segment as well as energy efficiency technologies. Notable among them are the continuous development in concentrated solar thermal energy by improving efficiencies of different solar collectors.

Your company has also established its presence in roof top photovoltaic projects.

In the domain of wastewater treatment, your company has developed processes to achieve recyclable quality of water by removing Nitrogen and Phosphorus nutrients from effluent streams. This will make our technological base stronger in the sewage and industrial wastewater treatment sector.

2. Benefits derived as a result of the above R&D

The technology demonstration projects completed last year have created considerable interest and a credible enquiry base for solar hybridisation for process heat and power. The company has received international funding from the European Union to scale up the solar biomass hybrid power concept to 3 MW level. The work on advanced power cycles resulted in a new technology demonstration plant for solar power generation using an Organic Rankine Cycle based system.

The company has launched indigenous solar products for process heating and cooling and bagged an award from the Ministry of New and Renewable Energy (MNRE) in 2013 as the largest manufacturer of the concentrated solar collectors. The company has established itself as a leading player in roof-top photovoltaic off-grid power generation. It has launched new indoor air quality technology for clean room applications for food, hospitality and pharmaceutical sectors. A new waste water system with recyclable quality

of water has also been launched commercially and is expected to be useful for commercial sector. New designs of bag filters and electrostatic precipitators (ESPs) developed in-house were also launched and have performed to the satisfaction of customers.

3. Future plan of action

Renewable energy technologies will continue to be focal areas. Solar thermal technologies for power, heating, cooling will continue to be thrust areas for development of technologies. Your company will continue to focus on the development of environmental technologies in the domain of air purification, air pollution control and waste water treatment.

4. Expenditure on R&D

Particulars	Amount in Rs. crore	
	Current year	Previous year
a. Capital	6.4	3.8
b. Recurring	18.8	18.7
c. Total	25.2	22.5
d. Total R&D expenditure as a percentage of turnover	0.59%	0.49%

Technology absorption, adaptation and innovation

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

- Solar-biomass hybrid technology is absorbed within Thermax and two projects are being set up.
- Using various innovations, roof-top photovoltaic integration to the grid in a seamless manner is now being offered by the company.

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

- A biomass-solar in “parallel” is converted into biomass-solar in “series” and this has enhanced the efficiency of the system. The optical efficiency of the solar collectors has also been improved. As a result, it is becoming a viable option in distributed energy system.
- Working with Indian module manufacturers and further use of modeling tools for optimising system integration has reduced the cost of roof top photovoltaic and enhanced acceptability of indigenously built modules.

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	If technology has been fully absorbed	If not fully absorbed, reasons and future plan of action
High pressure condensate polishing unit technology	2012	In the process of absorption	In the absence of any new project orders using this technology and its commissioning during the year, it is yet to be absorbed. Currently, such a project is being pursued.
Construction chemicals technology	2011	Yes	N.A.
Technology for certain intermediaries used in the manufacture of different bases of concrete admixtures	2011	No	In process.
Reciprocating grates	2010	Yes	N.A.
Difficult-to-degrade wastewater systems	2009	Yes	N.A.
Sequencing Batch Reactor system	2009	Yes	N.A.
Photo-electro chemical air purification technology for indoor air purification	2009	In the process of absorption	Product evaluation in identified critical sectors is completed. Test marketing is also initiated.
Eco Power	2008	In the process of absorption	First prototype unit testing is completed. Field trails are to be completed after identifying the customers.
Sub critical utility boiler technology	2008	Yes	N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the year, the company had a net foreign exchange inflow of Rs. 686.7 crore as against a net inflow of Rs. 381.3 crore in the previous year.

The details on foreign exchange earnings and outgo are given in the Notes 31(j), 31(k) and 31(l) of Financial Statements, which form part of the Annual Report.



MANAGEMENT DISCUSSION AND ANALYSIS



Overview of the business environment

Following the pattern of recent years, the world economy registered subdued growth in 2013-14. During the year, it clocked a growth rate of 3% compared to 3.2% in the previous year. Region-wise, the high income economies of the West seem to be on the path of recovery while the emerging market economies continued to struggle. As per world bank estimates, overall the high income countries growth is projected to strengthen from 1.3% in 2013 to 2.2% this year and 2.4% respectively for both 2015 and 2016. The developed world continued to make progress on the long drawn-out recovery, with the US performing the best as it recorded a growth of 2.6% in the last quarter of 2013. The Eurozone has come out of recession in 2013 and is expected to grow at 1.2% in 2014.

While signs of recovery continue to get stronger in the developed world, it is not yet a case of being completely out of the woods. The impact of continuing monetary tapering by the US Federal Reserve will be felt across the world. The per capita income continues to decline in the European Union area and the unemployment rates are still high.

The developing economies had a reduced growth rate of 4.8% in 2013. The IMF has downgraded Russia's growth forecast for 2014 by 0.6 percentage point to 1.3%, and cut Brazil's growth forecast by half a percentage point to 1.8%. China, stabilising at around 7.5% growth remains vulnerable to problems of accumulated bad loans that might have a negative impact on the projected GDP growth rate.

The economies of developing countries are likely to gain from a strong recovery in the western world, but they need to be ready to capitalise on the upswing through more structural reforms that will help kick-start both domestic and foreign investment

The Indian economy seems to have arrested its free fall as the GDP growth rate improved from 4.5% in FY13 to 4.9% in FY14. Several studies suggest that the economy is estimated to grow around 5.5% in the current fiscal and by 6% in FY16 thanks to improved demand from advanced economies and expected government action to remove bottlenecks impeding industry and investment.

High Consumer Price Index which led to total 75 bps interest rate hike by RBI since September 2013 has now stuck at around the 8% mark. It is expected to stabilise around the 6% mark by 2016 which might lead to rate cuts beneficial for industry and investment. Further, lack of economic growth led to the Index of Industrial Production for February contracting to a nine-month low of -1.9% as against 0.8% (month-on-month), with manufacturing contracting by -3.7%.

The slump in the Indian capital goods industry continued as large infrastructure and core sector projects remained at a standstill. In the absence of large investments, capital goods industry has been tightening its belt, and depending on other non-regulated industries for orders which are smaller in size. Policy issues, low capacity utilisation, land acquisition and challenges on the fuel front continued to shackle large projects, drying up the order flow. The prospect of the country's general elections slowed down investments as both the private sector and the bureaucracy preferred to adopt a wait-and-watch policy.

While there is some momentum in the consumer sector it will require some time for it to translate into orders for the capital goods sector. The FMCG and consumer durables sectors have to reach capacity utilisation levels of 90% plus for them to plan for investment in expansions, brownfield or greenfield. Non-regulated sectors such as pharmaceuticals, food and food processing, drugs and beverages, alcohol and automobiles that have smaller investments are expected

to continue their growth and provide the capital goods sector some moderate growth in the near term.

The regulated sector – power, steel, cement, oil & gas – is awaiting government initiatives to reform policy and provide a stable investment climate, so that sizeable investments can flow in. This could take time and real growth is expected to begin only in FY16 and FY17. In the cement sector, although prices have gone up, the utilisation levels are hovering in the 65% -75% range and hence order finalisations are not expected in the near term. Similarly, the steel sector is also not seeing any new order finalisation in the near term in spite of some visible improvements. In the oil & gas area, public sector refineries seem to be gearing up for expansion which can lead to orders in next 18-24 month time frame. Negative trends persisted in the power sector.

The new land acquisition bill has increased the cost of land manifold and the process of restructuring of State Electricity Boards is yet to be completed. Many of the private players are under stress and may not be in a position to make new investments. The power sector is expected to remain subdued at least for a year and it is only towards the end of FY15 and in FY16 that we can expect some order finalisations.

While the market conditions have not been favourable over the last few years, from the positive signals of change, though tiny, there is space for cautious optimism. The size and growth aspirations of the Indian market coupled with expectations of clarity and stability in government policies point to a likely revival of demand. In the medium to long term, growing demand will lead to capacity additions in both core and non-

CFBC boiler installation for a steel unit in Tamil Nadu. Here, two boilers, each of 330 TPH capacity, generate steam for power generation.



core industries creating orders for the capital goods sector. The anticipated improvement in the Indian and global economies over the next 2-3 years is expected to bring benefits to the capital goods sector.

Overview of Company Operations

Tough market conditions continued to affect the company's performance. The project businesses accounting for nearly two-thirds of the company's turnover struggled to maintain their growth momentum and provided returns below par. Owing to negative sentiments prevailing in the market, pace of execution of projects has slowed down. This has had a noticeable impact on accounts receivable in some of the businesses. Your company posted lower results for FY 2013-14, with a total revenue of Rs, 4,366.5 crore and a net profit after tax of Rs. 253 crore.

However, in a challenging year, your company was able to marginally improve its order booking from Rs. 4,859 crore (2012-13) to Rs. 5,394 crore. The most significant among orders received last year was the Rs. 1,350 crore order received from an Indian petrochemical company for nine CFBC boilers to support their expansion plans.

The order booking during the year was mainly from petrochemical, cement, food processing, textile, chemical, metal, pharma, sugar and distillery.

During the year, the product divisions introduced new offerings for the customers. A separate section in this report provides information on these new products.

The service business of the company continued to grow. Plant improvements, fuel shift retrofits and energy enhancement projects improved the performance of the company's service business by 30.6% over the previous year.

Income from exports including deemed exports at Rs. 1101.1 crore (Rs. 983.9 crore, the previous year) accounted for 26% of the total income. South East Asia and the Middle East continued to contribute the major share of export earnings.

Despite the better order carry-forward position, in view of the time required for the investment climate to improve, 2014-15 is not expected to be significantly different for your company. However, it is cautiously optimistic about a likely positive shift in the economic environment. Coupled with its rigorous operational excellence and cost optimisation strategies, it is also putting in place a programme to take its selective internationalisation programme to its next level for improved revenue and profits.

The senior team of the parent companies of the joint venture **Thermax Babcock & Wilcox Energy Solutions (TBWES)** at its new manufacturing plant near Satara, Maharashtra. The state-of-the-art facility for the manufacture of super critical boilers is spread over 100 acres and has a capacity of 3000 MW.



New products

The triple effect absorption chiller launched earlier by the Cooling business unit for a technology demonstration project has been commercialised in the Indian market. The chiller reduces energy consumption by 25%. One such chiller has been installed at Thermax's own facility in Chinchwad, to demonstrate how energy efficient air conditioning for multiple locations can be organised from a central source.

The Heating business group launched a versatile solid fuel fired steam boiler, *ComBloc*, that offers customers the flexibility to switch between a wide variety of solid fuels depending on availability and cost. A fully packaged boiler, it helps clients avoid the hassles of civil work at site and longer installation time.

Energy Segment Analysis

Year	Energy Business		
	Income * (Rs. crore)	Growth (% YoY)	Income from exports (Rs. crore)
2011-12	4,150	7	980
2012-13	3,637	-12	789
2013-14	3282	-10	909

The energy business of Thermax contributed 76% of the company's revenues.

The segment had a profitability of 11.3% (10.4% last year). While the standard products of the company managed to maintain their performance, the slack in power and infrastructure sectors adversely affected the project businesses in this segment.

The service arms of Boiler & Heater as well as Cooling & Heating businesses performed well. O&M group of the Power business won new orders and its major customers extended their contracts with the group.

With the expected revival of the national economy in tandem with an improvement in the investment climate, power and infrastructure sectors are likely to revive, improving the prospects for the energy segment of the company by 2015-16.

POWER

The division's revenues were lower compared to the previous year. Owing to the challenging situation prevailing in the country's power sector, where very few EPC orders were finalised, there was also a drop in order booking.

The division, benefiting from its forays in select international markets, was able to book a couple of orders in South East Asia. On the domestic front, the group booked repeat power plant augmentation orders from a leading cement manufacturer in South India. It succeeded in winning a breakthrough order from the Indian sugar sector.

In FY 2013-14, the group commissioned over 508 MW, which included a gas turbine based co-generation plant for a leading petrochemical complex in Karnataka as well as a BFG fired power plant for a leading steel manufacturer in West Bengal. It also successfully completed the construction of the balance-of-turbine island for Asia's largest solar power project coming up in Rajasthan.

The division has made a sustained effort to improve its systems and processes that will enable the delivery of power projects to our customers with the least life cycle cost. Safety during project execution remains a priority area and its teams achieved safe man hours at multiple sites.

In view of the dip in order booking this year, the outlook for the coming year is subdued.

Power Plant Management Services

The Power Plant Management (O&M) business continued its healthy growth with orders from new segments and renewal of earlier contracts from most customers. The group has a current portfolio of over 35 assets under power plant management services.

This year, the group won a service award from a leading cement manufacturer in Western India for 5 years of loyal and dedicated service; and a bonus from another cement company for increased availability of its captive power plant. It also bagged the order for O&M services at the largest solar plant in Asia.

Outlook for this business is positive.



ComBloc , the new boiler introduced by Thermax Heating. The versatile, fully packaged boiler, available in the range of 1.5 to 6TPH offers fuel flexibility and helps industry switch between a variety of solid fuels without making expensive and time consuming boiler modifications. In a small foot print, it offers one of the highest thermal efficiencies.

Thermax Instrumentation Limited (Wholly Owned Subsidiary)

During the year, Thermax Instrumentation Limited (TIL), the construction arm of the Power division earned a total income of Rs. 148.5 crore (Rs. 217.4 crore, previous year). After tax, its loss was contained at Rs. 1.6 crore against last year's loss of Rs. 20 crore.

During the year, the company commissioned power plants aggregating to more than 500 MW. Due to the continued slowdown in the power sector, the year did not see many order finalisations and with a reduced order carry forward, 2014-15 is going to be challenging for TIL .

Through strict cost controls and tighter monitoring, the company is confident of continuing to improve its performance.

B. BOILER & HEATER

The Boiler & Heater (B&H) division of the company registered revenues lower than the previous year. Lower opening order balance, sluggish investment climate and slow moving projects affected its performance during 2013-14.

During the year the division successfully commissioned several large Circulating Fluidized Bed Combustion (CFBC) boilers, packaged boilers and heaters in the Indian and overseas markets. The division received a large order to supply 9 CFBC boilers from a petrochemical company in

India. During the year, it also received several prestigious orders for different types of boilers from global EPC majors for installation outside India.

In view of a satisfactory order book, the Boiler & Heater division is expected to improve its performance in FY 2014-15 over the previous year.

B&H Services

The services arm successfully commissioned a fuel shift retrofit project on a 230 TPH boiler in a fertiliser company. The group was able to obtain a large number of orders for plant improvement projects and fuel shift retrofits in both domestic and overseas markets.

The outlook for this business is positive.

Thermax Engineering Construction Company Limited (Wholly Owned Subsidiary)

The company undertakes and executes engineering construction projects mainly for the Boiler & Heater division. This subsidiary posted lower income Rs. 152.1 crore in FY 2013-14 as compared to Rs. 191.7 crore FY 2012-13 on account of lower opening order book. The company's profit after tax was Rs. 0.12 crore (Rs. 4.46 crore last year). The division will be involved in executing the large order that B&H received for the construction of 9 CFBC boilers mentioned earlier.

With its year-end order balance better than the previous year, the company expects improved performance in FY 2014-15.

COOLING

The Cooling business had a fair growth in revenues in FY 2013-14. In India, the division improved its performance over the previous year, despite the difficult economic conditions. Focus on international business and innovative applications, along with the introduction of newer products, enabled the business to offset challenging conditions.

International business accounted for more than 65% of revenues as well as order booking. Business from USA and Europe grew on account of focus on energy savings and distributed generation projects. Market share improved substantially in Bangladesh and business from new territories like Algeria, Jordan and Tunisia contributed to growth.

The division has formally commercialised its path breaking triple effect series of chillers in India. These chillers are 25% more efficient than conventional absorption chillers and their flexibility to generate chilling from any source of heat including solar energy and waste heat can help industries to improve their energy efficiency in a cleaner way.

With a healthy order carry forward, buoyancy in some of its export markets and a domestic power situation troubled by shortages and sharp rise in electricity charges, the cooling business is poised to maintain growth in FY 2014-15.

Thermax (Zhejiang) Cooling and Heating Engineering Company Limited (Wholly Owned Subsidiary)

The turnover of this company supporting the global cooling business increased by over 20% over the previous year. For FY 2013-14, it had a revenue of RMB 79.8 million (USD 13 million) as compared to RMB 61.7 million (USD 10.89 million). After accounting for interest and depreciation, loss for the year was RMB 5.1 million (USD 0.83 million) compared to RMB 10.3 million (USD 1.6 million) last year.

The company has been able to expand its heat pump business for district heating in North China and, this year, has commissioned its largest installation of 75 MW of heating there. Although the Chinese economy has slowed, focus on energy efficiency and heat pump segment makes the outlook positive for FY 2014-15.

Thermax Europe Limited (Wholly Owned Subsidiary)

The revenue of the company for FY 2013-14 was lower in comparison to the previous year's £5.28 million. The year closed with a turnover of £4.84 million and a pretax profit of £270,591 (£632,104). The order booking for the year stood at £6.3 million.

With increased competition and price pressure due to the shrinking market, tough conditions continued in Europe. The southern European markets of Spain and Portugal have not been able to perform well due to non availability of funds to private companies and squeeze on funding to public projects like hospitals, the main segments for the company's business.

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

The markets in UK and southern Europe will continue to be subdued and the company aims to focus on heat pump business in Scandinavia, chiller projects in Germany and projects involving non standard applications using absorption technology.

The company expects to improve its business.

HEATING

Heating business recorded a modest increase in revenue compared to last year, with a sizeable growth in exports. The moderate performance of some of the industry segments – food processing, textile, chemical, pharma, and distillery – helped the SBU maintain its performance.

Major orders included an order from a leading polyester textile fiber manufacturing company in India for 3 high temperature heaters and for a 52 tph bi-drum boiler order from a leading edible oil company. There were also orders from an EPC company in Singapore and from an FMCG major for its operations in East Africa.

The new state-of-the-art high capacity thermal oil heater manufacturing facility at Savli, Gujarat went on stream.

During the financial year, the business unit commissioned heating systems at a leading textile company in the western region and also at a leading tyre manufacturing company in South India.

FY 2014-15 is going to be challenging in view of the continuing slowdown in most sectors.

Danstoker A/S

In the prevailing subdued industrial environment of Europe, Danstoker posted an improved turnover of € 64 million, a YoY growth of 23%.

During the year, Danstoker acquired Boilerworks Denmark, adding to its capacity and ability to manufacture water tube boilers. The acquisition also opened up new business opportunities in the revamp and retrofit market, an area of expertise for Boilerworks. This new subsidiary of Danstoker has generated profits in its first year of operation and its prospects are good.

Danstoker continued to maintain its dominance in the renewable fuels market, this segment accounting for more than half of its revenues. Omnical launched a new hot water boiler 'Omnitherm' up to 10 MW capacity, which has generated interest among packagers and clients.

Danstoker appointed partners in several countries to expand its spread and reach. The management of the Danstoker group is closely monitoring the profitability of all group companies and corrective steps would be taken to enhance performance.

In line with the European economic stability anticipated for the coming fiscal, outlook for the Danstoker group is expected to be stable.

Services (Cooling & Heating)

The SBU offering energy efficiency solutions registered good growth in terms of revenue and share of exports.

The SBU offers products for heat recovery, emission reduction, efficiency improvement services including equipment health checkups, life assessment services, remote monitoring and mobile based service call management. Focus on product lines along with growing business in Africa, SAARC, Middle East and South East Asia markets supported its profitable business growth.

The steam engineering manufacturing facility set up by the group in Maharashtra has received all the required statutory approvals. Capacity utilisation of this facility has crossed 80% and it is supplying steam accessories to a range of industries including oil & gas and nuclear power.

With the prospect of sustained business, the outlook for the business continues to be positive.

Rifox-Hans Richter GmbH (Wholly Owned Subsidiary)

Rifox, the Germany based company Thermax had acquired in 2012 provides high-end steam efficiency products from its manufacturing facility in Bremen.

With the sluggish market conditions in Europe, Rifox has clocked a lower turnover of € 2.741 million.

However, order inflow during the last quarter has been robust and the outlook for the next financial year is bright with the highest ever order backlog - in excess of € 1 million.

SOLAR

Solar business improved its performance during the year.

FY 2013-14 had been a year of consolidation in the solar thermal domain and establishing Thermax as a credible player in the solar photovoltaic space.

The group's initiatives won for the company 'Best Performing Manufacturer' award in Concentrated Solar Thermal (CST) from the Ministry of New and Renewable Energy (MNRE) for the last three years. Two of its installations for a University and an automobile manufacturer also won awards from the MNRE.

Increasing conventional fuel costs, power tariff escalations and unreliable power are expected to promote PV solutions across industry and commercial verticals.

We expect improved prospects for this budding business in the current year.

Environment Segment Analysis

Year	Environment Business		
	Income* (Rs. crore)	Growth (% YoY)	Income from exports (Rs. crore)
2011-12	1154	19	163
2012-13	1054	-9	195
2013-14	1020	-3	192

The environment segment accounted for 24% of revenues. This segment had a profitability of 5.8% (11.3% last year).

Containerised water treatment and purification plant, ideal for hot, humid and dusty industrial sites. The containers save customers the complexity and hassles of constructing buildings to house such systems. This model is useful for remote locations, oil fields, power and chemical industries, mining and construction sites.



Thermax Enviro's new advanced facility for air pollution control systems near Solapur, Maharashtra. Spread over 25 acres of land with a total covered area of 15000 sq. mts, it comprises fabrication shops, copper slag blasting booths and painting shed along with stores. The facility will provide the required support for the company's air pollution control business to grow in domestic and international markets.



Slowdown in the entire manufacturing segment, with the IIP dipping almost throughout the year, adversely impacted the environment business of the company.

During the year there had been very limited number of greenfield projects. While there are many projects that are at conceptual stages their financial closure and execution would depend on the domestic economic recovery.

AIR POLLUTION CONTROL (ENVIRO)

Tough market conditions due to slowdown in cement, steel and power sectors and deferred finalisation of projects saw the revenues of this SBU dip during the financial year. With many players chasing limited orders and fewer finalisations, margins have been under pressure.

In fiscal 2013-14, the division secured an order from a sugar company in Thailand for 5 electrostatic precipitators (ESPs) and successfully commissioned a 35 TPH coal preparation plant for coal dust injection system at a steel plant in India.

The division's new manufacturing plant at Solapur will upgrade its capabilities to deliver quality products through speedy deliveries to its domestic and international clients.

The division is anticipating subdued growth for 2014-15.

