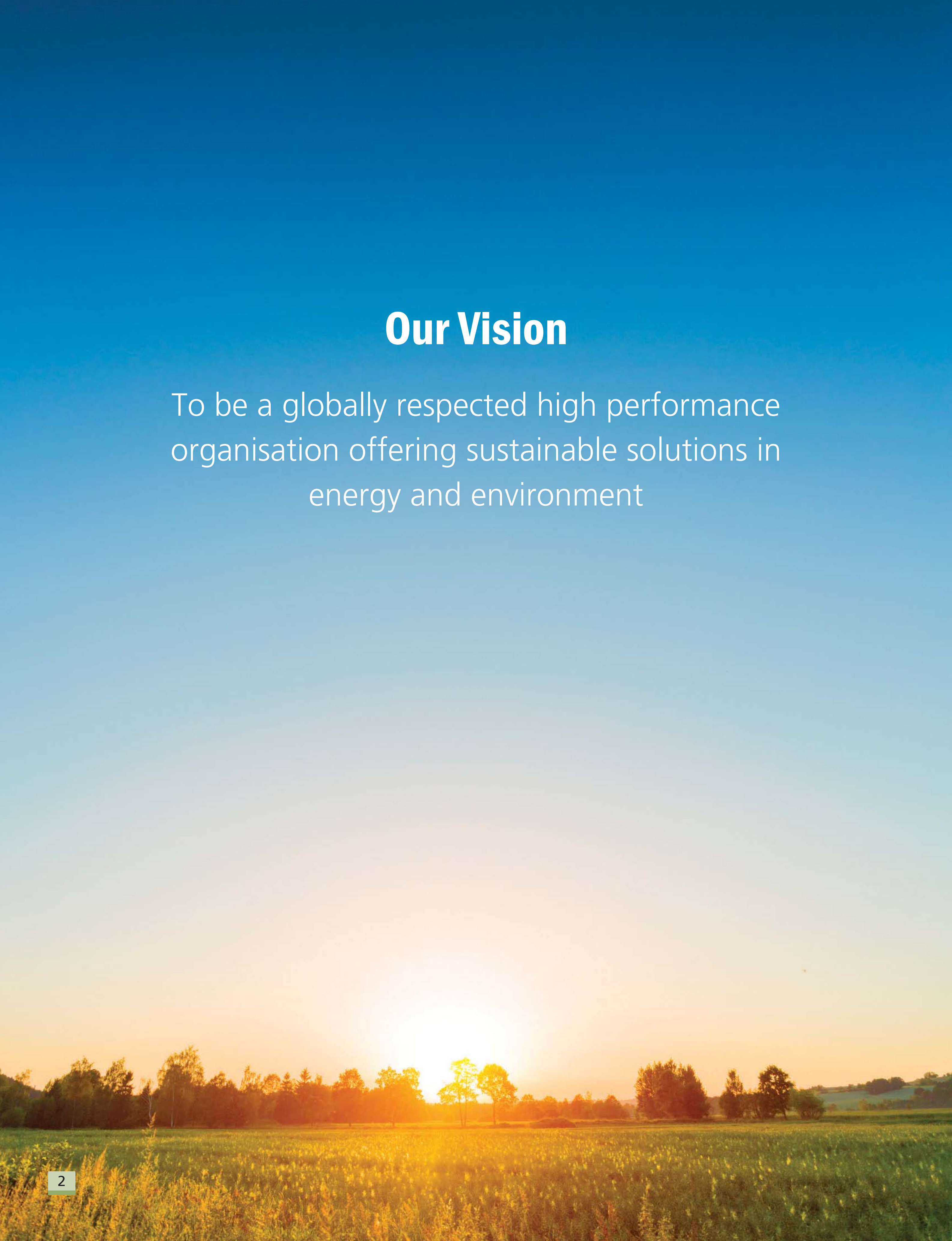
THERMAX

35th ANNUAL REPORT 2015-16

About the cover

On a trek through unfamiliar terrain, near and far can be tantalizing thoughts. When imagined distances appear deceptive, what can really help us are a vividly imagined destination, an anchoring sense of direction and the indomitable will to continue.

Contents



Our Vision

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

Corporate Information

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

Pheroz Pudumjee

Dr. Jairam Varadaraj

Executive Council

Ravinder Advani

Sharad Gangal

Pravin Karve

B.C. Mahesh

Hemant Mohgaonkar

Amitabha Mukhopadhyay

Rajan Nair

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
(Up to 12th January 2016)

Amit Atre
Company Secretary
(Appointed on 29th January 2016)

Registered Office

D-13, M.I.D.C, Industrial Area,
R.D. Aga Road, Chinchwad,
Pune – 411019
Ph.:020-66122100 / 66155000
Fax: 020-66122142

Corporate Identity No -
L29299PN1980PLC022787

Corporate Office

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

Website: www.thermaxglobal.com

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B,
Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda,Serilingampally,
Hyderabad – 500 032
Tel:+91 040-67161500 / 33211000
Fax: 040-23001153 / 23420814
Toll free: 1800 345 4001
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Bankers

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

Auditors

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

SRBC & CO LLP
Chartered Accountants
C-401, Panchshil Tech Park,
Yerwada, Pune – 411 006

Wholly Owned Subsidiaries

Domestic

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

Overseas

1. Thermax International Limited, Mauritius
2. Thermax Europe Limited, UK
3. Thermax Inc., USA.
4. Thermax do Brasil Energia e Equipamentos Ltda, Brazil
5. Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited, China
6. Thermax Netherlands B.V
7. Thermax Denmark ApS
8. Danstoker A/S, Denmark
9. Ejendomsanpartsselskabet Industrivej Nord 13, Denmark
10. Rifox – Hans Richter GmbH Spezialarmaturen, Germany
11. Thermax Sdn. Bhd., Malaysia
12. Boilerworks A/S, Denmark
13. Boilerworks Properties ApS, Denmark
14. Thermax Engineering Singapore Pte. Limited
15. Thermax Senegal S.A.R.L, Senegal
16. PT Thermax International, Indonesia
17. Thermax Nigeria Limited, Nigeria

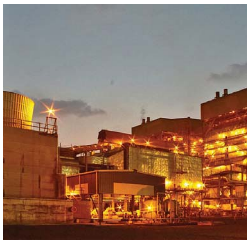
Joint Ventures

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

Associate Company

First Energy Pvt. Ltd.

Energy - Environment Offerings



Power

Heating

Cooling

Water

Chemicals

Utilities

Raw material

Desired products

Waste

Air pollution control

Wastewater treatment

Hazardous waste treatment

Waste-to-energy generation

Our Core Business





ENERGY SECTOR

Heating

- Large boilers & Fired heaters
  - Solid fuel, agro waste, biomass fired boilers upto 1000 TPH
  - Waste to Energy boilers up to 500 TPH
  - Oil & gas fired boilers upto 500 TPH
- Steam boilers
- Thermal oil heaters & vapourisers
- Hot water generators
- Hot air generators
- High pressure boilers
- Heat recovery systems
- Energy plants
- Solar thermal systems

Cooling

- Vapour absorption chillers (steam/hot water/ direct/multi energy fired)
- Heat pumps
- Hybrid chillers
- Chiller heater
- Solar chiller

Power generation

- Turnkey power plants of single unit up to 300 MW
- Complete BOP for power plants up to 1200 MW
- Turnkey solutions for gas fired power plants
- Waste heat recovery based power in cement, iron & steel industries
- Integrated sustainable solutions for green power

Renewable energy

- Solar thermal hybrid systems for cooling and heating
- Solar concentrators
- Solar photovoltaic systems

ENVIRONMENT SECTOR





Air pollution control

- Electrostatic precipitators
- Bagfilters
- Particulate scrubbers
- Gaseous scrubbers
- Combofilter
- Thermax modular gas cooler