WATER AND WASTE SOLUTIONS

Owing to cost overruns and project delays at a few sites, Water and Waste Solutions incurred losses during the year. Some of these projects will also spill over to the coming year. Adequate corrective action has already been undertaken to bring this business back on track within a reasonable period of time.

In the municipal segment with the JNNURM funding drying up, there were only limited numbers of sewage treatment projects for the business resulting in significantly lower intake of orders.

During the year under review, the SBU focused on strengthening its presence in select international markets. In spite of the macro economic slowdown, its business in the SME segment has grown profitably. It launched new products and systems for treatment of water and wastewater to meet the needs of specific customer segments.

The prospect for this year is subdued. However, the SBU is confident of bringing in a focused approach to the market.

CHEMICAL

The Chemical SBU registered good growth in revenue and profits. Its business strategy of focusing on international sales and a product mix tilted towards speciality applications was

implemented well. A number of operational excellence projects in the fields of energy conservation and waste elimination have yielded good dividends.

The Paper chemicals business recorded significant improvement and has gained momentum. During the year, the Construction chemicals business was launched and is in the process of getting established.

Outlook for the SBU in FY 2014-15 is positive.

Thermax Inc.

Thermax Inc., the US subsidiary recorded revenues of USD 11.4 million (USD 12.7 million) and a profit after tax of USD 0.43 million (USD 0.17 million).

In the context of the US economy's trends of recovery, the company is expected to achieve higher sales in fiscal 2014-15.

Other Wholly Owned Subsidiaries

Thermax Onsite Energy Solutions Limited (TOESL)

TOESL registered a total income of Rs. 17.29 crore with a profit after tax of Rs. 1.90 crore for FY 2013-14. The company, during the period supplied 49650 tons of steam and 76760 Mn Kcal of heat from its existing projects.

During the period under review, the company bagged a prestigious order for supplying steam to a leading company's green-field project in North India. It also

commissioned a facility at the parent company's factory in Chinchwad to provide steam for an absorption chiller to air-condition the offices.

In order to create a reliable supply chain, TOESL continued to create partnerships with biomass briquette manufacturing units, which can ensure reliable supply of fuel for its customers.

Having established the credibility and reliability of its offerings, this subsidiary expects to ramp up its customer base in the coming years at a rapid pace.

Thermax Sustainable Energy Solutions Limited (TSESL)

Reviewing the unfavourable business environment owing to the very low price of Certified Emission Reductions (CERs), at the beginning of the current year, a decision was taken to curtail the activities of the company in order to keep a tight control over the costs.

The management does not expect any substantial recovery in this business in the foreseeable future and, considering the existing contractual obligations of the company, would initiate further steps during the year.

Joint Venture Subsidiaries

Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES)

The manufacturing facility of the company at Shirwal,

Thermax's first commercial solar based cooling project at Honeywell Technologies Automation Lab in Hyderabad. Commissioned in June 2013 by the Solar and Cooling teams, 128 parabolic trough collectors are integrated with a hot water fired chiller. The solar based cooling system is integrated with the two existing conventional chillers. Over the course of a year, the output of this system is expected to be more than 1 lakh TR hours.





Thermax chillers at Lego's upcoming facility in Hungary address the challenge of reliable power availability. Three multi-energy powered absorption chillers of 1830 TR (6425 kW) will utilise waste heat from the exhaust and jacket water of a 2.6 MW gas engine to cool Lego's energy-efficient and environment-friendly plant.

Maharashtra has been commissioned during the financial year and made operational. The factory is manufacturing a part of a large order received from a petrochemical company by the Indian parent company.

As one of the few Indian companies equipped with technology and manufacturing muscle, the JV is confident of receiving and executing orders once the economy is on the upswing and the country's power sector resumes its growth, which would take a little more time.

During the year TBWES posted a revenue of Rs. 15.59 crore and a loss of Rs. 52 crore.

Thermax SPX Energy Technologies Limited

In a tough year, the JV had a turnover of Rs. 17.83 crore

(16.4 crore previous year), and brought down its losses to Rs. 0.45 crore (2.43 crore).

During the year, the company successfully commissioned air cooled condensers (ACCs) at thermal power plants of two cement units

Though FY 2014-15 is expected to be challenging, the company is exploring various options to develop its business.

Health, Safety and Environment Measures

The company continued its focus on improving its performance on the Health, Safety and Environment

(HSE) front. Various initiatives were undertaken during the year:

Safety and Environment Management System: The company's Chemical unit at Jhagadia was certified by Bureau Veritas with integrated Safety and Environment Management System as per the requirements of BS OHSAS 18001: 2007 and ISO 14001:2004. The projects arm of Heating business was certified by DNV with Safety Management Systems as per the requirements of OHSAS 18001: 2007 standards.

The recertification audit for OHSAS 18001 was successfully completed for Power Division and for the Chemical plant at Paudh (for OHSAS 18001 & ISO 14001 standards) by Bureau Veritas.

Leadership & Commitment: The Board continues to review safety performance of the company every quarter and the Managing Director also reviews each division's safety performance on a quarterly basis. In each division a safety council under the chairmanship of the SBU Head and at each project location site a safety committee under the chairmanship of Site- in-charge supports reviews and effectively monitors safety performance.

Competency and Training: Safety training continues to be a priority area for all levels of employees, contractors, vendors and suppliers. Safety training programmes in all regions were conducted during the year for Site in charges, Site engineers. Safety training for contractor- owners was also done. Additionally, e-learning and licensing on

safety and health were introduced. During FY 2013-14, 400 of our staff, 25% of the identified target group, have successfully completed the course with certification.

Incident / near- miss reporting and investigation: Reporting of unsafe conditions/ unsafe acts and near- misses has been encouraged and investigation for the same is done. The ratio of near misses to accidents has improved considerably over the last year. The learnings from incidents are replicated across the organisation.

Emergency Preparedness Plan: Emergency management plans have been developed for all manufacturing and project locations. Training on fire prevention and control, and mock drills on emergency evacuation have been conducted in all Thermax plants and offices.

Safety Audits/ Inspection: Internal and external safety audits and inspections are carried out regularly and the compliance of audit action points monitored. A total of 1020 internal audits and 39 external audits have been conducted in 2013-14. The overall audit compliance level is 87% whereas the same is 98% for 'A' category audit points.

Awards & Recognition: Your company won the Gold award for Year 2013 from the Greentech Foundation for Safety Management. The Chinchwad plant won the Safety innovation award for manufacturing from the Institution of Engineers.

Several clients appreciated the company's safety practices at project locations with awards. The captive

At the Technology Day celebrations in Thermax on May 11, 2014, Prof. Rishiksha T. Krishnan, Director of the Indian Institute of Management, Indore lighting the lamp. The function honoured the innovators of Thermax including the winning teams of the prestigious Thermax – Dr. N. D. Joshi Innovation Award winners.



power sites for Aditya Birla Group and OMPL at Bharuch and Mangalore are among the sites that won awards for achieving 8.1 million safe man-hours and 6.1 million safe man-hours, respectively.

Human Resources

The company's initiative in identifying talent and succession planning at senior levels has now been strengthened to include middle management levels. As part of the ongoing organisation and people development process, it would offer streamlined career opportunities to our home grown talent at different levels.

Thermax has been recognised as a 'Leader in Talent Management and Development' by CNBC TV 18 – India Business Leaders Award in 2013.

Negotiations with our unions – Thermax Kamagar Sanghatana (representing workmen at Chinchwad works) and Bharatiya Kamgar Karmachari Mahasangh (representing workmen at Paudh works) – are in progress. Management is confident of an amicable settlement.

During the year, the company revised its sexual harassment policy (in place since 2007) to incorporate the recent legislation of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Learning and Development group within HR has initiated awareness programme about the policy that included an innovative street play. As required under the Act a high powered Internal Complaints Committee also has been constituted.

During the year, Thermax revised its sexual harassment policy to bring it in line with the recent legislation of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. Thermax's Human Resources Group has initiated an anti sexual harassment awareness (ASHA) campaign that included an innovative street play to reach out to employees.



Risk Management

In recent years, every economy has experienced either a decline in growth rate or negative growth. Besides this global risk factor, rise in inflation, and de-growth of infrastructure sectors are additional factors, likely to have its adverse impact on various businesses. With an anticipated strengthening of the rupee against the dollar, the competitiveness of our offerings in the international market may face a challenge in the coming year. This may result in margin pressures on the otherwise profitable export businesses.

The company operates in the energy and environment segments. As a part of the capital goods industry, it has a growing project business and a wide product range. While the project businesses cover power generation, waste heat recovery, air pollution control, water and wastewater management, the company's products support the utilities and waste management requirements of diverse industries.

Considering the diversity of products and projects, domestic and international locations, the company has prepared a broad risk framework pertaining to the core businesses viz. Heating, Cooling, Power generation, Water and waste solutions, Air pollution control and Performance chemicals.

The company had identified key risks pertaining to the core businesses and there is a mechanism to review key risks at regular intervals. The risks are reviewed by top management with the risk owners and mitigation measures are discussed at periodic intervals.

Some of the major risks identified and reviewed by the company on a continued basis include concentration in business segment/ customer/ geography; technology; competition; exchange and interest rate fluctuations; timely completion of projects; human resources; and energy price fluctuations.

The adequacy of risk management across all business units and the findings are presented to the Audit Committee of the Board of Directors for their review.

The company will continue to further strengthen its Risk Framework and implement the same across all major subsidiary companies.

Internal Controls

The company operates in multiple geographies under its energy and environment business. In the ever changing economic scenario, the businesses continue to evolve. This poses challenges of ensuring adequate safeguards and consistent systems and processes, continuously, while conducting large and varied business transactions. The company has an adequate internal control mechanism to facilitate formulation and revision of policies and procedures to address the evolving nature of businesses and the changing economic landscape. These procedures facilitate efficient use and protection of the company's financial and non financial resources.

Internal controls are reviewed by Internal Audit on a periodical basis. All significant and material observations emerging out of internal audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

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.



REPORT ON CORPORATE SOCIAL RESPONSIBILITY



The new Companies Act 2013 has stipulated that companies need to spend 2% of their average profit over the past 3 years for CSR. We are proud of the fact that way before the Companies bill 2013 was introduced, Thermax Social Initiative Foundation (TSIF) had been set up to implement our CSR programme and we have been contributing from 1% up to 3% of profit after tax.

During FY 2013-14, Thermax continued its various initiatives in the area of education for the underprivileged sections of the society. The activities undertaken during the year 2013-14 are enumerated below:

Educational Initiatives

Municipal Schools

TSIF, along with its NGO partner Akanksha, has been partnering with the Pune Municipal Corporation (PMC) to run and manage three of its municipal schools. In 2013-14 TSIF added a fourth school from PMC. It also extended its educational initiatives by signing an MOU with the Pimpri Chinchwad Municipal Corporation (PCMC) to finance and support two schools. PMC and PCMC provide the infrastructure, uniform, books and midday meal. TSIF finances all the six schools and also helps out in many ways. Akanksha helps in the recruitment of staff, teacher training, setting the curriculum and running the schools.

K.C. Thackeray Vidya Niketan English Medium School, begun in 2007, achieved the distinction of being the first ever Pune Municipal Corporation English Medium School to appear for the SSC Board Examination in 2013. The school has scored a 100% pass with their first SSC batch. 72% of the 58 students who appeared for the examination scored a first class out of which 22% scored a distinction.

Savitribai Phule English Medium School, begun in 2008, today has a strength of 491 students. Matoshri English Medium School, established in 2009 has 517 students.

Late Anantrao Pawar Memorial English Medium School is the latest school from PMC to be supported by TSIF. At present, the school has classes up to the 4th standard and will be scaled up by one class every year. The school has 393 students on its rolls.



Participants at a teacher training session : making teachers more effective at municipal and low income private schools

Chhatrapati Shahuji Maharaj English Medium School and Smt. Anusyabai Namdeo Waghare English Medium School are the two new schools started in PCMC during the year. Both schools began with Junior KG classes, with respective student strengths of 66 and 35. New batches have joined for the academic year 2014-15, taking the student strength to 136 and 70, respectively.

Support to Teach for India (TFI)

TSIF has decided to continue its support as a platinum sponsor for the Pune Operations of TFI and support its programme that aims to reduce India's educational inequity.

As of 31st March 2014, through the Teach for India programme that places passionate and committed graduates and professionals as teachers for a two-year period in municipal and low income private schools, 5700 students from 42 Government and low income private schools have been impacted in Pune.

Encouraging its own employees to take up the two-year fellowship, Thermax till date has sponsored four of its employees selected for the TFI fellowship.

TSIF-PMC Teacher Training Programme

This year-long professional development programme for teachers has been launched on June 12, 2013 by TSIF in partnership with the PMC School Board. The aim is to make the teachers more effective by learning classroom management and improve their skills in teaching. It helps in creating a joyful and inclusive classroom environment. The programme also equips teachers with pedagogical skills and mindsets to plan more effectively and build a joyful and safe classroom environment.

The programme inaugurated in June 2013, trained 72 teachers from 31 municipal and 3 low income private schools over 17 days spread over the year. It was felt that



Inauguration of one of the Pimpri-Chinchwad Municipal Corporation schools adopted by Thermax Social Initiative Foundation : building on enduring partnerships

for greater impact, TSIF should concentrate on a few schools, training more teachers from the same school. Hence, for 2014-15, this programme, rechristened as Leadership Institute for Teachers (LIFT), will be training another 68 teachers, but from 22 schools.

Supporting Organisations Working In The Educational Field

TSIF has been reaching out to organisations doing exemplary work in the field of education:

Parivaar, Kolkata: For over 10 years, Parivaar has worked for the welfare and development of children, highly vulnerable to exploitation and trafficking – orphans, street children, abandoned children, and children from tribal areas. Currently Parivaar has 915 resident children including a group of 35 children from highly impoverished tribal pockets of Singhbhum in Jharkhand.

TSIF has partly funded Parivaar for constructing its 59,000 sq. ft. building – Amar Bharat Vidyapeeth.

Shoshit Seva Sangh (SSS), Patna: SSS together with another NGO established Shoshit Samadhan Kendra

(SSK), a fully free English medium residential school for the children of Musahars, landless people who have been living in grinding poverty for centuries and many of them reduced to bonded labour. Students are provided boarding, lodging, clothes and healthcare. In December 2013 SSK acquired CBSE affiliation for the school. TSIF partly funded the construction of their school building.

Snehalaya, Ahmednagar: Snehalaya caters to 315 children and 48 women in residential rehabilitation projects, 2200 children in slum based Balbhawans, about 2150 commercial sex workers and more than 3000 HIV positive patients.

TSIF has funded a part of the operating expenditure of Snehalaya English Medium School, which currently has 180 students from kindergarten to third grade. TSIF has also funded the entire operating expenditure of Senhalaya's eight Balbhawans during 2013-14.

Shashwat: This is a grassroots initiative developed in response to the displacement of Koli Mahadeo, Thakar and Katkari tribal communities by the construction of the Dimbhe dam that submerged 11 villages and destroyed cropland in another 13.

TSIF is financially supporting Shashwat in running a residential primary school to supplement the education of tribal children and a hostel for students. Around 60 tribal children are currently being educated at the school

in Aghane village and 25 tribal girls are benefitting from the hostel at Dimbhe village, as they can study further.

Affirmative Action, Skill Development And Employability

Unnati Skill Development Centre: TSIF, Zensar Foundation, SGBS Unnati Foundation, a Bangalore based NGO and Pune Municipal Corporation came together in early January 2014 to set up a vocational Skill Development Centre in Pune to enable underprivileged youth acquire skills and find jobs.

The Centre is based at the Urban Community Department of the Pune Municipal Corporation. It trains youngsters in the age group of 18 – 30 years, with assured jobs. No fees are being charged by the Centre. The funding for the Centre is provided by the Foundations of Zensar and Thermax.

The Centre has an annual target of upgrading the skills of 200 -300 candidates and the first two batches have reported 100% placement, benefitting 38 young adults who successfully completed their 70-day training. Ironically, the challenge is to attract more youth to participate.

EAGLE Programme: Energising Accelerated Growth and Leadership Excellence (EAGLE), is a joint effort between industry and academia. It aims to equip engineering students with critical life skills and the right attitude which will help them rise above challenges and make their mark in every walk of life. It also aims help students make a positive contribution early in their careers to the organisations that they join.

The Programme was held successfully at the College of Engineering, Pune (COEP), from July 2013 to May 2014. TSIF is one of the sponsors of the programme which has benefitted 721 students, 113 students of them from the SC/ST background.



The first batch of the participants of the Skill development programme with officials from Thermax, Zensar, Unnati and the Pune Municipal Corporation : enabling underprivileged youth to be skilled for jobs



TSIF's initiatives in school education : creating a joyous and inclusive environment for children

Collaboration with CII on affirmative action : As a signatory to the CII Code of Conduct on Affirmative Action, TSIF continued its association with the Symbiosis Finishing School. During the year it sponsored the 13th batch of the Finishing School. This is a 60-hour module that has been designed by industries including Thermax and Symbiosis ELTIS for SC/ST students pursuing their graduation. The module trains the participants in soft skills preferred by the industry.

Thermax's in house resource person conducts regular sessions for students at the CII-Yi ITI Finishing School. This 30-hour module for ITI candidates imparts soft skills needed by the industry.

Uttarakhand Disaster Relief

Responding to the humanitarian crisis caused by the devastating flood and landslides in Uttarakhand, TSIF contributed Rs. 50 lakh for disaster relief. It identified People's Science Institute (PSI), a pioneering development organisation based in Dehra Dun for co-ordinating and implementing relief measures.

Conceived as a three phased programme, PSI has been constructing shelters for the homeless and for the long-term, working to restore livelihoods of the affected

people. Till date, PSI has made 206 shelters and constructed 23 class rooms for four schools.

Thermax employees also contributed Rs. 3,64,653 for the relief work of PSI in Uttarkhand. PSI is currently working on the 3rd phase of livelihood rehabilitation.

Employee Involvement

Thermax employees continued to contribute to various social causes and participate in events organized for promoting them.

Payroll Giving: Since Thermax launched the payroll giving programme in 2007 till 31st March 2014, a total of 1697 employees have contributed

around Rs. 71.65 lakh towards various causes of their choice.

Mentoring: Thermax encourages its employees to mentor adolescent students from Akanksha. Although there are only a few who participate here, the outcome is very encouraging.

Some of Thermax employees also mentor students at the schools that TSIF supports or those where Teach For India fellows work.

Thermax employees have been regularly participating in marathons for raising funds for the company's NGO partner, Akanksha. It organises blood donation drives. They have also been celebrating the *Joy of Giving Week* with their contributions to people who are in need.



CORPORATE GOVERNANCE REPORT



Corporate governance is about commitment towards maximising stakeholder value on a sustainable basis. Good corporate governance is a key driver of sustainable corporate growth and long-term stakeholder value creation. Ethical business conduct, integrity, commitment to values, emphasis on transparency and accountability which enhance and retain stakeholders' trust are the hallmarks of good corporate governance.

The Companies Act, 2013 aims to bring governance standards at par with those in developed nations through several key provisions, such as composition and functions of Board of Directors, code of conduct for Independent Directors, performance evaluation of Directors, class-action suits, auditor rotation and independence, and so on. The new Act emphasises self-regulations, greater disclosures and strict measures for investor protections.

COMPANY PHILOSOPHY

Thermax limited is committed to adopting the best practices in corporate governance and disclosure. It is our constant endeavor to adhere to the highest standard of integrity and to safeguard the interest of our stakeholders.

In all its operations and processes, the company adheres to stringent governance norms so that its stakeholders

can expect 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 policies, performance and developments. Thermax will continue 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 key management officials 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 also has in place a comprehensive business review processes.

COMPLIANCE OF CORPORATE GOVERNANCE

i) BOARD OF DIRECTORS AND PROCEDURES

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

A. Composition of the Board

The table gives the composition of the Board and inter alia the outside directorships held by each of the directors of the company during the financial year 2013-14.

Name of the director	Pecuniary or business relationship with the company	Relationship with other directors	Number of other directorships [@]	Committee position [@]		Number of shares held in the company
				Chairperson	Member	
NON-EXECUTIVE PROMOTER						
Anu Aga	None except**	Yes	—	1	—	68,88,305#
Meher Pudumjee	None except**	Yes	1	2	3	22,75,500\$
Pheroz Pudumjee	None except**	Yes	1	2	4	3,57,000
INDEPENDENT						
Dr. Raghunath A. Mashelkar	None	No	5	1	8	—
Dr. Valentin A. H. von Massow	None	No	1	1	1	—
Tapan Mitra	None	No	1	1	4	—
Dr. Jairam Varadaraj	None	No	8	—	6	—
Nawshir Mirza	None	No	3	4	1	—
EXECUTIVE						
M. S. Unnikrishnan	N.A.	No	2	—	6	—

@ Excludes private, foreign & Section 25 companies.

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

In addition to the shares held by Anu Aga in her personal capacity, she is also a joint Trustee of the 29,06,250 shares held by the Thermax ESOP Trust.

** During the year, the company has paid Rs. 7,30,000/- 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. 23,85,600/- to Pheroz Pudumjee, being rent for premises taken on lease and Rs. 18,00,000/- as security deposit.

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

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

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- has not been an executive of the company in the immediately preceding three financial years;
- is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the following:
 - the statutory audit firm or the internal audit firm that is associated with the company, and
 - the legal firm(s) and consulting firm(s) that have a material association with the company;
- is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and
- is not a substantial shareholder of the company, i.e. owning two percent or more of the block of voting shares.
- is not less than 21 years age.

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 five times during the financial year 2013-14 on the following dates: May 22, 2013; July 25, 2013; November 6, 2013; January 21, 2014 and March 7, 2014. The maximum time gap between any two sequential meetings was not more than four calendar months.

B. Details of remuneration

• Non-executive directors

Today's complex business environment demands constant guidance from the non-executive directors to ensure adherence to corporate governance policies and practices. Recognising their contribution, the company remunerates them by payment of commission. As per the guideline adopted by the board, based on the regulatory provisions during 2011, the non-executive directors are entitled to individually receive an amount of Rs. 6 lakh as fixed commission for each financial year.

Additionally, chairpersons of select Board committees will receive further remuneration by way of commission for each financial year to acknowledge their time and involvement to strengthen systems and processes, and also for their contributions in offering strategic direction. Accordingly, for the financial year 2013-14, the Board has approved payment of Rs. 10 lakh to the chairperson of the Audit committee and Rs. 5 lakh each to the chairpersons of the International Investment and Human Resources committees. Considering the geographic base of Dr. Valentin A. H. von Massow, the foreign director and his involvement in providing guidance as the chairperson of the Strategic Business Development committee, the Board has approved a

consolidated amount of Euro 30,000/- as commission for the financial year. Further, 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. Similarly, for enhancing the Governance across the group, Nawshir Mirza and Dr. Jairam Varadaraj have contributed immensely during the financial year. In recognition of the same, the Board has approved additional payment of Rs. 5 lakh each as commission for the financial year. Based on the guideline, the chairperson of the Board also receives a fixed commission of Rs. 20 lakh for the financial year. This apart, the non-executive directors are also entitled to sitting fees of Rs. 20,000 for attending each meeting of the Board and committees.

In view of the various provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the company is in the process of formulating various policies for evaluation of directors, including independent directors, criteria for selection of directors, remuneration of directors and also adhering to other statutory disclosures. This initiative would be implemented in FY 2014-15.

• Managing Director

The company's Board at present comprises one Executive Director, namely, M. S. Unnikrishnan, Managing Director & CEO. The remuneration of the managing director is governed by the agreement dated May 29, 2012, between the company and Mr. Unnikrishnan, which have been approved by the Board of directors and the shareholders. The remuneration broadly comprises fixed and variable components. The increment and commission of the managing director is determined on the basis of the company's performance and the individual contribution. The managing director is not entitled to sitting fees for attending meetings of the Board and committees.

C. Attendance and remuneration of each Director on the Board during the financial year 2013-14

Name of the director	Total Attendance at Board meetings	Attendance at the AGM held on July 25, 2013	Sitting fees *	Salary and perquisites	Commission†	Total remuneration
Meher Pudumjee	5	Yes	2,40,000	NA	20,00,000	22,40,000
Anu Aga	5	Yes	1,40,000	NA	11,00,000	12,40,000
Dr. Raghunath A. Mashelkar	3	Yes	60,000	NA	11,00,000	11,60,000
Dr. Valentin A. H. von Massow	5	Yes	1,60,000	NA	24,75,000@	26,35,000@
Tapan Mitra	5	Yes	2,60,000	NA	16,00,000	18,60,000
Pheroze Pudumjee	5	Yes	3,80,000	NA	11,00,000	14,80,000
Dr. Jairam Varadaraj	5	Yes	2,80,000	NA	11,00,000	13,80,000
Nawshir Mirza	5	Yes	1,80,000	NA	11,00,000	12,80,000
M. S. Unnikrishnan	5	Yes	NA	2,20,24,986	48,00,000	2,68,24,986

NA = Not applicable

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

† The commission proposed for the year ended March 31, 2014 will be paid, subject to deduction of tax, and as per the provision of the Companies Act, 1956.

@ 30,000 Euro (Rate as on March 31, 2014 Rs. 82.50 per Euro)

D. Board Agenda

Agenda papers including draft minutes are circulated well in advance of Board meetings to the members. They contain vital and adequate information facilitating deliberations at the meeting. 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 on a quarterly basis. Reasons for variance between the budget and sanctioned are also explained.
2. Information on recruitment of senior officers just below the Board level, including appointment or removal 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, show cause notices, penalties, suits filed by/against the company and shareholders grievances, etc.
6. Quarterly financial results for the company and for the group companies with analysis of performance.
7. Minutes of the meetings of Board appointed committees.
8. Significant labour problems and their proposed solutions, wage agreements, 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 judgment 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.

ii) BOARD COMMITTEES

The Board at present has seven committees:

- 1) Audit Committee, 2) Nomination and Remuneration Committee (erstwhile Human Resources Committee), 3) Stakeholders' Relationship Committee (erstwhile Share Transfer and Shareholders' Grievances Committee), 4) Borrowing and Investments Committee, 5) Strategic Business Development Committee 6) International Investment Committee and 7) Corporate Social Responsibility Committee.

The Board constitutes the committees and defines their terms of reference. The members of the committees are co-opted by the Board.

Pursuant to the provisions of the Companies Act, 2013 along with the Rules made thereunder and Circular No. CIR/CFD/POLICY CELL/2/2014, dated April 17, 2014, issued by the Securities & Exchange Board of India (SEBI), which is effective from October 1, 2014, at the Board Meeting held on May 27, 2014 the company has reconstituted the select committees and also changed their nomenclature. The Board is in the process of modifying Terms of Reference (TOR) of each committee in order to give effect to the revised regulations. The revised TOR would be effective from Financial Year 2014-15.

A. Audit Committee

The committee presently comprises four members, all non-executive directors. The chairman of the committee, Tapan Mitra, is a Fellow of The Institute of Chartered Accountants of India. Pheroze Pudemjee, Dr. Jairam Varadaraj and Nawshir Mirza are the other members of the committee.

The committee has met four times during the financial year 2013-14 on May 21, 2013, July 21, 2013, November 5, 2013 and January 20, 2014. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Tapan Mitra	Independent	4
Pheroze Pudemjee	Non-executive Promoter	4
Dr. Jairam Varadaraj	Independent	4
Nawshir Mirza	Independent	4

The chairman of the committee was present at the 32nd Annual General Meeting of the company held on July 25, 2013.

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, internal auditors' reports and risk management process on a regular basis. The requirements enumerated under Clause 49 of the Listing Agreement and as amended from time to time are also reviewed by the committee.

The internal auditor presents to the committee, observations and recommendations of the auditors and also on issues having an impact on control system and compliance. The Chief Financial Officer, Chief Internal Auditor and the representatives of Statutory Auditors are permanent invitees and attend all the meetings of the committee. The Compliance Officer who is a Member of the Institute of Company Secretaries of India is the Secretary to the Committee.

The terms of reference of the committee broadly include:

- ◆ Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ◆ Reviewing with management and external auditors the financial statements before 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 exchange and legal requirements concerning financial statements,
 - any related party transactions i.e. transactions of the company of material nature with the promoters or the management, their subsidiaries or relatives etc. that may cause potential conflict with the interests of the company.
- ◆ Reviewing the adequacy of internal control systems including management information system with management, external and internal auditors
 - ◆ Reviewing the company's financial and risk management policies.
 - ◆ Looking into the reasons for substantial defaults, if any in payments to the depositors, shareholders and creditors.
 - ◆ Recommending the appointment and removal of statutory auditor, determine audit fee and also approve payment for any other services as the case may be.
 - ◆ 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.
 - ◆ Reviewing the scope and adequacy of internal audit function, including the system, its quality and coverage and effectiveness in terms of follow-up, the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit. Outsourcing to firms specialised in carrying out internal audit services, detailing their scope of work and deciding their professional charges.
 - ◆ Reviewing the coverage and frequency of internal audit.
 - ◆ Reviewing the annual plan of work of the internal audit function.

- ◆ Discussing with internal auditors, significant audit findings and follow-up action initiated.
- ◆ Assigning and reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ◆ Any other matter that may be referred by the Board from time to time.

The Chairman of the Audit Committee is required to attend the general meetings of the company.

B. Nomination and Remuneration Committee

The Board at its meeting held on May 27, 2014 has renamed the Human Recourses Committee as 'Nomination and Remuneration Committee' (NRC).

The committee presently comprises four members, all non-executive directors. The chairperson of the committee was Anu Aga. Tapan Mitra, Pheroze Pudumjee and Dr. Jairam Varadaraj are the other members of the committee.

Pursuant to the provisions of the Companies Act 2013, Dr. Jairam Varadaraj, independent director has been nominated as the chairman of the committee in place of Mrs. Aga.

The committee met twice during the financial year 2013-14 on May 21, 2013, and November 5, 2013 where all members were present.

The broad terms of reference of the committee:

1. Specify guidelines for the remuneration package and other benefits of the Executive Council and senior management employees and benchmarking with other companies, if necessary.
2. Review compensation trends across the sector.
3. 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.
4. Advise on formulation of policies to enhance employee engagement.

5. Review the identified job talent and their career/retention strategies.
6. Succession planning of senior management employees within the company.
7. Review all aspects of diversity including the ratio of women employees in the company and advise on the methodology to increase the percentage.
8. 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.

The company presently does not have an ESOP scheme.

C. Stakeholders' Relationship Committee

The Board at its meeting held on May 27, 2014 has renamed the Share Transfer and Shareholders' Grievance Committee as Stakeholders' Relationship Committee

The committee comprises three members, Pheroze Pudumjee (chairman), Meher Pudumjee and 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, etc.

Procedure of share transfer

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

As per the certificate issued by the RTA, 33 complaints were received from shareholders/investors during the financial year ended March 31, 2014.

Summary of complaints during 2013-14:

Nature	Opening balance	Received	Resolved	Closing balance
Non-receipt of dividend	Nil	32	32	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, 2014.

Necessary action is normally taken within ten days from the date of receipt of the communication.

During the year the RTA processed 8 physical transfers comprising 3,296 number of equity shares.

D. Borrowing and Investments Committee

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

The mandate of this committee is to review the treasury operations, lay down fund deployment policy and monitor that investments are made in accordance with the policy. During the year, the committee also reviewed the requirement of availing working capital facilities.

During the financial year 2013-14, the committee met thrice i.e. on April 30, 2013, February 7, 2014 and February 26, 2014 where all members were present.

E. 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 five members, Dr. Valentin A. H. von Massow (chairman), Meher Pudumjee, Pheroze Pudumjee, M. S. Unnikrishnan and Dr. Jairam Varadaraj.

The committee met three times during the financial year 2013-14 on May 21, 2013, July 25, 2013 and January 20, 2014 where all members were present.

F. International Investment Committee

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

The purpose and powers of the committee are to

- ensure corporate governance in the operations of the overseas wholly owned subsidiaries (WOS).
- seek information and reports, including financial statements from the management and investigate any activity within its responsibility.

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

1. Check the reliability and adequacy of financial information, control systems and internal accounting. Ensure corporate governance in the operations of the overseas wholly owned subsidiaries.
2. Monitor and review the performance of overseas WOS companies with respect to the purpose and intent of its business objectives.
3. Overview WOS' financial reporting process and the disclosure of its financial information to ensure integrity and credibility of financial statements and risk mitigation.
4. Review with the management and internal auditors, if any, the adequacy of internal control systems including management information system.
5. Review compliance with laws of the State/Country of the WOS including laws on labour, safety, environment.
6. Review human resources development and staffing.
7. Review of business operations and strategy implementation of new ventures/ businesses.

The committee met twice during the financial year 2013-14 i.e. on May 20, 2013 and November 5, 2013 where all the members were present. The committee also reviewed systems, processes, governance and internal audit approach to monitor operations of overseas subsidiaries.

G. Corporate Social Responsibility (CSR) Committee

The committee comprises three members, Anu Aga (chairperson), Meher Pudumjee and Dr. Raghunath Mashelkar.

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

- a) to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- b) to recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) to monitor the CSR Policy of the company from time to time;
- d) any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India.

iii) OTHER DISCLOSURES RECOMMENDED BY SEBI

A. Subsidiary Companies

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

The Audit Committee reviews the financial statements, and in particular, the investments made by the unlisted subsidiary companies. The summary of 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 the Board meeting.

B. Disclosure regarding appointment or reappointment of a director

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement, your Directors are seeking:

1. Re-appointment of Anu Aga, non-executive director, who retires by rotation and being eligible, offer herself for re-appointment.
2. Appointment of Dr. Jairam Varadaraj, Dr. Ragunath A. Mashekar, Dr. Valentin A.H. von Massow and Nawshir Mirza, independent directors of the company for a term of five consecutive years.

Details of the proposal and the brief profile of the aforementioned directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 in the Notice of the 33rd Annual General Meeting of the company.

C. Annual General Meeting

The last three Annual General Meetings (AGMs) of the company were held at

Financial Year	Date	Venue	Time
2010-2011: 30 th AGM	July 22, 2011	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007	11.30 AM
2011-2012: 31 st AGM	July 26, 2012	Symbiosis' Viman Nagar Campus (Auditorium), Survery No. 231/3A, New Airport Road, Vimannagar, Pune – 411 014	11.30 AM
2012-2013: 32 nd AGM	July 25, 2013	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007	11.30 AM

Postal Ballot

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 AGM.

D. Disclosures

1. Related party transactions during the year have been disclosed as part of Accounts as required under Accounting Standard 18 issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions.
2. The company has prepared a risk management framework to identify, minimise, report and review business and process related risks at pre-defined intervals. This framework has been reviewed by the Board to assess control mechanism for risk evaluation and mitigation.
3. There were no instances of non-compliance by the company or penalties, strictures imposed on the company by stock exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the reporting period of last three years.
4. 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 the Board members and the senior management employees. This Code is also posted on the company's website.

All Board members and senior management employees have affirmed adherence to the Code for the financial year ended March 31, 2014. The declaration of the Managing Director is given as an annexure.

E. Means of Communication

- i) 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 company also sends soft copy of its financial results to the shareholders of the company at their email IDs available with the company.
- ii) The company's corporate website - www.thermaxindia.com provides comprehensive information of the company's business portfolio, including social initiative comprising CSR activities. Quarterly and half yearly financial results are available in downloadable formats for investor's convenience. The Annual Report of the company is also available on the website in a user-friendly and downloadable form.

- iii) Management Discussion and Analysis forms part of the annual report.
- iv) Transcripts of teleconferences with analysts are also available on the website of the company.
- v) Reminders for unpaid/ unclaimed dividend are sent to the shareholders every year.
- vi) 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 for the benefit of public at large.
- vii) The company has designated *igkcpl@karvy.com* and *cservice@thermaxindia.com* as e-mail IDs for investors' service.
- viii) NSE Electronic Application Processing System (NEAPS) is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, etc. are filed electronically on NEAPS.
- ix) The investor complaints are processed in a centralised web based complaints redress system i.e. SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

F. 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 and designated employees/ persons associated with the company. The code enumerates the procedure to be followed for dealing in the shares of the company and periodic disclosures to be made. It also restricts the insiders from dealing in the company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

iv) SHAREHOLDER INFORMATION

A. 33rd Annual General Meeting

Date and Time : July 22, 2014 at 11.30 AM

Venue : Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007.

B. Financial Calendar

The financial results for the FY 2013-14 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2013	July 25, 2013	July 25, 2013
Quarter ended September 2013	November 6, 2013	November 6, 2013
Quarter ended December 2013	January 31, 2014	January 21, 2014
Year ended March 2014	May 27, 2014	May 27, 2014

For the year 2014-15 the indicative announcement dates are:

Results for the quarter ended June 2014	July 22, 2014
Results for the quarter ended September 2014	November 4, 2014
Results for the quarter ended December 2014	January 30, 2015
Results for the year ended March 2015	During May, 2015

C. Book Closure Date

The company's Share Transfer Books and Register of Members of equity shares shall remain closed from July 14, 2014 to July 22, 2014 (both days inclusive), to determine the shareholders entitled to receive dividend for the year ended March 31, 2014.

D. Dividend payment date

Dividend if declared at the ensuing Annual General Meeting of the Company will be paid within 30 days of the declaration.

E. Listing

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

The company has paid listing fees to both the Stock Exchanges for the year 2014-15.

Custodial fees to Depositories: The company has paid custodial fees for the year 2014-15 to National Securities Depository Limited and Central Depositories Services (India) Limited on the basis of the number of beneficial accounts maintained by them, as on March 31, 2014.

F. Compliance Officer

Mr. Gajanan P. Kulkarni, Vice President – Legal & Company Secretary is the Compliance Officer for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges.

G. Stock Codes

Trading symbol at	National Stock Exchange of India Ltd.	THERMAX EQ
	BSE 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 Identity No. (CIN)	L29299PN1980PLC022787	

H. Stock Data

(Rs.)

Month	MKT QUOTE - NSE		MKT QUOTE - BSE	
	High	Low	High	Low
April 2013	594.00	545.00	590.00	548.00
May 2013	622.15	568.05	620.00	567.00
June 2013	618.00	568.70	615.00	568.50
July 2013	639.95	562.10	640.00	563.35
August 2013	649.00	533.60	649.70	538.00
September 2013	619.00	530.00	617.00	526.00
October 2013	648.80	577.00	645.90	578.00
November 2013	658.00	607.00	654.35	609.35
December 2013	716.60	640.00	718.00	640.05
January 2014	719.80	625.00	716.00	625.50
February 2014	701.00	620.00	699.00	615.00
March 2014	789.75	687.10	786.40	683.05

I. 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

J. 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 dispatched within a period of 15 to 20 days from the date of receipt.

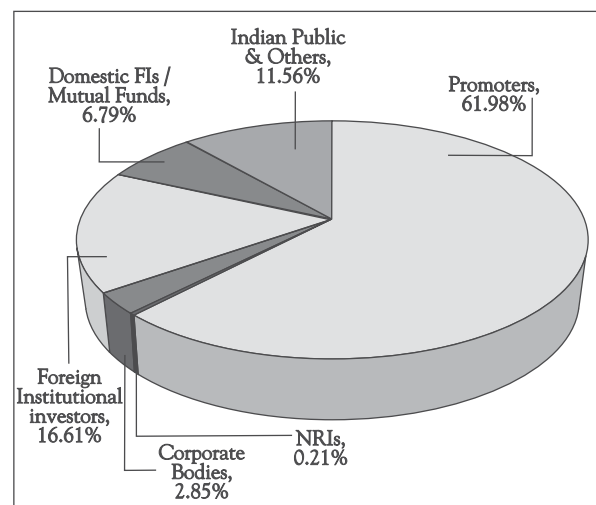
K. Shareholding pattern

Distribution of Equity Shareholding as on 31/03/2014					
Sr. no.	Category (Shares)	No. of Holders	%	No. of Shares held	% to Equity
1	1 - 500	24,941	93.05	28,02,332	2.35
2	501 - 1000	833	3.11	6,74,468	0.57
3	1001 - 2000	412	1.54	6,23,667	0.52
4	2001 - 3000	129	0.48	3,24,043	0.27
5	3001 - 4000	55	0.21	1,95,974	0.16
6	4001 - 5000	49	0.18	2,29,722	0.19
7	5001 - 10000	89	0.33	6,56,872	0.55
8	10001 and above	295	1.10	11,36,49,222	95.38
	TOTAL:	26,803	100.00	11,91,56,300	100.00

Category of equity shareholders as on March 31, 2014

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.	80,84,003	6.79
2 Foreign institutional investors	1,97,99,314	16.61
3 Corporate bodies	33,97,279	2.85
4 Non-resident individuals	2,54,126	0.21
5 Indian public & others	1,37,66,273	11.56
Total shareholding of public	4,53,00,995	38.02
Total (A) + (B)	11,91,56,300	100.00

Shareholding Pattern as on March 31, 2014



L. Details of Dematerialisation

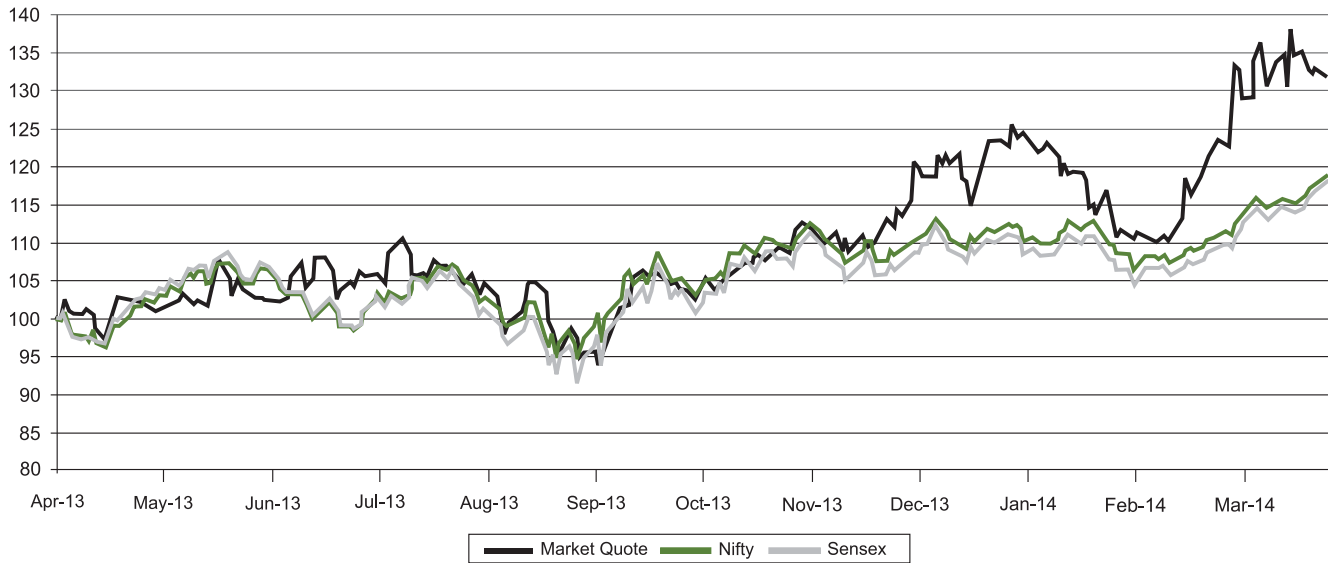
The company's equity shares are under compulsory demat trading for all categories of investors. 11,47,79,470 shares have been dematerialised as on March 31, 2014 which account for 96.33% of the total equity.

Top ten shareholders under non-promoter category as on March 31, 2014 are as under:

Name of shareholder	Number of shares held	% of share holding
Matthews Pacific Tiger Fund	51,10,034	4.29
Life Insurance Corporation Of India	17,68,720	1.48
Amansa Capital Pte Limited A/C Amansa Holdings Private Limited	16,77,445	1.41
Matthews India Fund	13,33,128	1.12
Regal Investment And Trading Co Pvt. Ltd.	11,75,547	0.99
Pinebridge Investments Asia Limited A/C Pinebridge, Investments GF Mauritius Ltd.	9,99,510	0.84
Morgan Stanley Asia (Singapore) Pte.	9,70,647	0.81
SBI Magnum Taxgain Scheme	9,20,000	0.77
Reliance Capital Trustee Co. Ltd. A/c Reliance Div.	9,05,222	0.76
Capital International Emerging Markets	8,78,029	0.74

M. Stock Performance

Thermax share price vs NSE Nifty & BSE Sensex



NOTE: The company's share price and indices have been indexed to 100 as on the first working day of the financial year 2013-14 i.e. April 1, 2013.

N. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has not issued GDRs/ADRs/Warrants or any Convertible Instruments.