Chemicals

- Ion Exchange resins
- Water & fuel treatment chemicals
- Oil field chemicals
- Paper & pulp chemicals
- Construction chemicals

Water and waste water treatment

- Water treatment solutions
- Wastewater treatment solutions
- Standard plants/ products

Reliable Support for Industry


Cement


Chemicals

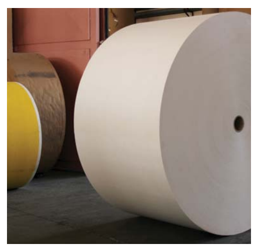

Refineries & Petrochemicals


Power Generation


Textile


Hotels & Commercial complexes


Pharmaceuticals


Paper & Pulp


Oil & Gas


Steel


Tank Farm Heating


Space Heating


EPC Majors and Consultants


Distilleries

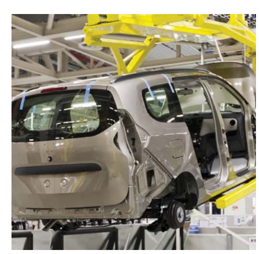

Food


Sugar


Paint


Rubber


Edible Oil

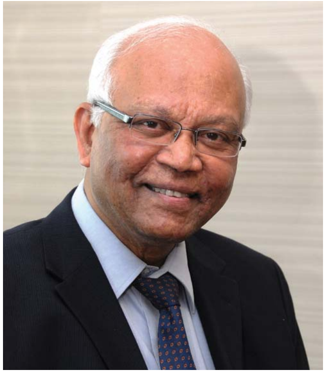

Automobile

Board of Directors


Meher Pudumjee


M.S. Unnikrishnan


Anu Aga


Dr. Raghunath Mashelkar


Dr. Valentin A.H. von Massow


Nawshir Mirza


Pheroz Pudumjee


Dr. Jairam Varadaraj

Thermax Limited Financials at a Glance

Rs. Crore

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Domestic Sales* (excluding excise duty)	2841	3452	3067	3581	3977	3598	2432	2299	2479	1735
Export (Including Deemed Export)	1446	1092	1101	984	1143	1066	656	912	678	402
% to Total Sales	34%	24%	26%	22%	22%	23%	21%	28%	21%	19%
Total Sales*	4287	4544	4168	4565	5119	4664	3088	3211	3157	2137
% Growth	(6%)	9%	(9%)	(11%)	10%	51%	(4%)	2%	48%	46%
Other Income*	175	175	126	132	131	147	147	92	89	73
Total Income*	4462	4719	4295	4697	5250	4811	3235	3303	3246	2210
Total Expenses*	3963	4138	3821	4117	4596	4193	2801	2850	2795	1894
Profit before Depreciation, Interest, Extra Ordinary Items and Tax	498	581	474	580	654	618	434	453	451	316
(% to Total Income)	11%	12%	11%	12%	12%	13%	13%	14%	14%	14%
Depreciation	61	64	58	55	47	43	40	32	22	19
Interest	1	20	9	10	7	2	2	3	1	1
Extra-ordinary Items of Expenses	0	0	0	0	0	0	115	(1)	(2)	5
Profit before Tax/Loss	437	497	407	516	601	573	277	419	430	291
(% to Total Income)	10%	11%	9%	11%	11%	12%	9%	13%	13%	13%
Tax	131	161	154	166	194	190	136	132	150	103
Profit after Tax/ Loss	306	336	253	350	407	382	141	287	281	188
(% to Total Income)	7%	7%	6%	7%	8%	8%	4%	9%	9%	8%
Gross Block	1061	1039	1008	873	805	717	688	603	419	279
Net Block	645	648	664	645	574	516	505	458	326	170
Investments	1506	1257	1096	804	553	404	378	176	580	578
Current Assets*	3312	3566	3496	2886	2990	2778	1664	1287	1009	929
Current Liabilities*	2406	2693	2689	2229	2410	2366	2044	1270	1164	1087
Net Current Assets*	906	873	807	657	580	412	(380)	17	(155)	(158)
Capital Employed	2487	2268	2026	1870	1601	1292	1051	962	736	579
Equity Share Capital	24	24	24	24	24	24	24	24	24	24
Reserves and Surplus	2463	2243	2001	1845	1577	1269	1027	938	712	555
Networth	2486	2267	2025	1869	1601	1292	1051	962	736	579
Loan Funds	1	1	1	0	0	0	0	0	0	0
Fixed Asset Turnover Ratio*	6.65	7.01	6.28	7.07	8.93	9.03	6.12	7.02	9.68	12.60
Debt-Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Ratio*	1.38	1.32	1.30	1.29	1.24	1.17	0.81	1.01	0.87	0.85
Return on Capital Employed	18%	23%	21%	28%	38%	44%	37%	44%	58%	51%
Return on Net Worth	12%	15%	12%	19%	25%	30%	13%	30%	38%	32%
Cash Earnings per Share (Rs.)	30.75	33.57	26.08	33.97	38.09	35.73	24.90	26.81	25.39	17.34
Earnings per Share	25.64	28.19	21.23	29.31	34.15	32.09	21.51	24.11	23.56	15.76
Dividend (%)	300%	350%	300%	350%	350%	450%	250%	250%	400%	300%
Book Value per Share (Rs.)	209	190	170	157	134	108	88	81	62	49

* The figures for FY 15-16 and 14-15 have been reclassified and are not comparable with previous years' figures.
Note: Net Current Assets (Working Capital) figures for FY 10-11 to FY 15-16 are based on revised Schedule VI classification and hence are not strictly comparable with previous years' figures.

Thermax Group Financials at a Glance

Rs. Crore

PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Domestic Sales* (excluding excise duty)	3090	3618	3199	3898	4333	3872	2556	2445	2718	1849
International Sales/Business	2336	1624	1757	1468	1574	1250	720	959	715	441
% to Total Sales	35%	31%	35%	27%	27%	24%	22%	28%	21%	19%
Total Sales*	5425	5242	4957	5366	5907	5123	3276	3404	3433	2290
% Growth	0%	4%	(7%)	(10%)	15%	60%	(4%)	(1%)	50%	43%
Other Income*	211	186	143	143	144	148	146	97	93	73
Total Income*	5636	5427	5100	5509	6051	5271	3422	3501	3525	2363
Total Expenses*	5053	4843	4591	4934	5376	4639	2975	3038	3055	2038
Profit before Depreciation, Interest, Extra Ordinary Items and Tax	583	584	509	575	675	632	447	463	471	325
(% to Total Income)	10%	11%	10%	10%	11%	12%	13%	13%	13%	14%
Depreciation	130	134	92	77	66	54	44	35	23	19
Interest	63	82	27	17	12	4	2	4	2	2
Extra-ordinary Items of Expenses	0	0	0	0	0	0	115	(1)	(2)	5
Exceptional Items of Expenses	0	49	0	0	0	0	0	0	0	0
Profit before Tax	389	319	389	481	596	573	286	425	448	298
(% to Total Income)	7%	6%	8%	9%	10%	11%	8%	12%	13%	13%
Tax	147	171	170	177	204	196	142	136	157	105
Profit after Tax before Minority	243	148	220	304	392	377	144	289	291	194
Minority Interest and share in associates loss	(36)	(62)	(26)	(16)	(11)	(5)	(0)	0	0	0
Profit after Tax after Minority and share in an associate's loss	275	210	246	320	404	382	144	289	291	194
(% to Total Income)	5%	4%	5%	6%	7%	7%	4%	8%	8%	8%
Gross Block	2162	2051	2044	1296	1193	1068	742	661	433	292
Net Block	1479	1474	1580	1390	1091	821	548	509	349	179
Investments	979	822	708	443	240	230	370	143	560	574
Current Assets*	4208	4185	4125	3287	3406	3065	1832	1402	1119	1024
Current Liabilities*	3641	3274	2999	2509	2758	2563	2239	1372	1259	1178
Net Current Assets*	567	911	1126	778	648	502	(407)	30	(140)	(154)
Deffered Revenue Expenses	0	0	0	0	0	0	0	0	4	0
Capital Employed	2488	2719	2695	2362	1828	1452	1096	995	756	592
Equity Share Capital	24	24	24	24	24	24	24	24	24	24
Reserves and Surplus	2331	2123	2014	1845	1605	1291	1054	967	736	566
Networth	2355	2146	2038	1869	1629	1315	1078	991	756	590
Minority Interest	100	78	140	110	112	52	9	0	0	0
Loan Funds (long term)	34	494	517	383	88	85	8	4	0	2
Fixed Asset Turnover Ratio*	3.67	3.56	3.14	3.86	5.42	6.42	5.98	6.69	9.85	12.80
Working Capital Turnover Ratio	9.57	5.75	4.40	6.90	9.11	10.21	0.00	113.89	0.00	0.00
Debt-Equity Ratio	0.01	0.23	0.25	0.21	0.05	0.06	0.01	0.00	0.00	0.00
Current Ratio*	1.16	1.28	1.38	1.31	1.24	1.20	0.82	1.02	0.89	0.87
Return on Capital Employed	18%	15%	15%	21%	33%	40%	37%	43%	59%	52%
Return on Net Worth	12%	10%	12%	17%	25%	29%	13%	29%	38%	33%
Cash Earnings per Share (Rs.)	34.01	28.86	28.38	33.33	39.42	36.57	15.82	27.20	26.34	17.89
Earnings per Share (Rs.)	23.11	17.61	20.64	26.87	33.86	32.03	12.11	24.25	24.40	16.26
Dividend (%)	300%	350%	300%	350%	350%	450%	250%	250%	400%	300%
Book Value per Share (Rs.)	198	180	171	157	137	110	90	83	63	49

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Highlights of 2015-16

- In FY 2015 -16, Thermax posted a total revenue of Rs. 4462 crore and a profit after tax Rs. 306 crore.

- Received an order worth Rs. 353 crore from a fertilizer company to execute an energy efficiency improvement project. It involves commissioning a 50 MW gas based co-generation plant at the company's facility in Western India.

- Thermax acquired 33% stake in First Energy Pvt. Ltd., an alternative energy solutions company. The agreement, signed in July, envisages stage-wise acquisition over the next four to six years.

Commissioned a waste heat recovery boiler to convert tail gas (residual gas) from a carbon black plant to steam. At the project site in the Middle East, the energy efficient 90 TPH boiler burns the hazardous gas with high carbon monoxide content and generates steam at 45 bar (g), 37°C.

Chiller – heater from the company's Cooling business won the first prize in the 'Energy saving' category at ACREX 2016, a leading industry event for air conditioning and refrigeration. The high efficiency system simultaneously provides an output of 1°C chilled water and 90°C hot water.

- Thermax bagged breakthrough orders for operation & maintenance of captive power plants in cement plants in Senegal and Zambia.

- Honoured with Platinum Safety award and Safety Innovation award 2015 by Greentech Foundation for Thermax's innovative health, safety and environment (HSE) practices.

- Thermax has commissioned its biggest co-generation boiler at a sugar plant. The 195 TPH boiler generates steam to produce 83 MW power.

A Year of Reinforcing Partnerships

In an eventful year, over several sessions, our people strengthened company networks. Its channel associates and vendors came in to exchange notes and to reinforce their ongoing partnerships. Training sessions for client firms helped Thermax employees gain valuable insights into their concerns and processes. They spent time with children from schools run by Thermax Foundation and Akanksha. The year also saw Thermax's work in the area of health, safety and environment gaining recognition.

Chairperson's Message

Dear shareholder,

I am privileged to present the 35th Annual Report of your company. It's been another challenging year, battling an economy that is devoid of investment in the core sectors. Although exports grew 32.4 % to Rs. 1,446 crore (Rs. 1,092 crore), due to healthy export orders carried over from the previous year, your company posted a total revenue of Rs. 4,462 crore, down 5.4% (Rs. 4,719 crore, the previous year) and profit after tax reduced to Rs. 306 crore (Rs. 336 crore).

Doing well in a buoyant economy is relatively easy. Our special appreciation to M.S. Unnikrishnan, our Managing Director and CEO, his senior team and all our employees for keeping their faith in Thermax and continuing to put in their best in a tough business environment. I would also like to thank our Board members for guiding and supporting the company through turbulent times.

During 2015-16, though the US economy strengthened and certain regions of the Eurozone witnessed growth, overall, the world economy in both emerging and developed markets witnessed sluggish growth and subdued performance. Shrinking of the economic output of Brazil and Russia, fragile conditions of the Japanese economy and uneven revival in the economies of the Eurozone contributed to the state of affairs. Moreover, low commodity prices especially of oil, and weak capital flows further spelt gloom for the world economy.

The global economic impact of the slowdown of the Chinese economy is significant. The consequences of China moderating its overheated economy, and its GDP growth sliding from double digit figures to 7 %, were felt across the rest of the world, in terms of reduced commodity prices and glut of Chinese goods threatening local manufacture.

While India has been hailed the fastest growing economy in the world, it has been mainly confined to sectors of a consumption-led growth, as also the service sector. With demand drying up and large unutilised capacities in core sectors such as oil and gas, cement and steel, there is no incentive for investment and new capacity creation. The power sector remains mired in difficulties. Thermal power plants are operating at below 60% PLF, as State Electricity Boards are practically bankrupt. Funding for core sector projects has also come under strain, as most of the public sector banks have non-performing assets.

In order to make the operations of the JV, Thermax Babcock & Wilcox Energy Services Pvt. Ltd, operating in the power sector, viable, the term loans availed earlier to set up its manufacturing facility have been repaid in May this year. For the loan repayment, both partners of the JV infused additional capital. The JV has been receiving orders from B&W for engineering and manufacture of pressure parts of supercritical boilers for supplying overseas, which has helped the company reduce its losses.

Overall, the constraints in the global economy have proved to be stressful for capital goods industries including your company. In the absence of big orders from domestic or international markets, the sector is waiting for the Government to kickstart large scale investment. It is encouraging that the Indian Government has announced an ambitious plan to invest substantially to expand the capacity of the Indian Railways and modernise its infrastructure. Similarly, infrastructure development, especially the construction of national highways, has been declared a focus area. If resource mobilisation and implementation happen according to plan, these initiatives can stimulate cement and steel sectors, positively impacting your company's businesses. However, we have to keep in mind the fact that both these sectors have unutilised capacities, and so further expansion plans will take some time.

As a company we are familiar with business cycles and have developed the staying power to survive tough times. We are looking to grow our market share in sectors of the domestic economy that are growing and in select geographies outside the country. Our international subsidiaries, although struggling, have been cash positive in the last year – except China, which is being strategically considered a manufacturing location for chillers to be supplied across the world. Construction of our Indonesian manufacturing facility that will cater to the needs of the ASEAN market, is progressing well. We are also developing business relations in the African sub-continent, but will do so cautiously, keeping in mind cash flows.

We continue to be focused on enhancing service businesses including O&M of power plants. Along with the expansion of international business, diversification of service business portfolio is a critical component of the company strategy, to derisk businesses from overdependence on domestic markets and partially also from the capital goods cycle.

Our product businesses, catering to a much wider range of industry, have been relatively steadier against the uncertainties of business cycles. We are re-energising our heating, cooling, water and wastewater product businesses and hope to deploy our existing and new range of products to meet the growing needs of small and medium enterprises across the world.