O. Plant Locations

Pune, Maharashtra

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

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

Solapur, Maharashtra

Plot no T-1 MIDC, Chincholi, Taluka Mohol, Dist. Solapur - 413 255

Paudh, Maharashtra

At Paudh, Post Mazgaon, Taluka Khalapur, Dist. Raigad - 410 206

Khed, Maharashtra

Gat No.125, Crusher Road, At post Rohakal, Taluka - Khed, Dist. Pune - 410 501

Savli, Gujarat

Plot no. 21/1-2-3, GIDC Manjusar, Taluka - Savli, Dist. Vadodara - 391 775

Mundra SEZ, Gujarat

Survey no-169, Village Dhrub, Taluka Mundra, Dist. Kutch - 370 421

Jhagadia, Gujarat

Plot No 903/1, GIDC, Jhagadia Industrial Estate, Jhagadia, Dist Bharuch- 393 110

P. 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 (I) 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

Q. 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 its accounting, auditing, internal controls or disclosure practices. It gives a platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The company has assigned the e-mail ID tlgovernance@gmail.com on which an employee can report or send a written complaint to the chairperson or the managing director. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

V) NON-MANDATORY REQUIREMENTS

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

A. The Board

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

B. Shareholder Rights

Quarterly & half yearly statements are being published in newspapers.

C. Audit Qualification

There is no audit qualification in the company's financial statements for the year ended March 31, 2014.

D. Training of Board Members

All Board members have enough experience in the company as well as in other companies. They are aware and are also updated as and when required, of their role, responsibilities & liabilities. They comprehend basic financial statements.

Presentations are made regularly to the Board and Audit Committees, where the directors get an opportunity to interact with senior managers. Presentations, *inter alia*, cover business strategies, management structure, HR policies, quarterly and annual financial results, budgets, treasury and forex management, review of internal audit reports, risk management framework, operations of subsidiary companies, etc.

Independent directors interact with the company's senior management employees i.e. Business Unit (BU) and Strategic Business Unit (SBU) Heads and such interactions happen during Board and committee meetings and even during the Board Retreat which usually takes place once a year.

E. Separate post of Chairman and CEO

The Company has separate positions of Chairperson (Non- Executive) and Managing Director & CEO.

F. Reporting of Internal Auditor

The Chief Internal Auditor of the company reports directly to the Audit Committee.

VI) RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified practicing company secretary carries out share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges. The audit confirms that:

1. The total of the shares held in NSDL, CDSL and in the physical form tally with the issued / paid-up capital.
2. The Register of members is updated.

3. The dematerialisation requests have been confirmed within 21 days and there has been no delay beyond the stipulated time-frame.
4. There has been no change in the share capital of the company.

The company's RTA has the adequate software to monitor the compliance system.

VII) OBSERVANCE OF THE SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

The Institute of Company Secretaries of India, one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like board meetings, general meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolutions by circulation, affixing of common seal, forfeiture of shares and Board's report. The company substantially adheres to these standards.

VIII) CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs, Government of India, has issued the Corporate Governance Voluntary Guidelines 2009, keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the

corporate sector but also help them in achieving the highest standard of corporate governance. The company's practices embrace the elements of the Guidelines substantially. The management is taking efforts to review its corporate governance parameters from time to time in the context of the other recommendations under the Guidelines for appropriate adoption.

IX) SHAREHOLDER REFERENCE

A. Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2003-04 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 123 (3) of the Companies Act, 2013 [erstwhile 205C of the Companies Act, 1956]. Please note that the unclaimed dividend for the financial year 2006-07(Final) is due for transfer to IEPF later this year as detailed below.

Financial year	Date of declaration	Total dividend amount (Rs. crore)	Unclaimed dividend as on March 31, 2014		Due for transfer to IEPF on
			(Rs.)	%	
2006-07	25.07.2007	30.98	3,74,027	0.12	30.08.2014
2007-08	22.07.2008	95.33	10,99,168	0.11	27.08.2015
2008-09	21.07.2009	59.57	7,68,090	0.13	27.08.2016
2009-10	21.07.2010	59.57	8,11,315	0.13	26.08.2017
2010-11	22.07.2011	107.24	12,80,421	0.12	27.08.2018
2011-12	26.07.2012	83.40	12,19,309	0.14	31.08.2019
2012-13	25.07.2013	83.40	12,46,091	0.15	30.08.2020

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.

B. 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).

C. Permanent Account Number

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

D. 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.

E. Electronic Clearing Service (ECS) Facility

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

- Members holding shares in PHYSICAL FORM and desirous of availing this facility are requested to send their details in ECS mandate form. The ECS mandate form may be collected from the company's Corporate Office or its Registrar and Transfer Agent or may also be downloaded from the company's website (www.thermaxindia.com). To avail of the ECS facility the mandate form should be sent by post or hand delivered to the company's Corporate Office or its Registrar and Transfer Agent so as to reach before commencement of the book closure date i.e. July 14, 2014.
- Members holding shares of the company in DEMATERIALISED (electronic) form are requested to intimate all changes pertaining to their bank account details, ECS mandates, nominations, power of attorney, change of address/ name etc., to their Depository Participant (DP) only and not to the company or its Registrar and Transfer Agent. Changes intimated to the DP would be downloaded and updated in the company's records for disbursement of dividend or any corporate benefits.

F. Register e-mail address and mobile number

To support the 'Green Initiative' of the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the company, investors should register their e-mail addresses with the company/ its Registrar and Transfer Agent, if shares are held in physical mode or with their DP, if the holding is in electronic mode.

Intimate your mobile number and changes therein, if any, to the company/ its Registrar and Transfer Agent, if shares are held in physical mode or to your DP if the holding is in electronic mode, to receive communications on corporate actions and other information of the company.

G. E-Voting

To widen the participation of shareholders in company decisions, the Securities and Exchange Board of India has directed top 500 listed companies to provide e-voting facility to their shareholders from October, 2012 onwards, in respect of those businesses which are transacted through postal ballot.

Further, the Companies Act, 2013 and Clause 35B of the Listing Agreement also requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at general meeting.

The procedure / instructions for e-voting are included in the Notice of the ensuing Annual General Meeting of the company.

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.

Pune: May 27, 2014

M. S. Unnikrishnan
Managing Director & CEO



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.
-

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, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

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

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

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

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

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

Pune : May 27, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date : May 27, 2014

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

- (i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management in accordance with a planned program of physical verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventory and the discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii) The Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (a), (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) As per information and explanation given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and Section 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales-Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us, the outstanding dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess matters on account of a dispute are as follows:

Name of Statute	Nature of Dues (including interest and penalty as applicable)	Forum where the dispute is pending	Period to which amount related	Disputed dues, not deposited (Rs. in Cr)
Central Excise Act, 1944	Excise duty	CESTAT	2001-02, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2012-13, 2013-14	17.27
		Supreme Court	1997-98, 2006-07	5.44
Central Sales Tax Act and local Sales Tax (Including Works Contract)	Sales Tax	Appellate Authority up to Commissioner level	1992-93, 2001-02, 2003-04, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11	13.20
		High Court	2000-01, 2001-02, 2002-03, 2003-04, 2004-05	1.24
		Tribunal	2006-07, 2008-09	1.24
Custom Act, 1962	Custom duty	CESTAT	2005-06	0.41
ESI Act, 1948	Dues	ESI Court	1989-91	0.08
Income Tax Act, 1961	Income Tax	Appellate Authority up to Commissioner's level	2003-04, 2007-08 to 2013-14	8.65
Maharashtra Mathadi, Hamal, and other Manual Workers Act, 1969	Applicability of Mathadi Act	High Court	2008-09	0.27
Service Tax (Finance Act, 1994)	Service Tax	CESTAT	2012-13	0.13

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us the Company is not a dealer or trader in, securities, debentures and other investments. However, in respect of transactions relating to investments in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made there in. Such securities have been held by the Company in its own name.
- (xv) Based on the information and explanations given to us, in our opinion, the terms and condition 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.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no significant instance of fraud on or by the Company has been noticed or reported during the year.

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

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date : May 27, 2014

Balance Sheet as at March 31, 2014

(Rs. Crore)

Particulars	Note No	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share Capital	1	23.83	23.83
b. Reserves and Surplus	2	2001.16	1845.44
		<u>2024.99</u>	<u>1869.27</u>
2. Non-current Liabilities			
a. Long-term Borrowings	3	0.60	0.43
b. Deferred tax Liabilities (Net)	4	13.64	24.72
c. Other Long-term Liabilities	5	159.32	41.89
		<u>173.56</u>	<u>67.04</u>
3. Current Liabilities			
a. Short-term Borrowings	6	188.71	11.91
b. Trade Payables	7	841.22	888.05
c. Other Current Liabilities	8	1387.40	1034.62
d. Short-term Provisions	9	237.97	255.74
		<u>2655.30</u>	<u>2190.32</u>
TOTAL		<u>4853.85</u>	<u>4126.63</u>
II ASSETS			
1. Non-current Assets			
a. Fixed Assets	10		
i Tangible Assets		609.85	527.55
ii Intangible Assets		30.57	27.06
iii Capital Work-in-progress		23.50	90.90
b. Non-current Investments	11	462.08	3 93.69
c. Long-term Loans and Advances	12	20.87	26.17
d. Other Non-current Assets	13	173.15	198.30
		<u>1320.02</u>	<u>1263.67</u>
2. Current Assets			
a. Current Investments	14	633.44	410.29
b. Inventories	15	252.85	210.33
c. Trade Receivables	16	1352.36	1423.89
d. Cash and Cash Equivalents	17	320.14	222.62
e. Short-term Loans and Advances	18	187.90	125.05
f. Other Current Assets	19	787.14	470.78
		<u>3533.83</u>	<u>2862.96</u>
TOTAL		<u>4853.85</u>	<u>4126.63</u>

The notes are an integral part of these financial statements.

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

Firm Reg No.105102W

For and on behalf of the Board

Meher Pudumjee

Chairperson

M. S. Unnikrishnan

Managing Director

H. P. Mahajani

Partner

Membership No. 030168

Pune, May 27, 2014

Amitabha Mukhopadhyay

Executive Vice President

& Chief Financial Officer

G. P. Kulkarni

Vice President - Legal &

Company Secretary

Pune, May 27, 2014

Statement of Profit and Loss for the year ended March 31, 2014

		(Rs. Crore)	
Particulars	Note No	2013-14	2012-13
I	Revenues from Operations (Gross)	4403.33	4823.38
	Less : Excise Duty	101.17	132.51
	Revenues from Operations (Net)	4302.16	4690.87
II	Other Income	64.30	73.01
III	Total Revenue (I+II)	4366.46	4763.88
IV	Expenses :		
	Cost of Materials Consumed	2659.02	3058.46
	Purchases of Stock-in-Trade	109.81	117.89
	Changes in Inventories	(4.08)	(2.63)
	Employee Benefits	422.64	401.57
	Finance Costs	8.85	9.65
	Depreciation and Amortisation	57.77	54.86
	Other Expenses	705.56	608.45
	Total Expenses	3959.57	4248.25
V	Profit before exceptional and extraordinary items and tax (III - IV)	406.89	515.63
VI	Exceptional items	--	--
VII	Profit before extraordinary items and tax (V - VI)	406.89	515.63
VIII	Extraordinary Items	--	--
IX	Profit before tax (VII - VIII)	406.89	515.63
X	Tax Expense:		
	1. Current tax	165.00	163.93
	2. Deferred tax	(11.08)	1.74
XI	Profit / (loss) for the period from continuing operations (IX - X)	252.97	349.96
XII	Earnings per equity share of Rs. 2/- each Basic & Diluted (Rs.)	21.23	29.37

The notes are an integral part of these financial statements.

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

Firm Reg No.105102W

For and on behalf of the Board

Meher Pudumjee

Chairperson

M. S. Unnikrishnan

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Pune, May 27, 2014

Amitabha Mukhopadhyay

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G. P. Kulkarni

Vice President - Legal &

Company Secretary

Pune, May 27, 2014

Cash Flow Statement

(Rs. Crore)

	2013-14	2012-13
A Cash flow from Operating Activities		
Net profit before tax	406.89	515.63
Add Adjustments for		
Depreciation	57.77	54.86
Amortisation of deferred revenue expenses		
Net Provision for Doubtful Debts	40.43	13.38
Interest (expense)	8.85	9.65
Lease rentals Paid	0.00	0.02
Leave Encashment Provision	1.69	2.32
Less Adjustments for		
Interest / Dividend / Brokerage Income	(41.95)	(54.84)
(Profit) / Loss on sale of Investment	(22.35)	(12.12)
(Profit) / Loss on sale of assets	(0.56)	0.52
Provision for Long Term Investments written back	--	(0.99)
Operating profit before working capital changes	450.77	528.43
Adjustments for		
Trade and other receivables	292.51	(280.40)
Inventories	(42.52)	68.89
Trade payables	(42.84)	20.03
Contract in Progress	(141.36)	72.77
Cash generated from operations	516.56	409.71
Direct taxes paid	(185.73)	(202.58)
Net cash from operating activities	330.83	207.13
B Cash flow from Investing activities		
Purchase of Fixed Assets (Net)	(75.64)	(127.30)
Advance for Capital Expenditure	2.37	4.66
Investments in Subsidiaries / Group Companies	(68.39)	(42.72)
Purchase of other Investments	(1989.36)	(1202.82)
Proceeds from sale of Investments	1788.55	1007.37
Advance to Subsidiaries	(0.15)	(0.15)
Interest / Dividend / Brokerage received	38.69	68.35
Net cash from Investing activities	(303.93)	(292.61)

Cash Flow Statement (Contd.)

	(Rs. Crore)	
	2013-14	2012-13
C Cash flow from Financing Activities		
Proceeds from Borrowings	176.98	-
Repayment of Borrowings	-	(154.11)
Lease rentals paid	(0.00)	(0.02)
Interest paid	(8.83)	(10.58)
Dividend paid and Tax thereon	(97.53)	(96.94)
Net cash from Financing activities	70.62	(261.65)
Net (decrease)/increase in cash & cash equivalents	97.52	(347.13)
Opening cash & bank balances	222.62	569.75
Closing cash & bank balances	320.14	222.62

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

Firm Reg No.105102W

For and on behalf of the Board

Meher Pudumjee

Chairperson

M. S. Unnikrishnan

Managing Director

H. P. Mahajani

Partner

Membership No. 030168

Pune, May 27, 2014

Amitabha Mukhopadhyay

Executive Vice President

& Chief Financial Officer

G. P. Kulkarni

Vice President - Legal &

Company Secretary

Pune, May 27, 2014

Notes attached to and forming part of the Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
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Note 1

Share Capital

Equity Share Capital

Authorised :		75.00	75.00
37,50,00,000 Equity Shares of Rs. 2/- each		75.00	75.00
<i>(Previous year 37,50,00,000 equity Shares of Rs. 2/- each)</i>			

Issued, subscribed and fully paid :		23.83	23.83
11,91,56,300 Equity Shares of Rs. 2/- each		23.83	23.83
<i>(Previous year 11,91,56,300 equity Shares of Rs. 2/- each)</i>			

	As at March 31, 2014		As at March 31, 2013	
(a) Reconciliation of number of equity shares	Number of Shares	Rs. Crore	Number of Shares	Rs. Crore
Shares outstanding at the beginning of the period	11,91,56,300	23.83	11,91,56,300	23.83
Shares outstanding at the end of the period	11,91,56,300	23.83	11,91,56,300	23.83

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity Shares held by holding company

6,43,28,500 shares are held by holding company, RDA Holdings Pvt. Ltd.
(Previous year 6,43,28,500 shares)

(d) Details of Equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	%	No of Shares held	%	No of Shares held
RDA Holdings Pvt. Ltd.	53.99	6,43,28,500	53.99	6,43,28,500
Mrs. Anu Aga	5.78	68,88,305	5.78	68,88,305

Notes attached to and forming part of the Financial Statements

Particulars	Reference to note no	(Rs. Crore)	
		As at March 31, 2014	As at March 31, 2013
Note 2			
Reserves and Surplus			
Capital Redemption Reserve		50.34	50.34
Per Last Balance Sheet			
Securities Premium Account		61.13	61.13
Per Last Balance Sheet			
Capital Reserve		1.92	1.92
Per Last Balance Sheet			
Hedging Reserve		18.22	2.50
Per Last Balance Sheet		(13.61)	15.72
Adjusted to Statement of Profit and Loss		4.61	18.22
General Reserve		405.00	370.00
Per Last Balance Sheet		26.00	35.00
Transferred from Surplus		431.00	405.00
Surplus			
Per Last Balance Sheet		1308.83	1091.46
Profit for the year		252.97	349.96
Proposed Equity Dividend	44	(71.49)	(83.41)
Tax on Dividend		(12.15)	(14.18)
Transfer to General Reserve		(26.00)	(35.00)
		1452.16	1308.83
		2001.16	1845.44
Note 3			
Long-Term Borrowings			
Secured Long Term Borrowings :			
Term loans			
From other than banks	33	0.10	0.13
Unsecured Long Term Borrowings :			
Term loans			
From other than banks	34	0.50	0.30
		0.60	0.43
Note 4			
Deferred tax Liabilities (Net)			
A. Deferred Tax Assets			
Provision for Doubtful Debts		41.00	25.76
Others		10.16	11.52
Total (A)		51.16	37.28
B. Deferred Tax Liabilities			
Depreciation on Fixed Assets		64.75	61.93
Others		0.05	0.07
Total (B)		64.80	62.00
Net Deferred Tax Liability (B-A)		13.64	24.72

Notes attached to and forming part of the Financial Statements

Particulars	Reference to note no	(Rs. Crore)	
		As at March 31, 2014	As at March 31, 2013
Note 5			
Other Long-term Liabilities			
Trade Payables	29	9.40	4.75
Customer Advances		148.46	35.37
Trade Deposits		1.46	1.77
		<u>159.32</u>	<u>41.89</u>
Note 6			
Short-term Borrowings			
Secured :			
From Banks	33	92.66	11.91
From other than banks		0.05	--
Unsecured :			
From Banks	34	96.00	--
		<u>188.71</u>	<u>11.91</u>
Note 7			
Trade Payables			
Trade Payables	29	791.89	827.67
Acceptances		49.33	60.38
		<u>841.22</u>	<u>888.05</u>
Note 8			
Other Current Liabilities			
Contracts in Progress	32	352.79	254.34
Interest accrued but not due on loans		0.03	0.01
Customer Advances		908.14	651.88
Trade Deposits		0.81	0.44
Unpaid Dividends	35	0.73	0.68
Other Liabilities		115.53	117.10
Other Payables		9.37	10.17
		<u>1387.40</u>	<u>1034.62</u>
Note 9			
Short-term Provisions			
Short Term Employee Benefits		81.30	85.95
Proposed Equity Dividend		71.49	83.41
Provision for Tax on Dividend		12.15	14.18
Provision for Warranty	46	73.03	72.20
		<u>237.97</u>	<u>255.74</u>

Notes attached to and forming part of the Financial Statements

Note 10

Fixed Assets

(Rs. Crore)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 01.04.2013	Additions / Adjustment During the year	Deductions / Adjustment During the year	Total Cost as at 31.03.2014	Upto 31.03.2013	Deductions / Adjustment During the year	Provisions During the year	Total as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
A. TANGIBLE :										
Land - Freehold	7.36	0.00	0.00	7.36	0.00	0.00	0.00	0.00	7.36	7.36
Land - Leasehold	27.22	0.00	0.00	27.22	0.36	0.00	0.31	0.67	26.55	26.86
Building	234.42	67.64	0.58	301.48	35.42	0.11	7.17	42.48	259.00	199.00
Plant & Machinery	367.90	39.25	1.12	406.03	154.19	0.77	24.04	177.46	228.57	213.72
Electrical Installation	39.48	8.22	0.20	47.50	11.87	0.13	2.41	14.14	33.36	27.61
Office Equipment & Computer	72.27	7.59	3.08	76.78	48.55	2.80	6.86	52.61	24.17	23.72
Furniture & Fixtures	29.44	7.11	0.22	36.33	13.18	0.09	1.81	14.91	21.42	16.26
R & D Equipments	3.39	0.00	0.00	3.39	1.81	0.03	0.19	1.97	1.42	1.58
Vehicles	19.37	0.37	3.04	16.70	7.93	1.67	2.44	8.70	8.00	11.44
Total Tangible Assets (A)	800.85	130.18	8.24	922.79	273.31	5.60	45.23	312.93	609.85	527.54
B. INTANGIBLE :										
Software	38.60	2.29	0.00	40.89	29.52	0.00	5.28	34.80	6.09	9.08
Technical Knowhow	34.03	13.76	3.36	44.43	16.05	3.36	7.26	19.96	24.47	17.98
Total Intangible Assets (B)	72.63	16.05	3.36	85.32	45.57	3.36	12.54	54.76	30.57	27.06
TOTAL FIXED ASSETS(A+B)	873.48	146.23	11.60	1008.11	318.88	8.97	57.77	367.69	640.42	554.60
Previous Year	804.60	80.23	11.34	873.49	273.00	8.95	54.86	318.88	554.60	531.60
Capital WIP									23.50	90.90

(Rs. Crore)

Particulars

As at
March 31, 2014 As at
 March 31, 2013

Note 11

Non-current Investments (Refer Note No. 27.6)

Non Trade :

A. Investments in Equity Instruments :

Quoted Equity Shares (fully paid up)

1	25 (Previous Year 25) Equity Shares of Rs.10/- each in Metroglobal Boards Ltd.	0.00	0.00
2	16,453 (Previous Year 16,453) Equity Shares of Rs. 2/- each in Sanghvi Movers Ltd.	0.03	0.03

Quoted Equity Shares (partly paid up)

3	1,25,000 (Previous Year 1,25,000) Equity Shares of Rs.10/- each Rs. 2.50 paid up in Parasrampuria Synthetics Ltd.	0.06	0.06
---	---	------	------

Unquoted Equity Shares (fully paid up)

4	1,375 (Previous Year 1,375) Equity Shares of Rs. 20/- each in Cosmos Co-operative Bank Ltd.	0.00	0.00
5	17,539 (Previous Year 17,539) Equity Shares of Rs. 10/- each of GSL (India) Ltd.	0.00	0.00
6	10,000 (Previous Year 10,000) Equity Shares of Rs.10/- each of Sicom Ltd.	0.07	0.07

Equity Shares in Subsidiary Companies (fully paid up)

7	47,50,000 (Previous Year 47,50,000) Equity Shares of Rs.10/- each in Thermax Sustainable Energy Solutions Ltd.	4.45	4.45
8	45,00,000 (Previous Year 45,00,000) Equity Shares of Rs.10/- each in Thermax Engineering Construction Company Ltd.	4.50	4.50