Thermax is expanding its efforts in green energy, waste-to-energy and enhancing the efficiency of our products as well as our customers' processes. The Paris Agreement (COP-21) was the culmination of a historic document that 196 nations of the world signed in a crucial attempt to arrest catastrophic climate change. Countries are expected to limit global warming in the long run and to promote collective action in the short term to minimise damage due to climate induced disasters. India's plan for an unprecedented hike in energy generation from renewable sources including solar is a bold response to this global challenge. The solar sector is gaining traction in the country and new investments are expected in the short to medium term. Your company is selectively participating in solar PV tenders on an EPC basis, where some return on investment is seen.

Moving on to the Thermax Foundation – it is focusing on making a difference to enhance the quality of municipal schools across Pune. This is a long term initiative, involving manifold strategies and creating multiple proof points to bring about change. In each of these initiatives, we see an improvement in academics, as well as overall change in the attitude of teachers, which is very encouraging.

So far, in partnership with NGOs Akanksha and TFI, and its own LIFT initiative, the Foundation has impacted predominantly English medium schools. With a new initiative under the aegis of the Pune City Connect (PCC) started in 2015, Thermax Foundation along with other Corporates and NGOs are supporting a large scale collective impact project to help improve the quality of education in nearly 300 Marathi and Urdu medium municipal schools across Pune.

The last couple of years have been challenging for your company and will remain so until there is a pick-up in the investment cycle. However, Thermax will continue to put in its best and find avenues for innovation, cost reduction and continued services to our customers.

On behalf of the Board, our heartfelt thanks to our employees, customers, supplier partners, business associates, shareholders, and other well-wishers. We look forward to your continued support.

With best wishes,

Meher Pudumjee

Letter from the Managing Director

Dear shareholder,

The economic challenges of the business world has had a telling effect on the performance of our company. Having entered the financial year with a substantially lower order carry forward, our team has performed with utmost dedication to deliver this business result. At the group level, we have had a growth of 3.9% in revenues and 31.3% in profits. Despite the lower standalone top and bottom lines, this improvement in performance is attributable to a substantial improvement in performance of our subsidiaries and joint ventures.

Thermax Babcock & Wilcox Energy Solutions, our JV for super critical boilers had an improvement in revenue from Rs. 46 crore to Rs. 358 crore, thereby reducing its losses to Rs. 70 crore from the previous year's Rs.124 crore. All our subsidiaries, barring Thermax Zhejiang Cooling & Heating Engineering Company Ltd., have turned in positive results during the year. However, owing to an almost static state of investment in majority of the segments that we operate, we had to be content with one of the lowest order intakes in the recent history of our company. This will certainly have an impact on our performance in the current year. Hence, in order to mitigate this deficiency, the company will have to depend much more on book-and-bill possibilities from our short cycle business portfolios of Heating, Cooling, Chemical, Water treatment and Air Pollution Control products.

Economically, the prevailing negative trend in the developing world is not expected to reverse its direction in the near term. Business confidence in most of the developed world comprising USA, EU, Japan and China continue to be sluggish. The business world has created substantial capacities in most of the base commodities and its derivatives which have turned surplus owing to a continued slump in consumption. China alone is saddled with very large idling capacities in steel, non-ferrous metal, power equipment and mechanical components that, with its ability to dump at prices below the current market levels, are threatening green field projects across the globe. Investment in the energy sector too, has taken a dip due to the surplus existing capacity and subdued consumption.

The recently concluded COP-21 at Paris has come out with a climate change mitigation programme. Signed by member nations, it has agreed to limit the global temperature rise to two degrees Celsius from pre-industrialisation levels. This will certainly pose challenges to the fossil based portfolio of the company in the long term. At the same time, as a forerunner in creating renewable solutions and innovative waste-to-energy systems, it opens up greener opportunities across the globe for us to grow our business.

The definitive move by businesses in the developed world to negate their dependence on workmen in the manufacturing process with the deployment of advanced robotics, 3D printing, metal deposition supported by artificial intelligence will open up new horizons for capital equipment manufacturers like us to embrace the path of IoT (Internet of Things). We will need to ready our equipment and solutions that are capable of machine-to-machine communication, thereby opening an era of smart boilers, smart chillers, smart power plants, smart water treatment plants, etc. As we already moved on, sometime ago, to digital platforms for controls and sensor based performance management for our energy and environment solutions, we have an advantage over many others to quickly adapt our products and solutions to this emerging paradigm of manufacturing.

Our new product launches backed by innovation, both in the cooling and heating business of the company, are reaping tangible benefits and have helped these businesses to improve their market share even in these depressed conditions.

Anticipating the market challenges to continue for a longer time, it is only prudent to ready the organisation to face these challenges for a prolonged period. The strategies that are being deployed to navigate the company through these unpredictable market conditions are:

I) Rationalisation of expenses both in manpower and operations.
II) Increased resource deployment in select international markets to enhance our market share.
III) Introduction of products and services focused on MSME segments.
IV) Solar PV EPC offering bundled with operation and maintenance.
V) Exploring opportune M&A possibilities to support the above strategies.

The capacity enhancement programme we announced last year for our product business portfolio in Indonesia and the ion-exchange resin business of Chemicals at Dahej in India are progressing as per schedule. The first phase of Indonesian manufacturing facility should be operational in the current year itself and commercial production for the chemical unit should also commence by the fourth quarter of the current year at Dahej. We expect investments in consumption oriented industries, both in greenfield as well as brownfield, to grow at a respectable level throughout the developing world in the near future. This should certainly help our company maintain a healthy balance sheet despite the discouraging trend of investments in the core sectors.

Based on market information, capacity utilisation that had deteriorated in the previous year in core industries, is currently showing a trend reversal, though minor in nature. We are expecting sectors like cement, oil and gas, petrochemicals and fertilizers to progressively enter the investment cycle from FY-18 onwards. As a result of this, we may witness an improvement in the order intake from these sectors only from next year onwards, making it necessary for us to navigate the organisation through two more challenging years.

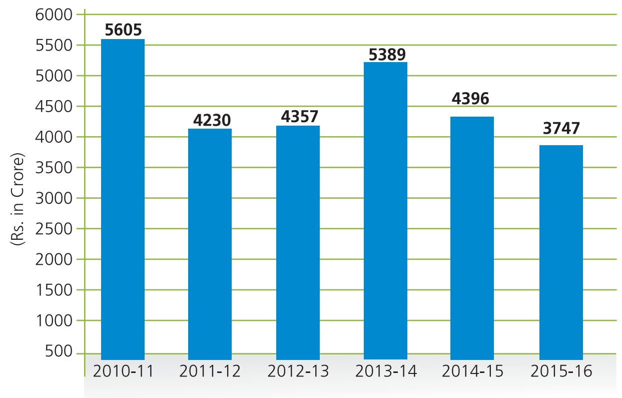
The resilience that we have created within the company will ensure that we maintain the strength of our balance-sheet, at the same time reacting quickly to take on market reversals and windfalls that will enrich our performance. Looking forward to your continued support in stewarding Thermax to the path of success and growth in spite of market uncertainties.

With best regards,

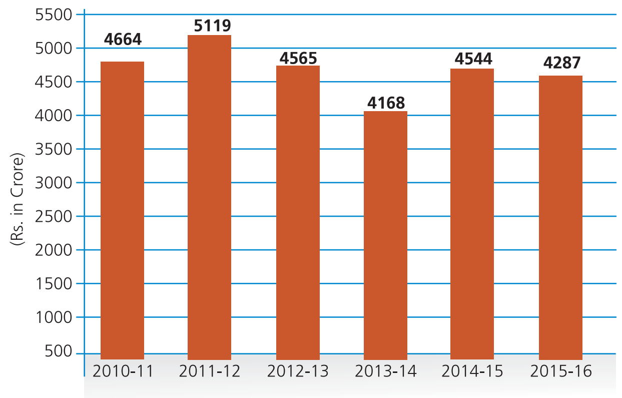
M.S. Unnikrishnan

Key Financial Indices
Thermax Limited

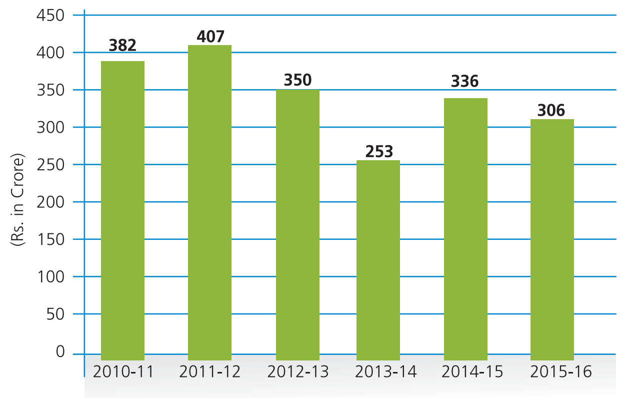
Order Balance



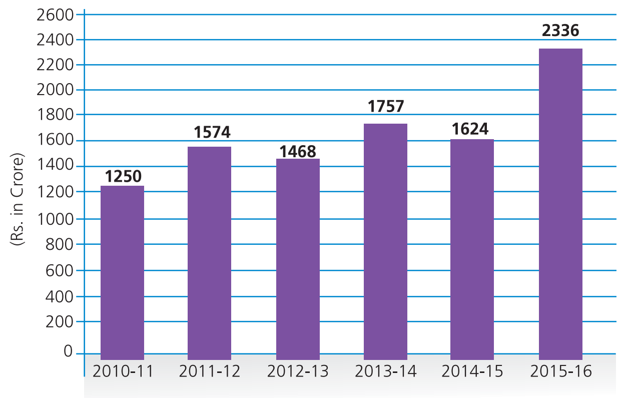
Sales (excluding excise)



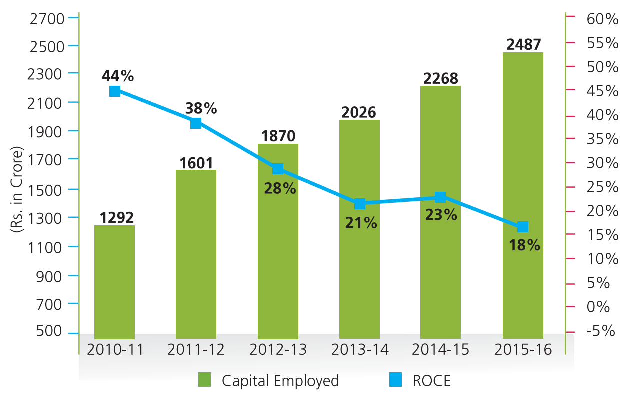
Profit After Tax (PAT)



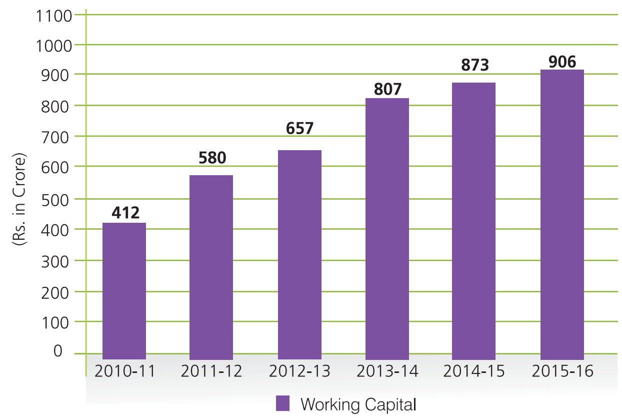
International Business
(Thermax Group)



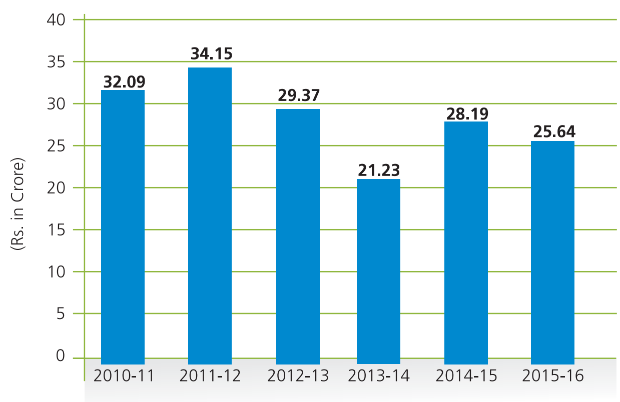
Return on Capital Employed



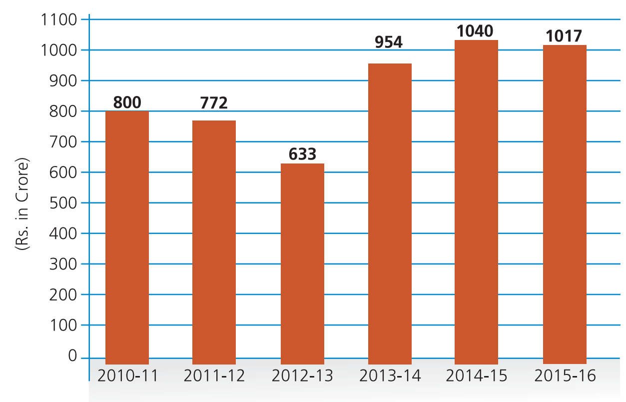
Net Current Assets



Earnings Per Share Before Extraordinary Items



Cash & Cash Equivalents



Directors' Report

Dear shareholder,

Your directors have pleasure in presenting the Thirty-fifth Annual Report, together with the audited financial statements of your company for the year ended March 31, 2016.

Financial Results

(Rupees in crore)

	2015-16	2014-15
Total revenue	**4461.63**	4719.33
Profit before finance cost, depreciation and tax	**498.42**	580.85
Finance cost & depreciation	**61.51**	83.81
Profit before tax	**436.91**	497.04
Provision for taxation (incl. deferred tax)	**131.39**	161.10
Profit after tax	**305.52**	335.94
Balance carried forward from last year	**1687.71**	1452.16
Profit available for appropriation	**1993.23**	1788.10
Proposed equity dividend	**71.49**	83.41
Tax on dividend	**14.55**	16.98
Transfer to general reserve	–	–
Surplus carried forward	**1907.19**	1687.71

Annual Performance

Your company posted a total revenue of Rs. 4,462 crore for the financial year 2015-16, against last year's Rs. 4,719 crore, a decrease of 5.4%. The shortfall in revenue was largely due to challenging market conditions and the absence of big-sized orders predominantly from the domestic market. In spite of efforts from the government to revive the investment cycle, surplus capacities and the low commodity prices have not been conducive for it. The core sectors such as power, steel, cement, oil & gas, etc., on which the capital goods industry depend, continue to remain stagnant. Investments in these sectors continue to languish.

Thermax's Energy segment contributed 82.6% of the Group's operating revenue while the Environment segment accounted for the remaining 17.4%, same as last year.

Despite adverse market conditions, your company continued to invest in research and innovation initiatives.

During the year, the revenue from exports, including deemed exports, was Rs. 1,446 crore against Rs. 1,092 crore in the previous year. This growth was primarily attributable to a large project order invoiced during the year.

Profit before tax at Rs. 437 crore was 9.8% of the total revenue, compared to Rs. 497 crore, at 10.5% in the previous year.

Profit after tax stood at Rs. 306 crore compared to Rs. 336 crore in the previous year. Earnings per share (EPS) were at Rs. 25.64 (Rs. 28.19 in FY 2014-15).

Order booking for the year was Rs. 3,701 crore against Rs. 3,951 crore last year, registering a decrease of 6.3%. The drop is mainly on account of lower orders in international markets. Your company completed the year with an order backlog of Rs. 3,747 crore as against Rs. 4,396 crore in the previous year.