Notes attached to and forming part of the Financial Statements

Particulars	(Rs. Crore)	
	As at March 31, 2014	As at March 31, 2013
9 90,00,000 (Previous Year 90,00,000) Equity Shares of Rs.10/- each in Thermax Instrumentation Ltd.	4.59	4.59
10 2,00,000 (Previous Year 2,00,000) Ordinary Shares of GBP 1 each in Thermax Europe Ltd.	1.17	1.17
11 14,95,000 (Previous Year 14,95,000) Equity Shares of USD 1 each in Thermax International Ltd., Mauritius	6.98	6.98
12 10,87,130 (Previous Year 10,87,130) Equity Shares of Brazilian Real 1 each in Thermax do Brasil - Energia e Equipamentos Ltda.	1.88	1.88
13 59,83,333 (Previous Year 59,83,333) Equity Shares of Hongkong Dollar 1 each in Thermax Hongkong Ltd.	3.52	3.52
14 USD 1,34,70,000 (Previous Year USD 1,34,70,000) Equity Shares in Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.	58.17	58.17
15 1,86,50,000 (Previous Year 81,50,000) Equity Shares of Rs.10/- each in Thermax Onsite Energy Solutions Ltd.	18.65	8.15
16 2,05,00,000 (Previous Year 2,05,00,000) Equity Shares of Euro 1 each in Thermax Netherlands B.V	134.82	134.82
17 Equity Shares of Euro 7,16,469 (Previous Year 3,83,469) in Rifox-Hans Richter GmbH Spezialarmaturen	12.04	9.64
18 5,00,002 (Previous Year 5,00,002) Equity Shares of RM 1 each in Thermax SDN. BHD	0.87	0.87
Equity Share in Joint Venture Subsidiary Companies (fully paid up)		
19 1,02,00,000 (Previous Year 1,02,00,000) Equity Shares of Rs.10/- each in Thermax SPX Energy Technologies Ltd.	10.20	10.20
20 19,63,50,000 (Previous Year 13,84,56,465) Equity Shares of Rs.10/- each in Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	196.35	138.46
Application Money		
Towards Shares	-	2.40
Total	(A) 458.36	389.96
B. Investment in Preference Shares :		
Unquoted Preference Shares (fully paid up)		
21 21,800 (Previous Year 21,800) 18% Redeemable Cumulative Preference Shares of Rs.10/- each in Indian Food Fermentation Ltd.	0.02	0.02
Preference Shares in Subsidiary Companies (fully paid up)		
22 17,47,300 (Previous Year 17,47,300) 6% Redeemable Preference Shares of USD 1 with conversion option in Thermax International Ltd., Mauritius	7.81	7.81
23 40,00,000 (Previous Year 40,00,000) 6% Cumulative Redeemable Preference Shares of Rs. 10/- each in Thermax Sustainable Energy Solutions Ltd	4.00	4.00
24 1,00,00,000 (Previous Year 1,00,00,000) 1% Non Cumulative Redeemable Preference Shares of Rs. 10/- each in Thermax Instrumentation Ltd	10.00	10.00
Total	(B) 21.83	21.83
Total Non Current Non Trade Investments	(A+B) 480.18	411.79
Provision for diminution in value of investments	18.10	18.10
Total Non Current Investments	462.08	393.69

Notes attached to and forming part of the Financial Statements

Particulars	(Rs. Crore)			
	As at March 31, 2014		As at March 31, 2013	
	*Cost	Market Value	*Cost	Market Value
Aggregate amount of quoted investments	0.09	0.11	0.09	0.11
Aggregate amount of unquoted investments	480.09	-	411.70	-
Aggregate provision for diminution in value of investments	18.10	-	18.10	-

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

Particulars	Reference to note no	(Rs. Crore)	
		As at March 31, 2014	As at March 31, 2013
Note 12			
Long-term Loans and Advances			
Unsecured, considered good			
Capital Advances		0.02	2.39
Security Deposits		9.14	9.64
Housing Deposit to Key Managerial Personnel		0.58	0.58
Loans given to Subsidiary Company		3.24	3.09
Advances recoverable in cash or kind		4.92	7.32
Advances to Staff and Workers		2.97	3.15
		<u>20.87</u>	<u>26.17</u>

Note 13

Other Non-current Assets

Long Term Trade Receivables

Unsecured Considered good	41.99	59.03
Considered doubtful	--	--
Less : Provided for	--	--
Advance Income Tax (Net of Provisions)	47.20	79.47
Sales Tax Recoverable	83.96	59.80
	<u>1 73.15</u>	<u>1 98.30</u>

Note 14

Current Investments

27.6

Investments in Mutual Funds :

Current Portion of Long term Investment

Units - Listed but not Quoted

1	Nil (Previous Year 1,00,00,000) units of Birla Sunlife Fixed Term Plan - Series GJ - Growth of Birla Sunlife Mutual Fund.	-	10.00
2	Nil (Previous Year 1,00,00,000) units of Birla Sunlife Fixed Term Plan - Series GM - Growth of Birla Sunlife Mutual Fund.	-	10.00
3	1,58,83,893 (Previous Year Nil) units of Birla Sunlife Fixed Term Plan - Series JZ - Growth of Birla Sunlife Mutual Fund.	15.88	-
4	1,09,06,300 (Previous Year Nil) units of Birla Sunlife Fixed Term Plan - Series KC - Growth of Birla Sunlife Mutual Fund.	10.91	-

Notes attached to and forming part of the Financial Statements

		(Rs. Crore)	
	Reference to note no	As at March 31, 2014	As at March 31, 2013
5	1,50,00,000 (Previous Year Nil) units of Birla Sunlife Fixed Term Plan - Series KD - Growth of Birla Sunlife Mutual Fund.	15.00	-
6	1,00,00,000 (Previous Year Nil) units of Birla Sunlife Fixed Term Plan - Series KF - Growth of Birla Sunlife Mutual Fund.	10.00	-
7	2,00,00,000 (Previous Year Nil) units of Birla Sunlife Fixed Term Plan - Series KK - Growth of Birla Sunlife Mutual Fund.	20.00	-
8	Nil (Previous Year 96,74,890) units of DSP Blackrock FMP Series 84 - Growth of DSP Blackrock Mutual Fund.	-	9.67
9	Nil (Previous Year 50,00,000) units of DSP Blackrock FMP Series 87 - Growth of DSP Blackrock Mutual Fund.	-	5.00
10	80,00,000 (Previous Year Nil) units of DSP Blackrock FMP Series 105 - Growth of DSP Blackrock Mutual Fund.	8.00	-
11	1,50,00,000 (Previous Year Nil) units of DSP Blackrock FMP Series 110 - Growth of DSP Blackrock Mutual Fund.	15.00	-
12	1,55,74,557 (Previous Year Nil) units of DSP Blackrock FMP Series 146 -Growth of DSP Blackrock Mutual Fund.	15.57	-
13	54,67,550 (Previous Year Nil) units of DSP Blackrock FMP Series 151 - Growth of DSP Blackrock Mutual Fund.	5.47	-
14	1,50,00,000 (Previous Year Nil) units of DSP Blackrock FMP Series 155 - Growth of DSP Blackrock Mutual Fund.	15.00	-
15	2,00,00,000 (Previous Year Nil) units of DSP Blackrock FMP Series 149 - Growth of DSP Blackrock Mutual Fund.	20.00	-
16	1,00,00,000 (Previous Year Nil) units of DWS FMP Series 32 - Growth of DWS Mutual Fund.	10.00	-
17	Nil (Previous Year 80,00,000) units of HDFC FMP 371D November 2012(1) -Growth of HDFC Mutual Fund.	-	8.00
18	Nil (Previous Year 50,00,000) units of HDFC FMP 371D December 2012(1) -Growth of HDFC Mutual Fund.	-	5.00
19	Nil (Previous Year 50,00,000) units of HDFC FMP 372D January 2013(2) - Growth of HDFC Mutual Fund.	-	5.00
20	Nil (Previous Year 50,00,000) units of HDFC FMP 372D January 2013(3) - Growth of HDFC Mutual Fund.	-	5.00
21	Nil (Previous Year 50,00,000) units of HDFC FMP 371D February 2013(1) -Growth of HDFC Mutual Fund.	-	5.00
22	Nil (Previous Year 1,50,00,000) units of HDFC FMP 372D February 2013(1) -Growth of HDFC Mutual Fund.	-	15.00
23	1,00,00,000 (Previous Year Nil) units of HDFC FMP 366D April 2013(1) Series 26 - Growth of HDFC Mutual Fund.	10.00	-
24	1,50,00,000 (Previous Year Nil) units of HDFC FMP 370D April 2013(2) - Growth of HDFC Mutual Fund.	15.00	-
25	1,00,00,000 (Previous Year Nil) units of HDFC FMP 370D July 2013(2) - Growth of HDFC Mutual Fund.	10.00	-
26	50,00,000 (Previous Year Nil) units of HDFC FMP 369D February 2014(2) - Growth of HDFC Mutual Fund.	5.00	-

Notes attached to and forming part of the Financial Statements

		(Rs. Crore)	
	Reference to note no	As at March 31, 2014	As at March 31, 2013
27	1,00,00,000 (Previous Year Nil) units of HDFC FMP 366D March 2014(2) - Growth of HDFC Mutual Fund.	10.00	-
28	1,64,12,100 (Previous Year Nil) units of HDFC FMP 370D March 2014(1) - Growth of HDFC Mutual Fund.	16.41	-
29	Nil (Previous Year 1,50,00,000) units of ICICI Prudential FMP Series 65 Plan B - Growth of ICICI Prudential Mutual Fund.	-	15.00
30	Nil (Previous Year 50,00,000) units of ICICI Prudential FMP Series 65 Plan H - Growth of ICICI Prudential Mutual Fund.	-	5.00
31	Nil (Previous Year 50,00,000) units of ICICI Prudential FMP Series 65 Plan I - Growth of ICICI Prudential Mutual Fund.	-	5.00
32	Nil (Previous Year 1,50,00,000) units of ICICI Prudential FMP Series 66 Plan B - Growth of ICICI Prudential Mutual Fund.	-	15.00
33	Nil (Previous Year 50,00,000) units of ICICI Prudential FMP Series 66 Plan H - Growth of ICICI Prudential Mutual Fund.	-	5.00
34	1,00,00,000 (Previous Year Nil) units of ICICI Prudential FMP Series 68 Plan K - Growth of ICICI Prudential Mutual Fund.	10.00	-
35	1,04,29,450 (Previous Year Nil) units of ICICI Prudential FMP Series 72 Plan D - Growth of ICICI Prudential Mutual Fund.	10.43	-
36	2,13,93,650 (Previous Year Nil) units of ICICI Prudential FMP Series 72 Plan R - Growth of ICICI Prudential Mutual Fund.	21.39	-
37	1,00,00,000 (Previous Year Nil) units of ICICI Prudential FMP Series 72 Plan K - Growth of ICICI Prudential Mutual Fund.	10.00	-
38	54,54,850 (Previous Year Nil) units of ICICI Prudential FMP Series 73 Plan D - Growth of ICICI Prudential Mutual Fund.	5.45	-
39	Nil (Previous Year 50,00,000) units of IDFC Fixed Term Plan Series 7-Growth of IDFC Mutual Fund.	-	5.00
40	1,00,00,000 (Previous Year Nil) units of IDFC Fixed Term Plan Series 24 - Growth of IDFC Mutual Fund.	10.00	-
41	1,00,00,000 (Previous Year Nil) units of IDFC Fixed Term Plan Series 69 - Growth of IDFC Mutual Fund.	10.00	-
42	Nil (Previous Year 1,50,00,000) units of Kotak FMP Series 94 - Growth of Kotak Mahindra Mutual Fund.	-	15.00
43	1,00,00,000 (Previous Year Nil) units of Kotak FMP Series 139 - Growth of Kotak Mahindra Mutual Fund.	10.00	-
44	80,00,000 (Previous Year Nil) units of Kotak FMP Series 143 - Growth of Kotak Mahindra Mutual Fund.	8.00	-
45	Nil (Previous Year 50,00,000) units of SDFS 366 Days 18-Growth of SBI Mutual Fund.	-	5.00
46	Nil (Previous Year 50,00,000) units of SDFS 366 Days 21-Growth of SBI Mutual Fund.	-	5.00
47	50,00,000 (Previous Year Nil) units of SBI Debt Fund Series A 16 - Growth of SBI Mutual Fund.	5.00	-
48	Nil (Previous Year 1,00,00,000) units of Tata FMP Series 42 Scheme A - Growth of Tata Mutual Fund.	-	10.00
49	1,09,40,800 (Previous Year Nil) units of Tata FMP Series 46 Scheme P - Growth of Tata Mutual Fund.	10.94	-

Notes attached to and forming part of the Financial Statements

		(Rs. Crore)	
	Reference to note no	As at March 31, 2014	As at March 31, 2013
50	Nil (Previous Year 10,00,000) units of UTI Fixed Term Income Fund Series XIII - 1 - Growth of UTI Mutual Fund.	-	1.00
51	Nil (Previous Year 1,00,00,000) units of UTI Fixed Term Income Fund Series XIV-II - Growth of UTI Mutual Fund.	-	10.00
52	Nil (Previous Year 50,00,000) units of UTI Fixed Term Income Fund Series XIV-V- Growth of UTI Mutual Fund.	-	5.00
53	1,09,36,100 (Previous Year Nil) units of UTI Fixed Term Income Fund Series XVII-XVI - Growth of UTI Mutual Fund.	10.94	-
54	Nil (Previous Year 50,00,000) units of UTI Fixed Term Income Fund Series XIV-VI - Growth of UTI Mutual Fund.	0.00	5.00
55	70,00,000 (Previous Year Nil) units of UTI Fixed Term Income Fund Series XVI-I - Growth of UTI Mutual Fund.	7.00	-
56	54,44,500 (Previous Year Nil) units of UTI Fixed Term Income Fund Series XVIII-III - Growth of UTI Mutual Fund.	5.44	-
57	54,56,800 (Previous Year Nil) units of UTI Fixed Term Income Fund Series XVII-XX - Growth of UTI Mutual Fund.	5.46	-
	Total	(A) 367.30	183.67
Current Investments			
Units - Quoted but not Listed			
Short term funds			
58	Nil (Previous Year 23,527,965) units of Birla Sunlife Dynamic Bond Fund- Growth	-	45.04
59	Nil (Previous Year 15,988,087) units of HDFC Short Term Plan- Growth	-	35.00
Liquid and Liquid Plus			
60	1,00,504 (Previous Year NIL) units of Axis Banking Debt Fund	10.10	-
61	NIL (Previous Year 49,84,633) units of Birla Sunlife Ultra Short Term Fund	-	49.87
62	2,01,52,664 (Previous Year NIL) units of ICICI Prudential Banking & PSU Debt Fund	20.28	-
63	7,18,281 (Previous Year NIL) units of Kotak Liquid Fund Plan A	87.83	-
64	NIL (Previous Year 9,65,710) units of SBI Ultra Short Term Debt Fund	-	96.70
65	4,24,391 (Previous Year NIL) units of SBI Premier Liquid fund	42.58	-
66	9,78,266 (Previous Year NIL) units of UTI Floating Rate Fund Short Term Plan	105.35	-
	Total	(B) 266.14	226.61
	Total Current Investments	(A+B) 633.43	410.29

Notes attached to and forming part of the Financial Statements

Particulars	As at March 31, 2014		As at March 31, 2013	
	Cost	Market Value	Cost	Market Value
Aggregate amount of quoted investments	266.14	266.15	226.61	229.38
Aggregate amount of unquoted investments	367.30	377.50	183.67	186.41

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 15			
Inventories			
Raw materials [Including Rs. 3.76 Crore Goods in Transit (Previous year Rs. 2.61 Crore)]	31.e	1 98.94	1 59.26
Work-in-progress	31.f	22.22	23.44
Finished goods	31.g	13.88	8.87
Stores and spares		1.74	1.99
Stock of Trading Purchases	31.h	16.07	16.77
		<u>252.85</u>	<u>210.33</u>

Note 16

Trade Receivables

Unsecured

Outstanding for a period exceeding 6 months from the date they are due for payment:

Considered good		169.03	142.85
Considered doubtful		147.94	107.51
Less : Provided for		147.94	107.51
Others		1183.33	1281.04
		<u>1352.36</u>	<u>1423.89</u>

Note 17

Cash and Cash Equivalents

Cash on hand		1.03	0.62
Balances with banks			
In current accounts		--	--
In Deposit accounts		312.32	203.53
In Unpaid dividend accounts		0.73	0.68
Cheques, drafts on hand		6.06	17.79
		<u>320.14</u>	<u>222.62</u>

Notes attached to and forming part of the Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at	
		March 31, 2014	March 31, 2013
Note 18			
Short-term Loans and Advances			
Unsecured, considered good			
Advances recoverable in cash or kind		174.82	110.80
Security Deposits		7.99	9.78
Advances to Staff and Workers		5.09	4.47
		<u>187.90</u>	<u>125.05</u>
Note 19			
Other Current Assets			
Contracts in Progress		564.90	325.09
Prepaid Long Term Employee Benefits (Gratuity)	41	14.10	10.79
Balance in Central Excise & Customs Accounts		66.24	28.84
Advance Income Tax (Net of Provisions)		72.06	19.06
Sales Tax Recoverable		3.28	--
Foreign Currency Forward Contract		1.71	22.49
Other Current Assets		64.85	64.51
		<u>787.14</u>	<u>470.78</u>

Notes attached to and forming part of the Financial Statements

Particulars	Reference to note no	2013-14	(Rs. Crore) 2012-13
Note 20			
Revenue from Operations			
A. Sale (Product and Project)			
(i) Domestic		2618.20	3622.94
Add : Closing Contracts in Progress		126.31	(61.81)
Less : Opening Contracts in Progress		(61.81)	99.07
Total (i)		2806.32	3462.06
(ii) Exports		1092.48	839.73
Add : Closing Contracts in Progress		85.80	132.56
Less : Opening Contracts in Progress		132.56	44.44
[Including Deemed Exports of Rs 155.81 Crore (Previous Year Rs. 100.77 Crore)]			
Total (ii)		1045.72	927.85
Total (A)	31.a	3852.04	4389.91
B. Sale of Services			
(i) Domestic		433.71	318.39
(ii) Exports		55.38	56.06
Total (B)	31.b	489.09	374.45
C. Other Operating Revenues			
Claims and Refunds		6.81	5.07
Balances earlier Written Off now Recovered		0.10	0.31
Profit on Sale of Assets		0.56	--
Commission		5.22	5.57
Sale of Scrap		19.37	13.07
Miscellaneous Income		30.14	35.00
Total (C)		62.20	59.02
D. Less: Excise duty		101.17	132.51
Revenue from Operations (Net)(A + B + C - D)		4302.16	4690.87
Note 21			
Other Income			
Interest Income		28.10	44.15
Dividend Income			
Long-term Investment		0.00	0.01
Current Investment		13.85	10.69
Net gain/loss on sale of investments			
Long-term Investment		22.15	12.12
Current Investment		0.20	--
Provision for Diminution in value of Investments Written Back		--	0.99
Exchange Fluctuation Income		--	5.05
		64.30	73.01

Notes attached to and forming part of the Financial Statements

(Rs. Crore)
2012-13

Particulars	Reference to note no	2013-14	2012-13
Note 22			
Cost of Material Consumed			
Consumption of raw materials and components			
Opening Stocks		158.69	230.56
Add: Purchases		2696.13	2986.59
		2854.82	3217.15
Less: Closing Stocks		195.80	158.69
		2659.02	3058.46
Note 23			
Changes in Inventories			
Opening Stocks:			
Work-in-Progress		23.41	23.35
Finished Goods		8.87	6.41
Stock of Trading Purchases		16.74	16.63
		49.02	46.39
Less: Closing Stocks :			
Work-in-Progress		23.19	23.41
Finished Goods		13.88	8.87
Stock of Trading Purchases		16.03	16.74
		53.10	49.02
		(4.08)	(2.63)
Note 24			
Employee Benefits Expense			
Salaries and wages		372.97	351.50
Contribution to provident and other funds	41	33.83	32.06
Staff welfare expenses		15.84	18.01
		422.64	401.57
Note 25			
Finance Costs			
Interest expense		8.85	2.90
Applicable net gain/loss on foreign currency transactions and translation		--	6.75
		8.85	9.65

Notes attached to and forming part of the Financial Statements

(Rs. Crore)

Particulars	Reference to note no	2013-14	2012-13
Note 26			
Other Expenses			
Consumption of stores and spare parts		22.58	18.59
Power and Fuel		28.09	26.65
Drawing, Design and Technical Service Charges		47.92	42.26
Site Expenses and Contract Labour Charges		150.58	124.37
Freight Outward		71.01	52.62
Commission on Sales		23.68	25.60
Other Selling and Distribution Expenses		23.86	31.20
Free of Cost Supplies and Modifications		20.59	47.88
Bad Debts		9.28	9.20
Provision for Doubtful Debts		43.49	25.22
Liquidated Damages		8.81	12.59
Rent and Service Charges		13.67	14.26
Rates and taxes, excluding taxes on income.		3.95	3.18
Insurance		6.01	6.15
Repairs to buildings		2.87	2.57
Repairs to machinery		9.27	8.48
Repairs - others		11.23	10.67
Communication		7.48	7.19
Travelling and Conveyance		53.92	49.97
Advertising and Exhibition Expenses		0.78	0.64
Legal & Professional Charges		35.60	36.13
Printing and Stationery		3.79	3.34
Bank Charges		10.08	8.66
Additional Sales Tax and Turnover Tax		18.86	1.97
Net loss on foreign currency transaction and translation		41.01	--
Loss on Assets sold/discarded (net)		--	0.53
Loss on sale of Current Investment		--	0.24
Donations		6.12	10.20
Miscellaneous Expenses		31.02	28.09
		705.55	608.45

Notes attached to and forming part of the Financial Statements

27 Significant Accounting Policies

27.1 Basis for Preparation of Financial Statements

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

27.2 Use of Estimates

The preparation of financial statements in conformity with 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 outcome and estimates are recognised in the period in which the outcome is known or materialises.

27.3 Fixed Assets – Tangible and Intangible Assets

- a. 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.
- b. Borrowing costs attributable to qualifying fixed assets are capitalised.
- c. Machinery specific spares (other than those required for regular maintenance) are capitalised as part of the related fixed asset.
- d. Expenditure incurred on acquisition or, as the case may be, on development of goodwill, technical know-how, software, patents, on research and development and other intangibles is recognised as an Intangible Asset if it is expected that such asset will generate future economic benefits not less than its carrying cost.

27.4 Depreciation

- a. Cost incurred on Leasehold land is amortised over the period of lease.
- b. Depreciation on all tangible fixed assets is provided using the straight line method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following :
 - in case of data processing equipment and computers, which are depreciated at a higher rate of 33.33% as compared to 16.21% provided in Schedule XIV.