Dividend

The directors have recommended a dividend of Rs. 6/- (300%) per equity share of the face value Rs. 2/- each. The dividend, if approved by the shareholders, will translate in a payout of Rs. 86 crore, including dividend distribution tax of Rs. 15 crore.

Share Capital

The paid-up equity share capital of the company was Rs. 23.83 crore as on March 31, 2016. There was no public, rights, preferential or bonus issue during the year. The company has neither issued any shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

Subsidiaries

Annual accounts of the subsidiary companies and related detailed information are available to the 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.

The company does not have any `material subsidiary' whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding financial year or has generated 20% of the consolidated revenue during the previous financial year.

The report on performance of subsidiary companies is included in the section, Management Discussion and Analysis.

Information on Newly Incorporated Subsidiaries and Acquisition During the Year

The company has set up a step-down subsidiary company in Nigeria (through the Mauritius based wholly-owned subsidiary), named `Thermax Nigeria Limited' which was incorporated on October 5, 2015. This subsidiary will mainly cater to erection, commissioning and operation & maintenance services for upcoming power projects in Nigeria.

Thermax commissioned its biggest co-generation boiler in the sugar sector for a unit in Karnataka. The high efficiency traveling grate boiler generates 83 MW power for captive use and for supply to the grid.

The company has acquired 33% stake in First Energy Pvt. Ltd., Pune, an alternative energy solution company, pursuant to an agreement entered into in July 2015. The agreement envisages stage-wise acquisition of First Energy over next four to six years. Oorja, the popular brand of First Energy, substitutes fossil fuels by combining a 'micro-gasification' stove and biomass-based pellet fuel. The acquisition is expected to offer Thermax new opportunities in the commercial segment.

Management Discussion and Analysis

The Management Discussion and Analysis report, highlighting the performance and prospects of the company's energy and environment segments, including details of subsidiaries, information on company's health, safety and environment measures, human resources, risk management and internal controls systems, is attached as *Annexure –1* on page no. 28.

Corporate Governance Report

A detailed Corporate Governance Report in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which also includes disclosures required as per Sections 134 and 177 of the Companies Act, 2013, is attached as *Annexure – 2* on page no. 50.

A certificate from the statutory auditors of the company regarding compliance with the conditions of corporate governance as required under Schedule V of the said Listing Regulations is a part of this report.

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The details of the said policy are provided in the Corporate Governance Report and also posted on the website of the Company.

Employee Strength

The total number of permanent employees on the rolls of the company as on March 31, 2016 were 3,872 compared to 4,027 employees in the previous year.

Wage Agreements

During the year, amicable wage settlements were signed with Thermax Kamgar Sanghatana (representing workmen at Chinchwad works) and with the Bharatiya Kamgar Karmachari Mahasangh (representing workmen at Paudh works).

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company, will be provided upon request. In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members 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 said information is also available for inspection at the corporate office during working hours up to the date of the Annual General Meeting.

Details of Trusts for the Benefit of Employees

a) ESOP Trust

The company has an ESOP trust which holds 29, 06,250 (2.44%) equity shares of Rs. 2/- each of Thermax. The trust has not made any buying or selling transactions in the secondary market. The company presently does not have any ESOP scheme.

b) Employee Welfare Trusts

The company has a few Employee Welfare Trusts primarily for providing housing loans / medical / educational benefit / aid to its employees and their families. These trusts presently hold 36,35,190 (3.05%) Equity shares of Rs. 2/- each of the company. None of the trusts had any dealings in the secondary market.

Approval of the shareholders is being sought at the ensuing 35th Annual General Meeting in accordance with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 for also extending benefits like imparting training and education to the employees of the company and consequently change in nomenclature of the ESOP trust to 'ESOP and Welfare Trust' to reflect the extended scope of the ESOP scheme and to continue offering benefits / schemes like housing loans / medical / educational benefit / aid to the employees of the company through the Employee Welfare Trusts.

The relevant disclosures as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 on Employee Welfare Trusts are available on the company's website: www.thermaxglobal.com

Disclosure - Anti Sexual Harassment Policy

The company has in place, an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

The following is a summary of sexual harassment complaints received and disposed of by it during the year 2015-16:

- Number of complaints received - Nil
- Number of complaints disposed of - NA

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed as *Annexure – 3* on page no. 65.

Channel partners of Thermax came together at Pune for an annual gathering. Catering to clients in South and South East Asia, Africa and the Middle East, at the two-day session, they exchanged notes with the company's leaders, and were updated on organisational initiatives.

Corporate Social Responsibility Initiatives

As a part of its initiatives under 'Corporate Social Responsibility' (CSR), the company has undertaken projects predominantly in the area of education. The projects are largely in accordance with Schedule VII of the Companies Act, 2013. Since 2007, the CSR initiatives are undertaken through Thermax Foundation (earlier known as Thermax Social Initiative Foundation).

The details of the CSR committee and CSR policy, are available on the company's website. As per the said policy, the company would continue its CSR initiatives through Thermax Foundation.

The Annual Report on CSR activities is annexed as *Annexure – 4* on page no. 67.

Directors

All independent directors of the company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

The company has formulated a policy on 'Familiarisation programme for independent directors' which is available on the company's website: www.thermaxglobal.com

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, M.S. Unnikrishnan retires by rotation at the ensuing 35th Annual General Meeting and being eligible, offers himself for re-appointment as a director.

Meetings

A calendar of meetings is prepared and circulated in advance to the directors.

During the year, five Board meetings were convened and held, the details of which are given in the Corporate Governance Report.

Remuneration Policy

The Remuneration policy in brief for selection, appointment and remuneration of directors and senior management is given in the Corporate Governance Report.

The renumeration policy is available on the company's website: www.thermaxglobal.com

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual evaluation of its own performance. The details of Board evaluation are given in the Corporate Governance Report.

Directors' Responsibility Statement

In terms of Section 134 (3)(c) of the Companies Act, 2013, your directors, to the best of their knowledge and belief and according to the information and explanations obtained by them in the normal course of their work, state that, in all material respects:

a) In the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed;

b) Appropriate accounting policies have been selected, applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit of the company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The annual financial statements have been prepared on a going concern basis;

e) Proper internal financial controls were in place and the financial controls were adequate and operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Change in Key Managerial Personnel (KMP)

Consequent to the resignation of Gajanan P. Kulkarni as Vice President - Legal & Company Secretary and Compliance Officer, effective January 12, 2016, Amit Atre, has been appointed as the Company Secretary as well as KMP as per the provisions of Section 203 of the Companies Act, 2013 effective January 29, 2016. He has also been designated as the Compliance Officer of the company in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective January 12, 2016.

Related Party Transactions

All related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all related party transactions are placed before the Audit Committee for their approval on a quarterly basis. The company has developed a Related Party Transactions' Manual and Standard Operating Procedures for purpose of identification and monitoring of such transactions.

Thermax celebrated Technology Day on May 11. The Day provides a platform for individuals and business teams to participate in several innovative and stimulating events. Enviro team, the winner of 2015-16 celebrations, with its 'Rolling Trophy' for maximum participation and number of awards won.

The policy on Related Party Transactions as approved by the Board is available on the company's website.

None of the directors have any pecuniary relationships or transactions vis-à-vis the company except as disclosed under Sr. No. 2 A of the Corporate Governance Report.

Standalone and Consolidated Financial Statements

The financial statements for the year ended March 31, 2016 have been prepared as per Schedule III to the Companies Act, 2013. The consolidated financial statements of the group are prepared in compliance with the Accounting Standards and Listing Regulations as prescribed by SEBI. The cash flow for the year 2015-16 is attached to the balance sheet. A separate statement containing the salient features of subsidiaries/ associate companies and joint ventures in the prescribed Form (AOC-1) is also attached.

Indian Accounting Standards (Ind AS)-IFRS Converged Standards

The Ministry of Corporate Affairs vide notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. Companies having a net worth of Rs. 500 crore or more (as per the standalone financial statements as on 31st March, 2014) are required to comply with Ind AS (Accounting standards converged with the International Financial Reporting Standards - IFRS) in the preparation of their financial statements for accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending 31st March, 2016, or thereafter. In pursuance of the above notification, the company, its domestic subsidiaries and joint ventures will adopt Ind AS with effect from 1st April, 2016. The implementation of Ind AS is a major change process for which the company has taken preparatory steps and dedicated considerable resources. The impact of the change on adoption of Ind AS on the company's reported reserves and surplus and on the net profit for the relevant periods is being assessed. In particular, the current accounting policies for revenue recognition, leasing, investments, income tax, consolidation and proposed dividends differ for Ind AS. This list of differences identified by the company is indicative and not an exhaustive one.

Significant and Material Orders Passed by the Regulators or Courts

During the year, the Commissioner of Central Excise, has passed orders raising demands of excise duty on bought out items [Refer contingent liabilities note no. 28A (i) (a) to the Financial Statements] and based on an independent legal advice, the company is confident that the issue will be ultimately decided in its favour. There are no significant material orders passed by the regulators / courts which would impact the going concern status of the company.

Public Deposits

The company had no unpaid/ unclaimed deposit(s) as on March 31, 2016. The company has not accepted any fixed deposits during the year.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

Material Changes and Commitments

There have been no material changes and commitments, affecting the financial position of the company, which have occurred between the end of the financial year and the date of this Report.

Committees of the Board

Risk Management Committee

Your company had constituted a Risk Management Committee in terms of Clause 49 of the erstwhile Listing Agreement. However, as per Regulation 21 of the Listing Regulations, the Risk Management Committee is not a mandatory committee for your company. The company also has an existing Risk Council represented by business and function heads to identify and mitigate risks. In view of this, the said committee has been dissolved by the Board at its meeting held on May 25, 2016. However, the Audit Committee will review the risk identification and mitigation process of the company.

Borrowing & Investments Committee

The company had constituted a Borrowing & Investments Committee, to exercise certain powers delegated by the Board for administrative convenience.

The provisions of Section 186 of the Companies Act, 2013, necessitated for the board resolution while granting loan / guarantee / security. This has invalidated the purpose of constitution of the said committee as well as the delegation of powers by the Board. In view of this, the Borrowing & Investments Committee has been dissolved by the Board at its meeting held on May 25, 2016.

The details of all committees and their terms of reference are set out in the Corporate Governance Report.

Auditors

Statutory Auditors

M/s. B. K. Khare & Co., Chartered Accountants, retire as statutory auditors at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment.

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has obtained a written consent from them to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The appointment of M/s. SRBC & Co. LLP, Chartered Accountants, as Joint Auditors for a period of five years commencing from the Thirty-fourth AGM until the conclusion of the Thirty-ninth AGM, will require ratification by the shareholders at the ensuing AGM. A resolution for such ratification is proposed to be passed at the ensuing AGM.

As required under the Listing Regulations, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Cost Auditors

In terms of Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been appointed as the Cost Auditors of the company for FY 2016-17.

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake the Secretarial Audit of the company for FY 2016-17. The Secretarial Audit Report for FY 2016-17 is annexed as *Annexure – 5* on page no. 70.

The observations of the secretarial auditors in their report are self-explanatory and therefore, the directors do not have any further comments to offer on the same.

Extract of Annual Return

The details forming part of the extract of the annual return in Form No. MGT-9 is annexed herewith as *Annexure – 6* on page no. 74.

Awards and Recognition

Your company has received the following awards during the year:

- Thermax received the Platinum Greentech Safety Award 2015 and Safety Innovation Award 2015 for innovative health, safety and environment (HSE) practices at its manufacturing facility.

- Thermax Foundation won the 1st prize in the manufacturing category for its outstanding CSR initiatives, from the Amity Global Business School, Pune.

- Chiller – heater from the company's Cooling business won the first prize in the 'Energy saving' category at ACREX 2016, a leading industry event for air conditioning and refrigeration. The high efficiency system simultaneously provides an output of 1°C chilled water and 90°C hot water.

Acknowledgements

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

Your directors would also like to thank all the shareholders for continuing to repose faith in the company and its future.

For and on behalf of the Board

Meher Pudumjee
Chairperson
Pune: May 25, 2016

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Management Discussion and Analysis

Economic Outlook and Prospects

The global economy has been experiencing a rough and uncertain phase characterised by sub-optimal growth in world output and distinctly reduced investment demand. Global growth has continued to remain sluggish in 2015, slowing to 2.4% compared to 2.6% in 2014. The subdued performance was mainly due to the continuing deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade and capital flows. The World Bank anticipates revival of global growth, but at a pace slower than expected, to reach 2.9% in 2016 and 3.1% in 2017/18.

Crude oil prices, on an average, declined further from USD 52.83 per barrel (31-03-2015) to USD 37.34 (31-03-2016), causing substantial reduction and cutbacks in investments in both the upstream and downstream areas of the petrochemical industry. The US-Iran agreement which has freed Iranian oil from sanctions, is expected to restore the surplus availability of crude for a conceivable period, thus tethering crude oil prices to current levels.

Adding to these challenges, are concerns over the impact of the recent changes in China's economy, where it is opting for a more balanced growth path. China's decision to regulate its uncontrolled economic growth had far-reaching ramifications for global trade: (i) the industrial activity across sectors has decelerated, reducing demand for commodities, pushing their prices to the lowest levels, and (ii) the surplus capacity from China that started reaching every part of the world were at prices that local manufacturers couldn't compete with. Despite introduction of punitive measures and anti-dumping duties, supply pressures are still keeping commodity prices down.

In the coming years, the world's economic activity will be significantly influenced by the provisions of the Paris Agreement on global climate, adopted by 196 nations during the 21st Conference of Parties (COP-21) in December 2015. The agreement aims to limit the rise in the global average temperature from pre-industrial times to below 2°C within a specific time frame, to avoid a global climate change catastrophe. It clearly charts the change in the overall direction in which the world economy would move over this century – towards cleaner energy systems and fuel sources. The agreement does allow developing countries like India to use coal for its development plans for another 10 to 15 years. However, due to the emphasis on renewable energy sources, thermal power development is expected to face difficulties in seeking global financial support. The Indian Government's recent announcement of plans to generate 175 GW of electricity by 2020 from renewable sources (100 GW from solar) is a response to this changed reality.

The silver lining came from strong economic recovery in major high-income countries last year. This has been increasingly driven by stronger domestic demand, particularly in the United States, supported by robust consumption and investment in the non-oil private sector. The US Government, in tandem with the local industries, is incentivising domestic manufacturing with the intention of bringing back the jobs lost to low cost countries.

In the Euro zone, growth picked up in 2015, as domestic demand strengthened and exports accelerated, partly due to the lagged effect of Euro depreciation. In addition, credit growth is visible and unemployment is declining. Euro zone growth for 2015-16 is estimated at 1.5%, which has been displayed by Spain and to a certain extent by Germany, while France and Italy have made a slow but gradual recovery. Low oil prices and favourable financing conditions are supporting consumer spending and investments in consumption driven sectors.

The recovery remains fragile in Japan despite substantial policy stimulus as private consumption and investment failed to pick up in 2015.