- certain vehicles related to employee perquisites are depreciated at higher rates of 15% and 13.45% as compared to 9.50% provided in Schedule XIV.
- c. Intangible assets are amortised on the straight line method over the estimated useful life of such assets. An asset's useful life is estimated based on an evaluation of the future economic benefits expected of such assets.
- d. Depreciation on the entire plant and machinery of chemical division is charged considering the chemical plant as a "Continuous Process Plant".

27.5 Impairment

Carrying amount of cash generating units / assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. Provision for impairment loss, if any, is recognized to the extent to 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 discounted 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.

27.6 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.

27.7 Inventories

- a. Inventories are valued at lower of cost and estimated net realisable value.
- b. Cost of raw materials, components, consumables, tools, stores & spares is arrived at on the basis of weighted average cost.
- c. Cost of finished goods and 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 upto their present location and condition.

Notes attached to and forming part of the Financial Statements

- d. Inventory obsolescence is provided for on the basis of standard norms.

27.8 Employee Benefits

a. Provident Fund

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

b. Superannuation Fund

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

c. Gratuity

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

d. Compensated Absences

Liability on account of the company's obligation under the employee's leave policy is charged to the statement of profit and loss at the undiscounted amount of such liability calculated with reference to leave earned but not availed of as at the balance sheet date.

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

f. Bonus & Short-Term Incentive Plan

Liabilities on account of the company's obligations under statutory regulations, agreement with trade unions and employees' short term incentive plan, as applicable, are charged to the statement of profit and loss at the undiscounted amount of each liability.

27.9 Provisions and Contingent Liabilities

- a. Provisions in respect of present obligations arising out of past events are made when reliable estimates can be made of those.
- b. The company provides for warranty obligations on substantial completion of contracts based on technical evaluation and past experience.
- c. Contingent liabilities are disclosed by way of notes to the financial statements, after careful evaluation by the management of the facts and legal aspects of each matter involved.

27.10 Revenue Recognition

- a. Revenue in respect of products is recognised on dispatch of goods to customers or when they are unconditionally appropriated to the concerned contracts.
- b. 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.
- c. Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.
- d. The difference between costs incurred plus recognised profits / less recognised losses and the amount of invoiced sales is disclosed as contracts in progress.
- e. Determination of revenues under the percentage of completion method necessarily involves making estimates by the management (some of which are of a technical nature) of the costs to completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.
- f. Supply of spare parts and services are accounted for on 'as billed' basis.
- g. Revenue in respect of long-term service contracts and maintenance contracts

Notes attached to and forming part of the Financial Statements

is recognised on the basis of stage of completion or time proportion whichever is more appropriate.

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

- i. Government Grants

- * A Government grant is accounted for when there is reasonable certainty of compliance with its conditions and of its ultimate collection.

- * Revenue expenses (net of government grants, if any) incurred during research and development phase of internal projects are recognised as and when incurred.

- * The cost incurred on any intangible asset (net of government grants, if any) in the development phase is recognised to the extent there is reasonable certainty of generating sufficient future economic benefits through commercial exploitation of such asset.

27.11 Borrowing Costs

- a. Borrowing costs on working capital are charged to statement of profit and loss in the year incurred.
- b. Borrowing costs attributable to the acquisition of a tangible fixed asset are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.
- c. Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalised till the date they are ready to use.

27.12 Foreign Currency Transactions

- a. Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- b. Exchange differences on settlement of transactions in foreign currencies are recognised in the statement of profit and loss.
- c. Foreign currency monetary item balances in the balance sheet are translated at the closing exchange rates and the resulting exchange difference is recognised in the statement of profit and loss.
- d. 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.

- e. Revenue items of any foreign branches are translated at the relevant currency's average rate for the year.

27.13 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 the statement of profit and loss in the same period during which the underlying transactions affect statement of profit and loss and / or the foreign currency forward contract expires or is exercised, terminated or no longer qualifies for hedge accounting.

27.14 Taxes on Income

- a. Current tax is provided on the basis of estimated tax liability, computed as per applicable provisions of the Income Tax Act, 1961.
- b. 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.
Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

27.15 Others

- a. A liability for liquidated damages is recognised when it is deducted or claimed by the customer or when a reasonable estimate of the likely obligation can be made.
- b. 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.
- c. Annual fees payable under a License Agreement for acquisition of a right to use a Licensed Mark is recognised and charged to statement of profit and loss on payment.

Notes attached to and forming part of the Financial Statements

28 Contingent Liability

- a. Disputed demands in respect of Excise, Customs Duty and Service Tax Rs. 16.24 Crore (Previous Year Rs. 13.91 Crore), Sales Tax Rs. 16.44 Crore (Previous Year Rs. 14.69 Crore) and other Statutes Rs. 0.14 Crore (Previous Year Rs. 0.14 Crore).
- b. Income Tax
 - i. Demands disputed in appellate proceedings Rs. 20.40 Crore (Previous Year Rs. 82.21 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. 58.56 Crore (Previous Year Rs. 25.49 Crore).
- c. Counter Guarantees given by the company to banks on behalf of group companies : Rs. 46.09 Crore on behalf of Thermax Instrumentation Ltd.(Previous Year Rs. 76.14 Crore), Rs. 1.43 Crore on behalf of Thermax Onsite Energy Solutions Ltd. (Previous Year Rs. 0.60 Crore) and Rs. Nil on behalf of Thermax Sustainable Energy Solutions Ltd. (Previous Year Rs. 0.09 Crore).
- d. Indemnity Bonds and Corporate Guarantees given by the Company on behalf of group companies : Thermax Engineering Construction Company Ltd. Rs. 90 Crore (Previous Year Rs. Nil).
- e. Liability for unexpired export obligations Rs. 10.30 Crore (Previous Year Rs. 2.50 Crore).
- f. Claims against the company not acknowledged as debts Rs. 10.01 Crore (Previous Year Rs. 9.43 Crore).
- g. Bills Discounted with banks Rs. 5.95 Crore (Previous Year Rs. 45.32 Crore).
- h. Liability in respect of partly paid shares Rs. 0.19 Crore (Previous Year Rs. 0.19 Crore).

29 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 :

Sr. No.	Particulars	2013-14			2012-13		
		Principal	Interest	Total	Principal	Interest	Total
a)	Total Outstanding dues to micro and small enterprises	60.68	0.04	60.71	97.53	0.00	97.53
b)	Amount of Interest paid in terms of section 16 of MSMED Act along-with the principal amount of the payment made to supplier beyond appointed day.	2.28	0.00	2.28	14.76	0.02	14.78
c)	Outstanding interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	NA	-	-	NA	0.00	0.00

30 Auditors' Remuneration & Directors fees :

Other expenses include:

	2013 - 14	(Rs. Crore) 2012 - 13
a) Auditors' Remuneration (excluding service tax)		
i) As Auditors	0.70	0.62
ii) For Taxation matters (including Tax Audits)	0.58	0.30
iii) Certification fees	0.11	0.10
iv) Reimbursement of expenses	0.01	0.02
b) Directors Sitting fees	0.17	0.15

Notes attached to and forming part of the Financial Statements

31 Additional Information under Part II of Revised Schedule VI to the Companies Act, 1956 :

a. Turnover of goods manufactured & traded (net of excise)

(Rs. Crore)

Particulars	2013-14	2012-13
Boilers, Heaters & Chillers	1,980.97	2,276.97
Power Plants	686.16	865.20
Air Pollution Control, Water & Waste Treatment Plants & Systems	618.31	721.64
Ion Exchange Resins & Chemicals	248.39	213.28
Goods Traded In, Accessories, Spares etc.	217.04	180.31
Total	3750.87	4257.40

b. Service Revenue under broad heads

Particulars	2013-14	2012-13
Operation & Maintenance	213.84	175.65
Erection & Commissioning	217.71	182.14
Other Services	52.55	11.99
Total	489.10	374.45

c. Consumption of raw materials & components etc. and cost of traded goods.

Particulars	2013-14	2012-13
Ferrous Sheets, Plates	120.34	90.96
Ferrous Tubes	159.00	122.76
Fabricated Items	644.70	610.99
Chemicals	145.21	129.75
Bought out items and other materials	1695.50	2219.26
Total	2764.75	3173.72

d. Trading Purchases under broad heads

Particulars	2013-14	2012-13
Steel and other metal	42.57	66.55
Spares Parts	63.50	48.41
Chemicals	3.21	2.89
Other Purchases	0.54	0.04
Total	109.81	117.89

e. Raw Material Stock under broad heads

Particulars	2013-14	2012-13
Ferrous Sheets, Plates	33.16	15.16
Ferrous Tubes	12.82	12.59
Fabricated Items	35.49	45.38
Chemicals	9.36	8.06
Others	108.11	78.07
Total	198.94	159.26

Notes attached to and forming part of the Financial Statements

f. WIP Stock under broad heads

(Rs. Crore)

Particulars	2013-14	2012-13
Boilers, Heaters & Chillers	16.89	19.56
Air Pollution Control, Water and Waste Treatment Plants & Systems	3.27	1.27
Ion Exchange Resins & Chemicals	2.06	2.61
Total	22.22	23.44

g. Finished Goods Stock under broad heads

Particulars	2013-14	2012-13
Boilers , Heaters & Chillers	4.92	1.22
Ion Exchange Resins & Chemicals	8.96	7.65
Total	13.88	8.87

h. Stock of Traded Goods under broad heads

Particulars	2013-14	2012-13
Steel and other metals	4.26	3.16
Spare Parts	11.29	13.24
Chemicals	0.32	0.34
Others	0.21	0.04
Total	16.08	16.77

i. Value of imported & indigenous Raw Materials, Components & Spare Parts consumed

Particulars	%	2013-14	%	2012-13
Imported	11	290.84	7	224.15
Indigenous	89	2473.91	93	2949.57
Total	100	2764.75	100	3173.72

j. CIF Value of Imports

Particulars	2013-14	2012-13
Raw Materials	175.37	131.19
Components & Spares	93.23	70.80
Consumables	6.98	5.12
Capital Goods	11.12	14.62
Total	286.70	221.74

k. Earnings in Foreign Currency (on accrual basis)

Particulars	2013-14	2012-13
Export of goods on FOB	1014.55	656.72
Others	23.84	14.00
Total	1038.39	670.72

l. Expenditure in Foreign Currency (on accrual basis)

Particulars	2013-14	2012-13
Technical Fees	5.67	3.61
Expenses in Foreign Offices	15.03	13.51
Royalty	7.16	15.57
Travelling, Commission, Legal & Professional Charges and Others	37.09	34.98
Total	65.04	67.67

Notes attached to and forming part of the Financial Statements

32 Contracts in Progress (CIP)

Particulars	2013-14	2012-13
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	2969.41	3398.87
b) In respect of contracts in progress as on 31 st March :		
1. Aggregate amount of costs incurred and recognised profits (less recognised losses) (including amounts carried forward from previous years)	12395.48	11408.84
2. Amount of Customer Advances received	942.41	611.05
3. Amount of Retentions	533.34	518.24
c) Gross amount due from customers for contract work	564.90	325.09
b) Gross amount due to customers for contract work	352.79	254.34

33 Secured Loan

Secured loans represent following categories of borrowings :

- i) Working Capital Loans (Cash Credits & Overdrafts) taken from consortium of banks. These are secured by hypothecation of present and future stock of raw materials, stock in process, semi finished & finished goods, stores and spares not relating to plant & machinery, consumables & book debts. These are repayable on demand. Working Capital loans outstanding as on March 31, 2014 are Rs. 13.88 Crore (Previous Year Rs. 4.76 Crore).
- ii) Post Shipment Credit of Rs.11.78 Crore (Previous Year Rs. 7.12 Crore) due for repayment on various dates between April 1, 2014 to Aug 1, 2014. These loans are secured by hypothecation of present and future stock of raw materials, stock in process, semi finished & finished goods, stores and spares not relating to plant & machinery, consumables & book debts.
- iii) Packing Credit of Rs. 67 Crore (Previous Year Rs. NIL) due for repayment on various dates between April 2014 to March 2015. These loans are secured by hypothecation of present and future stock of raw materials, stock in process, semi finished & finished goods, stores and spares not relating to plant & machinery, consumables & book debts.
- iv) Loan from Department of Bio Technology Rs. 0.15 Crore (Previous Year Rs.0.15 Crore) is due for repayment in ten half yearly instalments starting from June 30, 2014 and carrying interest rate of 2% p.a.. Loan is secured by hypothecation of R&D equipments purchased out of these funds.

34 Unsecured Loan

- i) Packing Credit of Rs. 96 Crore (Previous Year Rs. NIL) is availed of from banks. This is due for repayment on various dates between July 2014 to March 2015.
- ii) Unsecured loan from Indo-German Science & Technology Centre Rs. 0.50 Crore (Previous year Rs. 0.30 Crore) due for repayment in 10 half yearly instalments starting from November 2015 and carrying interest rate of 3% p.a.

35 Unpaid Dividend

Unpaid dividends 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):

	Rs. Crore	
	As at March 31, 2014	As at March 31, 2013
Unclaimed Dividend on Equity	0.73	0.68

Notes attached to and forming part of the Financial Statements

36 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	12.7	USD 2,116,990
Export of Goods	(3.54)	EURO (431,231)
Export of Goods	0.62	GBP 62,322
Import of Goods	(1.14)	YEN (19,321,098)

37 Capital and other Commitments

- a. Capital Commitments : Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 3.04 Crore (Previous year Rs. 15.51 Crore).

38 Capitalisation of expenses

Raw materials, labour and overheads capitalised in respect of Plant & Machinery Rs. 2.84 Crore (Previous Year Rs. 0.21 Crore).

39 Segment Reporting

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

The Company's operations have been mainly classified between two primary segments, 'Energy' and 'Environment'. Composition of business segments is as follows:

Segment	Products Covered
a) Energy	Boilers and Heaters, Absorption Chillers/Heat Pumps, Power Plants.
b) Environment	Air Pollution Control Equipment/ 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 a 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.

- c. Secondary segments have been identified with reference to geographical location of external customers. Composition of secondary segments is as follows:
- i. India
 - ii. Outside India
- d. Inter-segment transfer price is arrived at on the basis of cost plus a reasonable mark-up.

Notes attached to and forming part of the Financial Statements

I) Information about Primary Business Segments :

Rs. Crore

Particulars	2013-14			2012-13		
	Energy	Environment	Total	Energy	Environment	Total
Revenue :						
Gross Revenue	3282.54	1059.79	4342.32	3638.25	1130.98	4769.23
Less : Intersegment Revenue	0.83	39.33	40.17	1.04	77.31	78.35
Net Revenue	3281.71	1020.45	4302.16	3637.21	1053.66	4690.87
Result :						
Segment Result	371.82	59.24	431.07	379.75	118.81	498.56
Unallocated expenses net of unallocated income			15.33			-26.72
Operating Profit			415.74			525.28
Interest expenses			8.85			9.65
Taxation for the year			153.92			165.67
Profit after taxation and before exceptional items			252.98			349.97
Extra-ordinary items of expenses / (Income)			-			-
Net Profit			252.98			349.97
Other Information :						
Segment Assets	2372.98	762.28	3135.25	2168.09	716.15	2884.24
Unallocated Corporate Assets			1718.60			1242.39
Total Assets			4853.85			4126.63
Segment Liabilities	2080.25	418.83	2499.07	1634.33	437.20	2071.53
Unallocated Corporate Liabilities			329.79			185.82
Total Liabilities			2828.86			2257.35
Capital Expenditure	43.17	33.24	76.42	88.95	37.82	126.77
Depreciation	45.12	12.65	57.77	42.85	12.01	54.86
Non-cash expenses other than depreciation	-	-	-	-	-	-

II) Information about Secondary Segments:

Particulars	2013-14	2012-13
Revenue		
India	3313.20	3807.73
Outside India	988.96	883.14
Total Revenue	4302.16	4690.88
Carrying Amount of Segment Assets :		
India	2377.89	2403.77
Outside India	192.47	155.38
Addition to Fixed Assets :		
India	76.31	126.77
Outside India	0.10	0.01

Notes attached to and forming part of the Financial Statements

40 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 Holdings 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)	
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (Joint venture with Babcock & Wilcox India Holdings Inc)	

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	
Thermax Netherlands BV.	Thermax Denmark ApS, Denmark
Danstoker A/S, Denmark	Boilerworks A/S, Denmark
Boilerworks Properties ApS, Denmark	
Ejendomsanpartsselskabet Industrivej Nord 13 (EIN), Denmark	
Omnicall Kessel & Apparatebau GmbH, Germany	
Thermax SDN. BHD.	
Rifox-Hans Richter GmbH Spezialarmaturen	

- C. Individuals having control or significant influence over the Company by reason of voting power, and their relatives :
 Mrs. Meher Pudumjee – Chairperson
 Mrs. Anu Aga – Director
 Mr. Pheroze Pudumjee – Director
- D. Enterprise, over which control is exercised by individuals listed in 'C' above
 Thermax Social Initiative Foundation
 KRA Holdings Pvt. Ltd.
 ARA Trusteeship Company Pvt. Ltd.
 Shuffle Realtors Pvt. Ltd.
- E. Key Management Personnel:
 Mr. M S Unnikrishnan – Managing Director

Notes attached to and forming part of the Financial Statements

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

Details of Transactions with Subsidiary Companies

(Rs. Crore)

Particulars	2013-14	2012-13
I Sales, Service, Other income		
Sales of Goods		
i Thermax Inc.	40.64	30.25
ii Thermax Onsite Energy Solutions Ltd.	29.32	4.41
iii Thermax Europe Ltd.	27.05	27.36
iv Thermax Babcock Wilcox Energy Solutions Pvt. Ltd.	17.57	0.89
v Others	1.91	1.50
Total	<u>116.49</u>	<u>64.42</u>
Rendering of Services	3.88	1.20
Interest Income	0.16	0.16
Reimbursement of Expenses / Cost of Material / Stores		
i Thermax Engineering Construction Co Ltd.	2.47	2.36
ii Thermax SPX Energy Technologies Ltd.	0.94	0.90
iii Thermax Babcock Wilcox Energy Solutions Pvt. Ltd.	0.28	0.20
iv Others	0.38	0.37
Total	<u>4.07</u>	<u>3.83</u>
II Purchase of Material / Services		
i Thermax Engineering Construction Co Ltd.	88.63	69.66
ii Thermax Instrumentation Ltd.	37.41	19.57
iii Thermax SPX Energy Technologies Ltd.	15.87	15.33
iv Omnical Kessel & Apparatebau GmbH	12.59	-
v Thermax (Zhejiang) Cooling & Heating Eng. Co. Ltd.	8.49	6.93
vi Others	0.11	0.01
Total	<u>163.11</u>	<u>111.50</u>
III Expenses		
Receiving of Services	2.43	1.17
Reimbursement of Expenses	9.24	11.05
Deputation of employees	-	0.95
Donation to Thermax Social Initiative Foundation	6.03	10.15
IV Finance (Including Loan / Equity/ Preference Contribution & Share Application Money)		
Equity/ Preference Contribution		
i Thermax Babcock Wilcox Energy Solutions Pvt. Ltd.	57.89	15.30
ii Thermax Onsite Energy Solutions Ltd.	10.50	4.50
iii Thermax Instrumentation Ltd.	-	10.00
iv Rifax-Hans Richter GmbH Spezialarmaturen	-	2.40
v Thermax SDN.BHD	-	0.87
Total	<u>68.39</u>	<u>33.08</u>

Notes attached to and forming part of the Financial Statements

Particulars	(Rs. Crore)	
	2013-14	2012-13
V Guarantee / Bond / Collateral Given on behalf of subsidiaries and out standing as on 31st March		
i Thermax Engineering Construction Co Ltd.	90.00	-
ii Thermax Instrumentation Ltd.	46.09	76.14
iii Others	1.43	0.69
Total	<u>137.52</u>	<u>76.83</u>
VI Amount Outstanding - Loan / Advances, Receivable		
Loan / Advances Outstanding		
i Thermax Sustainable Energy Solutions Ltd.	3.24	3.09
Accounts Receivable		
i Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	18.99	1.95
ii Thermax Inc.	15.09	12.40
iii Thermax Europe Ltd.	4.26	6.67
iv Thermax Onsite Energy Solutions Ltd.	2.65	0.34
v Thermax SPX Energy Technologies Ltd.	1.84	1.21
vi Thermax (Zhejiang) Cooling & Heating Eng. Co. Ltd.	1.04	0.73
vii Others	1.31	0.67
Total	<u>45.31</u>	<u>23.97</u>
Trade Advances		
i Thermax Instrumentation Ltd.	14.09	15.60
ii Thermax Engineering Construction Co Ltd.	3.85	4.64
iii Thermax SPX Energy Technologies Ltd.	-	1.54
iv Others	0.49	-
Total	<u>18.43</u>	<u>21.77</u>
VII Amount Outstanding		
Accounts Payable / Other Payable		
i Thermax Instrumentation Ltd.	12.37	9.67
ii Thermax Engineering Construction Co Ltd.	11.61	7.78
iii Omnical Kessel & Apparatebau GmbH	8.3	-
iv Thermax (Zhejiang) Cooling & Heating Eng. Co. Ltd.	4.55	0.03
v Thermax SPX Energy Technologies Ltd.	2.51	1.32
vi Thermax Inc.	3.93	1.17
vii Others	0.81	2.12
Total	<u>44.08</u>	<u>22.09</u>
Details of Transactions relating to the Persons referred to in "C" and "E" above		
Managerial Remuneration	2.68	2.56
Sitting Fees	0.08	0.06
Rent Paid	0.32	0.32
Commission paid	0.42	0.42
Loans, Advance / Deposit outstanding at the end of the year	0.58	0.58

Notes attached to and forming part of the Financial Statements

41 Defined Benefit Plans for Employees (AS 15)

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

Particulars	(Rs. Crore)	
	2013-14	2012-13
i) Components of Employer expense		
a Current service cost	3.24	2.82
b Interest Cost	4.95	4.73
c Expected Return on Plan Assets	(6.40)	(5.63)
d Actuarial (Gain) / Loss	2.60	1.87
e Total Expense recognised in the Statement of profit and loss	4.39	3.79
ii) Net Assets / (Liability) recognised in Balance Sheet as at 31st March		
a Present Value of Obligation	69.38	65.69
b Fair Value of Plan Assets	83.48	76.48
c (Asset)/Liability recognised in the Balance Sheet	(14.10)	(10.79)
iii) Change in Gratuity Obligation during the year		
a Present Value of Obligation as at 1st April	65.69	63.08
b Current Service Cost	3.24	2.82
c Interest Cost	4.95	4.73
d Actuarial (Gain)/ Loss	3.14	2.89
e Benefits Paid	7.64	7.83
f Present Value of Obligation as at 31st March	69.38	65.69
iv) Changes in the Fair Value of Plan Assets		
a Present Value of Plan Assets as at 1st April	76.48	64.29
b Expected Return on Plan Assets	6.40	5.63
c Actual Company Contribution	0.23	5.75
d Benefits Paid	(0.17)	(0.22)
e Actuarial Gain / (Loss)	0.54	1.02
f Present Value of Plan Assets as at 31st March	83.48	76.48
v) Actuarial Assumptions		
a Discount Rate	8% p.a.	8% p.a.
b Expected Rate of Return	8% p.a.	8% p.a.

Notes attached to and forming part of the Financial Statements

vi) Amounts recognised in current year and previous four years

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Gratuity					
Defined Benefit Obligation	69.38	65.69	63.08	49.87	32.94
Plan Asset	83.48	76.48	64.29	51.65	40.80
(Surplus) / Deficit	(14.1)	(10.79)	(1.21)	(1.78)	(7.86)
Experience adjustments in plan assets / liabilities	-	2.42	-	-	-
Classified as Non- Current	61.25	54.64	59.13	2.06	N.A.
Classified as Current	8.13	11.05	3.95	47.81	N.A.
Total	69.38	65.69	63.08	49.87	32.94

vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Particulars	2013-14	2012-13
Gratuity		
Investments with Insurer (LIC of India)	100%	100%

viii) Defined Contribution Plans amount recognised in the Statement of profit and loss

Particulars	2013-14	2012-13
Provident Fund and Other Funds	29.35	28.62

ix) The company expects to contribute Rs. 0.45 Crore to Gratuity in FY 2014-15.

42 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	2013 – 14	2012 –13
Profit After Tax but before Extra-ordinary items (Rs. Crore)	252.97	349.96
Weighted average number of Equity shares of Rs. 2 each	11,91,56,300	11,91,56,300
Basic & Diluted EPS before Extra-ordinary items (Rs.)	21.23	29.37
Profit After Tax and after Extra-ordinary items (Rs. Crore)	252.97	349.96
Basic & Diluted EPS after Extra-ordinary items (Rs.)	21.23	29.37

43 Tax expense includes Rs. 29 Crore being provision made for estimated liability likely to arise upon its claim for deduction of certain business expenses being held inadmissible consequent to a survey u/s 133A of the Income Tax Act, conducted by the Income Tax Department in October 2013. Consequential orders, to the extent received, have been contested by the company in appeal.

44 Proposed Dividend

The dividend proposed for the year is as follows :

[On Equity Share of Rs. 2/- each]

Particulars	2013-14	2012-13
Amount of dividend (Rs. Crore)	71.49	83.41
Dividend per equity share (Rs.)	6.00	7.00

Notes attached to and forming part of the Financial Statements

45 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.

46 Disclosure as required by AS - 29 (Contingent Liabilities and Provisions):

Particulars	Warranty Provision	
	2013-14	2012-13
Opening Balance (as on 1st April)	72.20	58.99
Additions during the year	33.05	38.24
Utilisation during the year	7.47	9.33
Reversals during the year	24.72	15.69
Closing Balance (as on 31st March)	73.06	72.20

47 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 :

(Rs Crore)

Particulars	2013-14			2012-13		
	DSIR*	Others	Total	DSIR*	Others	Total
Material Cost	7.08	0.02	7.10	6.43	0.11	6.54
Employee Cost	8.76	1.17	9.93	8.49	1.94	10.44
Consumable & Maintenance Cost	0.87	0.18	1.05	0.52	0.07	0.59
Drawing Design, licence fees & Professional fees	2.66	0.20	2.85	2.13	0.20	2.33
Labour Charges	1.12	-	1.12	0.70	0.04	0.74
Travelling Expenses	0.94	0.04	0.98	0.87	0.09	0.96
Other Costs	1.40	0.10	1.50	1.28	0.02	1.30
Depreciation	1.86	0.02	1.89	1.69	0.02	1.70
Less: Government Grants	(7.65)	0.02	(7.63)	(5.86)	-	(5.86)
Grand Total	17.04	1.75	18.79	16.25	1.46	18.75

* Expenses of sites/in house facilities approved by Department of Scientific and Industrial Research (DSIR).

Notes attached to and forming part of the Financial Statements

B) Fixed Asset schedule of R&D Assets :

Fixed Assets included in respective category of Note 10, used for the purpose of in-house Research and Development activity.

Particulars	Gross Block				Depreciation				Net Block	
	Costs as at 1.4.2013	Additions/ Adjustments during the year	Deductions during the year	Total Cost as at 31.03.2014	Upto 31.03.2013	Deductions / Adjustment during the year	Provisions during the year	Total as at 31.03.2014	As at 31.03.2014	As at 31.03.2013
TANGIBLE										
Building	0.64	-	-	0.64	0.31	-	0.01	0.32	0.32	0.33
Plant & Machinery	5.57	0.87	-	6.44	0.81	-	0.46	1.28	5.17	4.76
Electrical Installation	0.21	0.03	-	0.24	0.03	-	0.02	0.05	0.19	0.18
Furniture, Fixtures, Office Equipment & Computer	1.37	0.13	-	1.50	0.62	-	0.16	0.78	0.73	0.75
R&D Equipments(inhouse)	3.05	-	0.06	2.99	1.76	0.03	0.17	1.90	1.09	1.29
R&D Equipments(others)	0.33	0.06	0.00	0.39	0.06	-	0.02	0.08	0.32	0.28
Vehicles	0.09	-	-	0.09	0.03	-	0.01	0.03	0.06	0.07
INTANGIBLE										
Software	1.94	-	-	1.94	1.58	-	0.20	1.78	0.16	0.36
Development Costs (R&D)	2.18	5.35	-	7.53	0.44	-	0.78	1.22	6.31	1.73
Total	15.38	6.44	0.06	21.77	5.64	0.03	1.83	7.43	14.34	9.74
Previous Year	11.66	3.81	0.09	15.38	4.04	0.06	1.62	5.64	9.74	7.62
Capital WIP									14.65	11.76

48 The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

49 Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

For B. K. Khare & Co.

Chartered Accountants

Firm Reg No.105102W

For and on behalf of the Board

Meher Pudumjee

Chairperson

M. S. Unnikrishnan

Managing Director

H. P. Mahajani

Partner

Membership No. 030168

Pune, May 27, 2014

Amitabha Mukhopadhyay

Executive Vice President

& Chief Financial Officer

G. P. Kulkarni

Vice President - Legal &

Company Secretary

Pune, May 27, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Thermax Ltd.

We have audited the accompanying consolidated financial statements of Thermax Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Other Matter

We did not audit the financial statements of fourteen foreign subsidiaries whose financial statements reflect total assets of Rs. 753.45 Crore as at 31 March 2014, total revenues of Rs. 746.36 Crore and net cash flows amounting to Rs. (11.96) Crore for the year then ended and the Profit After Tax of Rs 6.90 Crore for the year ended (before giving effect to the consolidation adjustments). These financial statements referred have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

H. P. Mahajani
Partner
Membership Number: 030168

Place: Pune
Date : May 27, 2014

Consolidated Financial Statements
Balance Sheet as at March 31, 2014

(Rs. Crore)

Particulars	Note No	As at	
		March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	1	23.83	23.83
b. Reserves and surplus	2	2014.47	1844.85
		<u>2038.30</u>	<u>1868.68</u>
2. Minority Interest		139.65	110.27
3. Non-current liabilities			
a. Long-term borrowings	3	516.65	383.22
b. Deferred tax liabilities (Net)	4	31.78	38.30
c. Other Long-term liabilities	5	213.91	54.12
d. Long-term provisions	6	2.46	1.30
		<u>764.80</u>	<u>476.94</u>
4. Current liabilities			
a. Short-term borrowings	7	222.06	37.73
b. Trade payables	8	931.89	972.30
c. Other current liabilities	9	1581.08	1241.67
d. Short-term provisions	10	264.33	279.94
		<u>2999.36</u>	<u>2531.64</u>
TOTAL		<u>5942.11</u>	<u>4987.53</u>
II ASSETS			
1. Non-current assets			
a. Fixed assets	11		
i. Tangible assets		1335.17	697.80
ii. Intangible assets		191.37	174.89
iii. Capital work-in-progress		53.70	517.45
b. Non-current investments	12	0.03	0.03
c. Long-term loans and advances	13	21.32	38.08
d. Other non-current assets	14	215.06	250.05
		<u>1816.65</u>	<u>1678.30</u>
2. Current assets			
a. Current investments	15	707.86	442.96
b. Inventories	16	415.77	323.95
c. Trade receivables	17	1468.49	1546.74
d. Cash and cash equivalents	18	450.84	321.12
e. Short-term loans and advances	19	190.58	124.39
f. Other current assets	20	891.92	550.07
		<u>4125.46</u>	<u>3309.23</u>
TOTAL		<u>5942.11</u>	<u>4987.53</u>

The notes are an integral part of these financial statements.

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

For and on behalf of the Board
Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

H. P. Mahajani
Partner
 Membership No. 030168
 Pune, May 27, 2014

Amitabha Mukhopadhyay
*Executive Vice President
 & Chief Financial Officer*

G. P. Kulkarni
*Vice President - Legal &
 Company Secretary*
 Pune, May 27, 2014

Consolidated Financial Statements

Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No	(Rs. Crore)	
		2013-14	2012-13
I Revenues from operations (Gross)	21	5201.06	5624.21
Less : Excise Duty		101.18	132.51
Revenues from operations (Net)		5099.88	5491.70
II Other income	22	71.57	84.85
III Total Revenue (I+II)		5171.45	5576.55
IV Expenses :			
Cost of materials consumed	23	2703.28	3131.91
Purchases of Stock-in-Trade		199.32	204.04
Changes in inventories	24	(40.96)	(20.22)
Employee benefits	25	701.86	612.18
Finance costs	26	27.36	16.54
Depreciation and amortisation	11	92.15	77.07
Other expenses	27	1099.10	1073.63
Total Expenses		4782.11	5095.15
V Profit before exceptional and extraordinary items and tax (III-IV)		389.34	481.40
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		389.34	481.40
VIII Extraordinary Items		-	-
IX Profit before tax (VII- VIII)		389.34	481.40
X Tax expense:			
1. Current tax		181.54	177.18
2. Deferred tax		(11.95)	0.16
Profit after tax (IX- X)		219.75	304.05
XI Less : Minority Interest		(26.24)	(16.07)
XII Profit for the period (IX -X - XI)		245.99	320.12
XIII Earnings per equity share of Rs. 2/- each:			
Basic and Diluted		20.64	26.87

The notes are an integral part of these financial statements.

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

For and on behalf of the Board
Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

H. P. Mahajani
Partner
 Membership No. 030168
 Pune, May 27, 2014

Amitabha Mukhopadhyay
*Executive Vice President
 & Chief Financial Officer*

G. P. Kulkarni
*Vice President - Legal &
 Company Secretary*
 Pune, May 27, 2014

CONSOLIDATED CASH FLOW STATEMENT

(Rs. Crore)

	2013-14	2012-13
A Cash flow from Operating activities		
Net profit before tax and Extra-ordinary items	389.34	481.40
Add Adjustments for		
Depreciation	92.15	77.07
Provision for Doubtful Debts	39.12	21.68
Interest paid	27.36	16.54
Lease rentals Paid	2.47	2.54
Less Adjustments for		
Interest / Dividend / Brokerage (Income received)	(11.50)	(31.28)
(Profit) / Loss on sale of Investment	(22.35)	(12.26)
(Profit) / Loss on sale of assets	0.50	0.57
Provision for Long Term Investments - Written back	-	(0.99)
Operating profit before working capital changes	517.09	555.27
Adjustments for		
Trade and Other Receivables	14.88	(297.01)
Inventories	(91.82)	42.66
Trade Payables	120.55	6.48
Cash generated from Operations (After Extra Ordinary Items before tax)	560.71	307.41
Direct taxes paid	(202.26)	(220.64)
Net cash from operating activities (after tax)	358.45	86.78
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(270.72)	(350.81)
Purchase of Investments	(2,031.09)	(1,197.60)
Proceeds from sale of Investments	1,788.55	1,007.37
Exchange Rate Fluctuation	26.90	(3.38)
Minority Interest Contribution	55.62	14.70
Interest / Dividend / Brokerage received	11.50	31.28
Net cash from Investing activities	(419.24)	(498.44)
C Cash flow from Financing activities		
Increase/(Decrease) in borrowings	317.76	150.56
Lease rentals paid	(2.47)	(2.54)
Interest paid	(27.36)	(16.54)
Dividend paid and Tax thereon	(97.40)	(96.94)
Net cash from Financing activities	190.52	34.54
Net (decrease)/increase in cash & cash equivalents	129.73	(377.13)
Opening cash & bank balances	321.12	698.25
Closing cash & bank balances	450.85	321.12

The notes are an integral part of these financial statements.

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

For and on behalf of the Board
Meher Pudumjee
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 Membership No. 030168
 Pune, May 27, 2014

Amitabha Mukhopadhyay
*Executive Vice President
 & Chief Financial Officer*

G. P. Kulkarni
*Vice President - Legal &
 Company Secretary*
 Pune, May 27, 2014

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 1			
Share capital			
Equity Share Capital			
Authorised :			
37,50,00,000 Equity Shares of Rs 2/- each		75.00	75.00
<i>(Previous year 37,50,00,000 equity Shares of Rs 2/- each)</i>		<u>75.00</u>	<u>75.00</u>
Issued, subscribed and fully paid :			
11,91,56,300 Equity Shares of Rs. 2/- each		23.83	23.83
<i>(Previous year 11,91,56,300 equity Shares of Rs 2/- each)</i>		<u>23.83</u>	<u>23.83</u>

(a) Reconciliation of number of equity shares

	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Rs Crore	Number of Shares	Rs Crore
Shares outstanding at the beginning of period	11,91,56,300	23.83	11,91,56,300	23.83
Shares outstanding at the end of period	11,91,56,300	23.83	11,91,56,300	23.83

(b) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of Rs.2 /- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity Shares held by holding company

6,43,28,500 shares are held by holding company, RDA Holdings Pvt. Ltd. (Previous year 6,43,28,500 shares)

(d) Details of Equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	%	No of Shares held	%	No of Shares held
RDA Holdings Pvt. Ltd.	53.99	6,43,28,500	53.99	6,43,28,500
Mrs. Anu Aga	5.78	68,88,305	5.78	68,88,305

Notes attached to and forming part of the Consolidated Financial Statements

Particulars	Reference to note no	(Rs. Crore)	
		As at March 31, 2014	As at March 31, 2013
Note 2			
Reserves and Surplus			
Capital Redemption Reserve			
Per Last Balance Sheet		50.34	50.34
Share Premium Reserve			
Per Last Balance Sheet		61.13	61.13
Capital Reserve			
Per Last Balance Sheet		13.10	13.10
Capital Reserve on Consolidation			
		4.71	4.71
Hedging Reserve			
Per Last Balance Sheet		22.16	2.23
Adjusted to Profit and loss statement		(14.73)	19.93
		<u>7.43</u>	<u>22.16</u>
General Reserve			
Per Last Balance Sheet		410.94	375.94
Transferred from Surplus		26.00	35.00
		<u>436.94</u>	<u>410.94</u>
Foreign Currency Translation Reserve			
		28.09	6.01
Surplus			
Per Last Balance Sheet		1276.46	1088.92
Profit for the year		245.99	320.12
Proposed Equity Dividend		(71.49)	(83.41)
Tax on Dividend		(12.23)	(14.18)
Transfer to General Reserve		(26.00)	(35.00)
		<u>1412.73</u>	<u>1276.46</u>
		<u>2014.47</u>	<u>1844.85</u>
Note 3			
Long-Term Borrowings			
Secured Long Term Borrowings :			
Term loans			
From banks		498.54	379.48
From other parties		17.61	3.44
Unsecured Long Term Borrowings :			
Term loans			
From other parties		0.50	0.30
		<u>516.65</u>	<u>383.22</u>

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 4			
Deferred tax liabilities (Net)			
A. Deferred Tax Assets			
Provision for Doubtful Debts		42.51	27.85
Others		11.77	11.07
Total (A)		<u>54.28</u>	<u>38.92</u>
B. Deferred Tax Liabilities			
Depreciation on Fixed Assets		69.43	63.59
Others		16.63	13.63
Total (B)		<u>86.06</u>	<u>77.22</u>
Net Deferred Tax Liability (B-A)		<u><u>31.78</u></u>	<u><u>38.30</u></u>
Note 5			
Other Long-term liabilities			
Trade payables		29.63	12.35
Customer Advances		148.46	35.36
Trade Deposits		7.52	6.40
Other liabilities		28.30	0.01
		<u>213.91</u>	<u>54.12</u>
Note 6			
Long-term provisions			
Long Term Employee Benefits		0.66	0.01
Provision for Warranty		0.83	0.85
Others		0.97	0.44
		<u>2.46</u>	<u>1.30</u>
Note 7			
Short-term borrowings			
Secured :	32		
From banks		120.47	25.28
From other parties		0.46	8.80
Unsecured :			
From banks		96.23	-
Other loans and advances		4.90	3.65
		<u>222.06</u>	<u>37.73</u>
Note 8			
Trade payables			
Trade payables		882.56	911.92
Acceptances		49.33	60.38
		<u>931.89</u>	<u>972.30</u>

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at	
		March 31, 2014	March 31, 2013
Note 9			
Other current liabilities			
Contracts in Progress		403.09	287.06
Current maturities of long-term debt		22.68	2.18
Interest accrued but not due on loans		2.78	1.68
Customer Advances		965.04	732.90
Trade Deposits		0.81	0.44
Unpaid dividends		0.73	0.68
Other Liabilities		171.69	168.96
Other Payables		14.26	47.77
		1581.08	1241.67
Note 10			
Short-term provisions			
Short Term Employee Benefits		90.96	97.30
Proposed Equity Dividend		71.67	83.41
Provision for Tax on Dividend		12.23	14.18
Provision for Warranty		78.73	76.30
Others		10.74	8.75
		264.33	279.94

NOTE 11 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 1.4.2013	Additions/ Adjustments During the Year	Deductions During the Year	Total Cost as at 31.3.2014	Upto 31.3.2013	Deductions/ Adjustments During the Year	Provisions During the Year	Total as at 31.3.2014	As at 31.3.2014	As at 31.3.2013
A. TANGIBLE :										
Land - Freehold	7.36	-	-	7.36	-	-	-	-	7.36	7.36
Land - Leasehold	78.18	0.55	-	78.73	1.49	-	0.92	2.41	76.32	76.69
Building	343.73	339.42	0.62	682.53	63.72	(4.24)	13.09	81.04	601.49	280.01
Plant & Machinery	435.28	346.18	4.36	777.09	189.36	(2.95)	35.83	228.14	548.95	245.91
Electrical Installation	39.87	8.22	0.20	47.89	12.24	0.14	2.41	14.51	33.38	27.63
Office Equipment & Computer	86.03	13.41	4.05	95.39	58.28	3.05	8.33	63.56	31.83	27.75
Furniture & Fixtures	33.04	9.37	0.24	42.17	15.66	(0.47)	2.45	18.57	23.60	17.38
R & D Equipments	3.39	(0.01)	-	3.38	1.81	0.04	0.19	1.96	1.42	1.58
Vehicles	22.77	1.03	3.27	20.53	9.28	1.75	2.90	10.43	10.10	13.49
Asset Held for Sale									0.72	-
Total tangible assets (A)	1,049.64	718.17	12.74	1,755.07	351.84	(2.68)	66.11	420.62	1,335.17	697.80
B. INTANGIBLE :										
Goodwill	134.62	26.11	-	160.74	16.18	(3.01)	8.12	27.31	133.43	118.45
Software	40.63	4.13	-	44.76	31.15	(0.32)	6.81	38.28	6.48	9.48
Technical Know How	71.34	15.60	3.36	83.58	24.38	3.37	11.11	32.13	51.46	46.97
Total Intangible Assets (B)	246.59	45.84	3.36	289.08	71.71	0.04	26.04	97.71	191.37	174.89
TOTAL FIXED ASSETS (A+B)	1,296.23	764.01	16.10	2,044.13	423.55	(2.64)	92.15	518.34	1,526.54	872.69
Previous Year	1,192.87	119.17	16.16	1,296.23	348.79	2.31	77.07	423.55	872.69	844.09
Capital W.I.P									53.70	517.45

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 12			
Non-current investments			
Non trade :			
Investments in Equity Instruments :			
Quoted Equity Shares (fully paid up)		0.03	0.03
Quoted Equity Shares (partly paid up)		0.06	0.06
Unquoted Equity Shares (fully paid up)		0.07	0.07
Equity Shares in Subsidiary (fully paid up)		3.52	3.52
Investments in Preference Shares :			
Unquoted Preference Shares (fully paid up)		0.02	0.02
Preference Shares in Subsidiary (fully paid up)		-	-
Investments in Mutual Funds		-	-
		<u>3.70</u>	<u>3.70</u>
Provision for Diminution in value of long-term investments		<u>3.67</u>	<u>3.67</u>
		<u><u>0.03</u></u>	<u><u>0.03</u></u>
Note 13			
Long-term loans and advances			
Unsecured, considered good			
Capital Advances		1.07	13.10
Security Deposits		11.00	11.54
Housing Deposit to Key Managerial Personnel		0.58	0.58
Advances recoverable in cash or kind		5.04	9.21
Advances to Staff and Workers		3.00	3.17
Other loans and advances		0.63	0.48
		<u>21.32</u>	<u>38.08</u>
Note 14			
Other non-current assets			
Long Term Trade Receivables			
Unsecured Considered good		47.39	65.06
Considered doubtful		-	-
Less : Provided for		-	-
Fixed Deposit with more than 12 months in maturity	18	0.12	11.65
Balance in Central Excise & Customs Accounts		14.67	8.11
Advance Income Tax (Net of Provisions)		62.51	99.90
Sales Tax Recoverable		88.96	64.24
Others		1.41	1.09
		<u>215.06</u>	<u>250.05</u>

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 15			
Current Investments			
Non trade :			
Investments in Mutual Funds		707.86	442.96
		<u>707.86</u>	<u>442.96</u>
Note 16			
Inventories			
Raw materials		233.74	181.65
Work-in-progress		119.58	89.48
Finished goods		18.85	14.85
Stores and spares		2.08	2.32
Stock-in-trade		41.52	35.65
		<u>415.77</u>	<u>323.95</u>
Note 17			
Trade Receivables			
Unsecured:			
Outstanding for a period exceeding 6 months from the date they are due for payment :			
Considered good		234.39	228.21
Considered doubtful		159.85	120.73
Less : Provided for		159.85	120.73
Others		1234.10	1318.53
		<u>1468.49</u>	<u>1546.74</u>
Note 18			
Cash and cash equivalents			
Cash on hand		24.66	9.73
Balances with banks			
In current accounts		28.19	23.19
In Deposits with more than 12 months in maturity		13.12	11.65
In Other Deposits		373.79	257.42
In Unpaid dividend account		0.73	0.68
Cheques, drafts on hand		10.47	24.52
Others		-	5.58
		<u>450.96</u>	<u>332.77</u>
Less : Deposit with more than 12 months in maturity disclosed under Other non-current assets	14	0.12	11.65
		<u>450.84</u>	<u>321.12</u>

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	As at March 31, 2014	As at March 31, 2013
Note 19			
Short-term loans and advances			
Unsecured, considered good			
Advances recoverable in cash or kind		173.90	108.12
Security Deposits		8.33	10.02
Advances to Staff and Workers		6.62	6.16
Loans and advances to related parties		1.65	-
Others		0.08	0.09
		<u>190.58</u>	<u>124.39</u>
Note 20			
Other current assets			
Contracts in Progress		614.27	364.62
Prepaid Long Term Employee Benefits (Gratuity)		14.39	10.79
Balance in Central Excise & Customs Accounts		80.22	40.83
Advance Income Tax (Net of Provisions)		92.52	33.78
Foreign Currency Forward Contract		1.71	22.49
Sales Tax Recoverable		3.28	-
Other current assets		85.53	77.56
		<u>891.92</u>	<u>550.07</u>

Notes attached to and forming part of the Consolidated Financial Statements

Particulars	Reference to note no	(Rs. Crore)	
		2013-14	2012-13
Note 21			
Revenue from operations			
A. Sale			
(i) India		2443.33	3538.34
Add : Closing Contracts in Progress		141.81	(61.81)
Less : Opening Contracts in Progress		(61.81)	99.07
Total (i)		2646.95	3377.46
(ii) Outside India		1680.23	1270.75
Add : Closing Contracts in Progress		85.79	132.56
Less : Opening Contracts in Progress		132.56	44.44
Total (ii)		1633.46	1358.87
Total	(A)	4280.41	4736.33
B. Sale of services			
(i) India		725.24	719.78
(ii) Outside India		123.84	109.45
Total	(B)	849.08	829.23
C. Other operating revenues			
Claims and Refunds		8.56	5.33
Balances earlier Written Off now Recovered		0.13	0.44
Commission		5.22	5.57
Sale of Scrap		23.73	17.61
Profit on sale of assets		0.60	0.17
Provision for Doubtful Debt Written-back		7.30	-
Interest Income		0.01	0.03
Miscellaneous Income		26.02	29.50
Total	(C)	71.57	58.65
D. Less: Excise duty		101.18	132.51
Revenue from Operations (Net)	(A + B + C - D)	5099.88	5491.70
Note 22			
Other income			
Interest Income		30.08	47.43
Dividend Income			
Long-term Investment		0.00	0.01
Current Investment		15.13	11.84
Net gain/loss on sale of investments			
Long-term Investment		22.15	12.13
Current Investment		0.20	0.16
Provision for Diminution in value of Investments Written Back		0.00	0.99
Other non-operating income		3.44	4.31
Exchange Difference Income		0.57	7.98
		71.57	84.85

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	2013-14	2012-13
Note 23			
Cost of Material consumed			
Consumption of raw materials and components			
Opening Stocks		181.08	253.22
Add: Purchases		2752.80	3059.77
		<u>2933.88</u>	<u>3312.99</u>
Less: Closing Stocks		230.60	181.08
		<u>2703.28</u>	<u>3131.91</u>
Note 24			
Changes in inventories			
Opening Stocks:			
Work-in-Progress		89.46	69.73
Finished Goods		18.08	10.69
Stock in Trade		32.67	30.70
Stock of Subsidiaries Acquired during the year		-	8.87
		<u>140.21</u>	<u>119.99</u>
Less: Closing Stocks :			
Work-in-Progress		120.55	89.46
Finished Goods		13.99	18.08
Stock in Trade		46.63	32.67
		<u>181.17</u>	<u>140.21</u>
		<u>(40.96)</u>	<u>(20.22)</u>
Note 25			
Employee Benefits Expense			
Salaries and wages		643.13	552.03
Contribution to provident and other funds		38.77	38.75
Staff welfare expenses		19.96	21.40
		<u>701.86</u>	<u>612.18</u>
Note 26			
Finance Costs			
Interest expense		26.53	9.40
Other borrowing costs		0.66	-
Applicable net gain/loss on foreign currency transactions and translation		0.17	7.14
		<u>27.36</u>	<u>16.54</u>

Notes attached to and forming part of the Consolidated Financial Statements

(Rs. Crore)

Particulars	Reference to note no	2013-14	2012-13
Note 27			
Other Expenses			
Consumption of stores and spare parts		37.29	34.31
Power and Fuel		39.24	34.64
Drawing, Design and Technical Service Charges		52.41	46.77
Site Expenses and Contract Labour Charges		319.49	332.71
Erection, Fabrication Charges etc.		117.18	145.61
Freight Outward		77.53	58.13
Commission on Sales		26.00	27.72
Other Selling and Distribution Expenses		27.87	34.12
Free of Cost Supplies and Modifications		24.08	51.58
Bad Debts		10.03	9.98
Provision for Doubtful Debts		48.66	31.48
Liquidated Damages		11.20	18.52
Rent and Service Charges		19.00	18.92
Rates and taxes, excluding taxes on income.		6.12	4.46
Insurance		12.15	12.02
Repairs to buildings		5.04	3.88
Repairs to machinery		15.05	11.51
Repairs - others		12.48	11.74
Communication		11.90	10.80
Travelling and Conveyance		68.70	64.82
Advertising and Exhibition Expenses		1.94	1.96
Legal & Professional Charges		48.30	47.90
Printing and Stationery		4.30	3.82
Bank Charges		11.25	9.87
Additional Sales Tax and Turnover Tax		18.86	1.97
Net loss on foreign currency transactions and translation		41.67	(0.16)
Loss on Assets sold/discarded (net)		1.09	0.75
Loss on Sale of Investment		0.00	0.02
Premium on Forward Contracts (net)		1.40	1.77
Donations		6.13	10.20
Miscellaneous Expenses		22.74	31.80
		1099.10	1073.63

Notes attached to and forming part of the Consolidated Financial Statements

28. The Consolidated Financial Statements (CFS) pertains to Thermax Ltd. and its twenty subsidiaries of which fourteen are overseas subsidiaries. In the CFS, the term “Parent” refers to Thermax Ltd. and “Group” refers to the Parent along with its subsidiaries.
29. 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, 2014
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 Babcock & Wilcox Energy Solutions Pvt. Ltd.	India	51
7	Thermax International Limited	Mauritius	100
8	Thermax Europe Limited	UK	100
9	Thermax Inc.	USA	100
10	Thermax do Brasil-Energia e Equipamentos Ltda.	Brazil	100
11	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	China	100
12	Thermax Netherlands B.V.	Netherlands	100
13	Thermax Denmark ApS	Denmark	100
14	Danstoker A/S	Denmark	100
15	Ejendomsanpartsselskabet Industrivej Nord 13 (EIN)	Denmark	100
16	Omnical Kessel & Apparatebau GmbH	Germany	100
17	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100
18	Thermax SDN.BHD	Malaysia	100
19	Boilerworks A/S *	Denmark	100
20	Boilerworks Properties ApS *	Denmark	100

* Incorporated during the year

Thermax Hong Kong Ltd. has not been considered for consolidation as the same has become ‘Dormant’ company during FY 2009-10.

30. Significant Accounting Policies

30.1 Basis for Preparation of Financial Statements

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

30.2 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 outcome and estimates are recognised in the period in which the outcome is known or materialises.

30.3 Principles of Consolidation :

- 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.

Notes attached to and forming part of the Consolidated Financial Statements

- b. 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.
- c. 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 is made by the company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment.

30.4 Foreign Currency Translation

Indian Rupee is the reporting currency for the Group. However, the local currency of overseas subsidiaries is different from the reporting currency of the Group. All the overseas subsidiaries have been classified as non-integral operation according to Accounting Standard 11. Therefore, in respect of overseas subsidiaries, all the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and revenue, cost and expenses are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain/loss has been disclosed as "Foreign Currency Translation Reserve" under the Reserves & Surplus.

30.5 Fixed Assets – Tangible and Intangible Assets & Depreciation

- a. 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.
- b. Borrowing costs, attributable to fixed assets, are capitalised.
- c. Expenditure incurred on acquisition or as the case may be, on development of goodwill, technical know how, software, patents, research and development and such other intangibles is recognised as an Intangible Asset if it is expected that such asset will generate future economic benefits not less than its carrying cost.
- d. Cost incurred on leasehold land is amortised over the period of lease.
- e. 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.
- f. 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.

30.6 Impairment

Provision for impairment loss, if any, is recognized to the extent to 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.

30.7 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.

30.8 Inventories

- a. Inventories are valued at lower of cost and net realisable value.
- b. Cost of raw materials, components, consumables, stores & spares, patterns & tools are valued at weighted average cost.
- c. 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.
- d. Inventory obsolescence is provided for on the basis of standard norms.

Notes attached to and forming part of the Consolidated Financial Statements

30.9 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.

30.10 Employee Benefits

a. Provident Fund

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

b. Superannuation Fund

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

c. Gratuity

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

ii. 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.

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

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

d. Compensated Absences

Liability on account of obligation under the employees' leave policy is charged to the statement of profit and loss at the undiscounted amount of such liability calculated with reference to leave earned but not availed as at the balance sheet date.

e. Medical and Leave Travel Assistance benefits

Liability on account of obligation under the employees' medical reimbursement scheme and leave travel assistance is charged to the statement of profit and loss at the undiscounted amount of such liability.

f. Bonus & Employee's Short Term Incentive Plan

Liabilities on account of obligations under statutory regulations, agreement with trade unions and employees' short term incentive plan, as applicable, are charged to the statement of profit and loss at the undiscounted amount of such liability.

30.11 Provisions and Contingent Liabilities

a. Provisions in respect of present obligations arising out of past events are made when reliable estimates can be made of them.

b. Provisions for warranty obligations are made on substantial completion of contracts based on technical evaluation and past experience.

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

30.12 Revenue Recognition

a. Revenue in respect of products is recognized on dispatch of goods to customers or when they are unconditionally appropriated to the concerned contracts.

Notes attached to and forming part of the Consolidated Financial Statements

- b. 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.
- c. Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.
- d. The difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sales is disclosed as contracts in progress.
- e. Determination of revenues under the percentage of completion method necessarily involves making estimates by the management (some of which are of a technical nature) of the costs to completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.
- f. Supply of spare parts and services are accounted for on 'as billed' basis.
- g. Revenue in respect of long-term service contracts and maintenance contracts is recognized on the basis of stage of completion or time proportion as the case may be.
- h. Dividend from investments is recognized when the right to receive the dividend is established.
 - i. Government Grants
 - * A Government grant is accounted for when there is reasonable certainty of compliance with its conditions and its ultimate collection.
 - * Revenue expenses (net of government grants, if any) incurred during research and development phase of internal projects are recognised as and when incurred.
 - * Any Intangible asset (net of government grants, if any) arising from the development phase of such projects is recognised to the extent there is reasonable certainty of generating sufficient future economic benefits through commercial exploitation of such asset.

30.13 Borrowing Costs

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

30.14 Foreign Currency Transactions

- a. Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- b. Exchange differences on settlement of transactions in foreign currencies is recognized in the statement of profit and loss.
- c. 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.
- d. Revenue items of any foreign branch are translated at the relevant currency's average rate for the year.

30.15 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.

Notes attached to and forming part of the Consolidated Financial Statements

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 the statement of profit and loss in the same period during which the underlying transactions affect the statement of profit and loss and / or the foreign currency forward contract expires or is exercised, terminated or no longer qualifies for hedge accounting.

30.16 Taxes on Income

- a. Current tax is provided on the basis of estimated tax liability, computed as per applicable provisions of tax laws.
- b. 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.

30.17 Others

- a. A Liability for liquidated damages is recognised when it is deducted or claimed by the customer or when a reasonable estimate of the likely obligation can be made.
- b. 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.
- c. Annual fees payable under a License Agreement for acquisition of a right to use Licensed Marks is recognised and charged to the statement of profit and loss on payment.

31. Contingent Liabilities not provided for

- a. Disputed demands in respect of Excise, Customs Duty & Service Tax Rs. 45.22 Crore (Previous year Rs. 40.24 Crore), Sales Tax Rs. 19.51 Crore (Previous year Rs. 17.50 Crore) and other Statutes Rs. 0.14 Crore (Previous year Rs.0.14 Crore)
- b.
 - i) Income Tax demands disputed in appellate proceedings Rs. 24.41 Crore (Previous year Rs.85.45 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. 59.94 Crore (Previous year Rs. 26.87 Crore)
- c. Liability for unexpired export obligations Rs. 46.44 Crore (Previous year Rs.2.50 Crore)
- d. Claims against Group not acknowledged as debts Rs. 10.01 Crore (Previous year Rs.9.43 Crore)
- e. Bills Discounted with banks Rs. 5.95 Crore (Previous year Rs. 45.32 Crore)
- f. Liability in respect of partly paid shares Rs. 0.19 Crore (Previous year Rs.0.19 Crore)
- g. Future Lease obligations payable on non-cancelable operating leases Rs. 7.36 Crore (Previous year Rs.0.74 Crore)

32. 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.

33. Companies incorporated during the year

During the year, Boilerworks A/S and Boilerworks Properties ApS were incorporated through Danstoker A/S in Denmark.

Notes attached to and forming part of the Consolidated Financial Statements

34. Segment Reporting

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

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

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

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

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

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

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

India

Outside India

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

I) Information about Primary Business Segments :

Particulars	2013-14				2012-13			
	Energy	Environment	Other	Total	Energy	Environment	Other	Total
Revenue :								
Gross Revenue	4057.56	1086.76	0.4	5144.72	4401.5	1164.92	3.63	5570.05
Less : Intersegment Revenue	5.51	39.33	-	44.84	1.04	77.31	-	78.35
Net Revenue	4052.05	1047.43	0.40	5099.88	4400.46	1087.61	3.63	5491.70
Result :								
Segment Result	364.15	63.72	(3.31)	424.57	345.43	116.03	(2.05)	459.41
Unallocated expenses net of unallocated income				7.87				(38.53)
Operating Profit				416.70				497.94
Interest expenses				27.36				16.54
Taxation for the year				169.59				177.34
Profit after taxation and before exceptional items				219.75				304.05
Extra-ordinary items of expenses / (Income)				-				-
Net Profit				219.75				304.05
Other Information :								
Segment Assets	3799.82	784.90	9.25	4593.97	3348.53	736.12	9.89	4094.54
Unallocated Corporate assets				1348.14				892.99
Total Assets				5942.11				4987.53
Segment Liabilities	2439.31	426.79	0.73	2866.83	1955.64	443.36	1.57	2400.57
Unallocated Corporate Liabilities				897.33				608.01
Total Liabilities				3764.16				3008.58
Capital Expenditure	206.77	33.19	0.00	239.96	335.00	37.82	-0.09	372.73
Depreciation	74.31	12.72	0.66	87.69	64.39	12.13	0.54	77.07
Non-cash expenses other than depreciation	8.12	-		-	6.98	-		-

Notes attached to and forming part of the Consolidated Financial Statements

II) Information about Secondary Segments:

Particulars	2013-14	2012-13
Revenue		
India	3436.54	4120.91
Outside India	1663.34	1370.79
Total	5099.88	5491.70
Carrying amount of Segment Assets :		
India	3275.41	3149.35
Outside India	756.59	620.80
Additions to Fixed assets :		
India	223.90	364.02
Outside India	58.76	12.52

35. 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 :

- Holding Company: RDA Holdings Pvt. Ltd.
- Individuals having control or significant influence over the Group by reason of voting power, and their relatives :
 - Mrs. Anu Aga
 - Mrs. Meher Pudumjee
 - Mr. Pheroze Pudumjee
- Enterprise, over which control is exercised by individuals listed in '(b)' above
 - Thermax Social Initiative Foundation.
 - KRA Holdings Pvt. Ltd.
 - ARA Trusteeship Company Pvt. Ltd.
 - Shuffle Realtors Pvt. Ltd.

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

Particulars	2013-14	2012-13
Rent Paid	0.32	0.32
Managerial Remuneration	2.68	2.56
Sitting Fees	0.08	0.06
Commission	0.42	0.42
Loans, Advances / Deposits Outstanding at the end of the year	0.58	0.58
Donation paid to Thermax Social Initiative Foundation	6.03	10.15

Notes attached to and forming part of the Consolidated Financial Statements

36. Earnings Per Share

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

Particulars	2013-14	2012-13
Net Profit after tax and minority interest but before extra- ordinary items (Rs. Crore)	245.99	320.12
Weighted average number of Equity shares of Rs. 2/- each	11,91,56,300	11,91,56,300
Basic & Diluted EPS before Extra-ordinary items (Rs.)	20.64	26.87
Net Profit after tax, minority interest and extra-ordinary items (Rs. Crore)	245.99	320.13
Basic & Diluted EPS after Extra-ordinary items (Rs.)	20.64	26.87

37. Capital & Other Commitments:

- Capital Commitment: Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 46.81 crore (Previous year Rs. 180.50 crore)
- Other Commitments: Current Year Rs. 7.36 Crore for Future lease payments (Previous year Rs. 0.74 Crore for Future lease payments)

38. 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
Firm Reg No.105102W

For and on behalf of the Board
Meher Pudumjee
Chairperson

M. S. Unnikrishnan
Managing Director

H. P. Mahajani
Partner
Membership No. 030168
Pune, May 27, 2014

Amitabha Mukhopadhyay
*Executive Vice President
& Chief Financial Officer*

G. P. Kulkarni
*Vice President - Legal &
Company Secretary*
Pune, May 27, 2014

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 Babcock & Wilcox Energy Solutions Pvt. Ltd.	Thermax International (Mauritius) Ltd.	Thermax Europe Ltd. (U.K.)	Thermax Inc. (U.S.A.)	Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
		2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14
1	Capital	8.75	4.50	19.00	18.65	20.00	385.00	19.42	2.00	3.00	2.87
2	Reserves	(7.77)	27.63	(18.80)	4.85	(8.25)	(111.74)	(16.29)	30.55	13.20	(2.08)
3	Total Assets	4.89	97.47	136.99	50.55	15.47	690.26	0.21	40.07	38.48	0.86
4	Total Liabilities	3.91	65.34	139.35	27.05	5.18	487.40	0.02	7.53	22.28	0.07
5	Investments										
	A) Long Term (Non-Trade Investments)	-	-	-	-	-	-	3.00	-	-	-
	B) Current Investments										
	a. Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-
	b. Quoted Equity Shares	-	-	-	-	-	-	-	-	-	-
	c. Units	-	-	2.56	-	1.46	70.40	-	-	-	-
	Total Current Investments	-	-	2.56	-	1.46	70.40	-	-	-	-
	Total Investments (A+B)	-	-	2.56	-	1.46	70.40	3.00	-	-	-
6	Turnover	0.40	155.44	144.80	17.65	16.72	15.83	-	48.30	68.37	0.29
7	Profit Before Tax	(0.62)	0.89	5.97	2.92	(0.45)	(53.10)	0.13	2.69	4.05	0.19
8	Provision for tax	-	(0.76)	(7.58)	(1.02)	-	-	-	(0.67)	(1.46)	(0.01)
9	Profit After Tax	(0.62)	0.12	(1.60)	1.90	(0.45)	(53.10)	0.13	2.02	2.59	0.18
10	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	0.18	-
11	Original Currency	INR	INR	INR	INR	INR	INR	USD	GBP	USD	Brazilian Real
12	Exchange rate as on March 31, 2014 in INR	-	-	-	-	-	-	59.91	99.82	59.91	26.38

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

(Rs Crore)

Sr. No.	Particulars	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China)	Thermax Denmark Aps.	Thermax Netherlands BV.	Danstoker A/S	Ejendomsanpartsselskabet Industrivej Nord 13 (EIN)	Omnical Kessel & Apparatbau GmbH	Boilerworks A/S	Boilerworks Properties ApS	Rifox-Hans Richter GmbH Spezialarmaturen	Thermax SDN. BHD
		2013 #	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14
1	Capital	97.02	82.87	169.12	11.05	0.22	2.06	0.55	1.10	5.91	0.92
2	Reserves	(63.24)	101.78	(1.18)	93.18	10.92	38.92	4.68	1.47	(1.48)	0.05
3	Total Assets	81.06	17.14	2.88	129.69	35.47	95.04	31.38	7.30	15.06	1.04
4	Total Liabilities	47.28	75.89	0.11	71.67	26.91	54.06	26.15	4.72	10.63	0.06
5	Investments										
	A) Long Term (Non-Trade Investments)	-	243.14	165.17	46.21	2.58	-	-	-	-	-
	B) Current Investments										
	a. Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-
	b. Quoted Equity Shares	-	-	-	-	-	-	-	-	-	-
	c. Units	-	-	-	-	-	-	-	-	-	-
	Total Current Investments	-	-	-	-	-	-	-	-	-	-
	Total Investments (A+B)	-	243.14	165.17	46.21	2.58	-	-	-	-	-
6	Turnover	62.94	-	-	28.29	-	20.22	7.54	-	22.86	2.06
7	Profit Before Tax	(7.99)	(12.08)	(0.22)	21.61	3.55	(8.68)	2.50	1.97	(3.21)	0.08
8	Provision for tax	-	1.05	-	(6.12)	(0.46)	2.37	(0.59)	(0.49)	-	(0.03)
9	Profit After Tax	(7.99)	(11.03)	(0.22)	15.49	3.09	(6.31)	1.91	1.47	(3.21)	0.05
10	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	-
11	Original Currency	Yuan	DKK	EUR	DKK	DKK	EUR	DKK	DKK	EUR	Malaysian Ringgit
12	Exchange rate as on March 31, 2014 in INR	10.21*	11.05	82.50	11.05	11.05	82.50	11.05	11.05	82.50	18.36

Notes :

- i) The annual accounts of the above Subsidiary Companies are open for inspection by any investor at the Company's Corporate Office and the Registered Office of the respective subsidiary companies.
 - ii) Thermax Energy Performance Service Ltd. has been referred for voluntary winding up hence not included in above statement.
 - iii) Thermax Hong Kong Ltd. has been registered for dormancy as per laws of Hongkong hence not included in the above statement.
- # For the year ended December 31, 2013
* Exchange Rate as on December 31, 2013

NOTES



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