Notable exceptions in an otherwise gloomy outlook for developing countries are South Asia and commodity-importing countries of East Asia, reflecting reduced macro-economic vulnerabilities and domestic policy reforms. GDP growth in South Asia increased from 6.8% in 2014 to 7.0% in 2015 – the fastest rate among developing regions, as the region benefited from lower oil prices and improved resilience to external shocks. Indonesia, the largest economy in South East Asia, devalued its currency substantially, and the government has implemented policies to protect the country's local enterprises from external factors. Restrictions were imposed on the import of many items, including capital goods, as Indonesia is vigorously localising its manufacturing. A few low-income economies (Ethiopia, Rwanda, Tanzania) displayed continued strength, supported by large-scale infrastructure investment, ongoing mine development, and consumer spending. However, fiscal risks have increased in several countries in East Africa due to sharp increases in public debt and

A bi-drum boiler commissioned for a global food major. The coal fired AFBC boiler is part of the food company's state-of-the-art wet corn milling plant in Southern India with a capacity to produce 800 tonnes of corn daily.

Thermax's operation and maintenance teams are servicing client installations in overseas locations. One such O&M team at a cement plant's 30 MW captive power plant in Zambia, where it takes care of boilers and balance-of-plant.

contingent liabilities. In South Africa, serious power supply bottlenecks resulted in weak growth.

Brazil and the Russian Federation have taken a turn for the worse as a result of global and domestic headwinds, with both countries experiencing GDP contractions, above-target inflation, and deteriorating public finances.

India reported a GDP growth of 7.6% in the fiscal year 2015-16 compared to 7.2% in 2014-15, making it one of the fastest growing economies. However, this was achieved by shifting from a factor cost approach to a market price approach while computing GDP. Monetary and fiscal austerity, the fall in global crude oil prices and a moderation in food price inflation have contributed to this momentum. Fiscal prudence, combined with low crude prices ensured reduction of Current Account Deficit to an estimated 0.90% of GDP in 2015-16 as against 1.3% of the GDP in 2014-15. The Government also succeeded in bringing down the fiscal deficit to 3.9% as promised in the budget. However, industrial output has slowed and investment demand continues to remain muted. Surplus idle capacities and low commodity prices are restraining the revival of the investment cycle, especially in large sectors like steel, cement and power. Small investments continue in the consumer sector, predominantly in food & food processing, drugs & pharma, alcohol & beverages, textile and automobiles.

The Power sector is yet to revive. Coal block allocation is still underway. The Government is in the final stage of auctioning 11 coal blocks (captive). There will be no new auction for coal blocks earmarked to the power sector until the legal issues around the tariff regulations are resolved. Ultra mega power plants announced earlier are yet to be awarded as the new standard bidding document is awaiting Central Government's approval. The Government has announced a new revival package for DISCOMS and its successful implementation will have a positive impact on the power sector for Independent Power Producers (IPPs) to start implementing new projects.

There has been substantial progress in the implementation of solar PV based power generation, in the form of both IPPs and roof top installations. Taking a cue from the Ministry of Power and MNRE targets, many states have auctioned new solar capacities. Tariff levels in these competitive bids have reached less than Rs.5 per unit levels, making solar power generation for major consumers more viable than grid power. This has emboldened the Government to revise its installation targets.

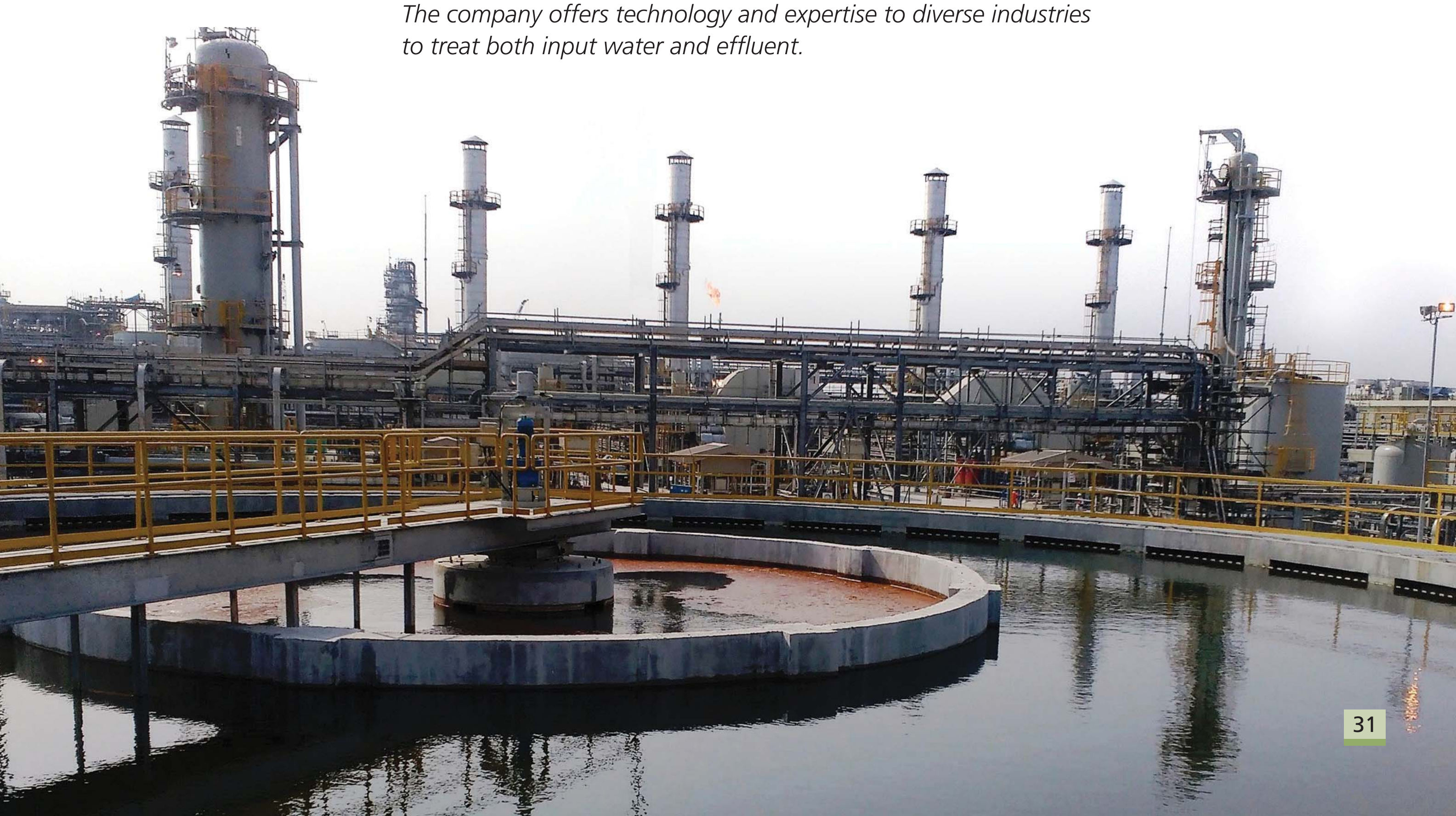
In the context of the economic scenario outlined, with no big-size orders in the market, the capital goods sector remains under severe pressure, both on revenue and margin fronts.

Due to the depleting order book and lower fresh intake in capital goods, industry across the globe is facing difficulties in managing balance sheets. As projects have dried up in the core sectors like power, oil & gas, steel, cement and infrastructure, the outlook for the capital goods segment continues to be challenging.

Thermax Operational Performance

In these challenging market conditions, revenues of Thermax Limited (standalone) showed a decline of 5.4% at Rs. 4,462 crore vis-a vis the previous year (Rs. 4,719 crore). This is mainly due to lack of a large order

At this petrochemical plant in Indonesia, Thermax commissioned a 2000 m^3/hour pre-treatment and multimedia filtration plant. The company offers technology and expertise to diverse industries to treat both input water and effluent.



during the maiden quarter of FY 2015-16 compared to FY 2014-15, which witnessed revenue from a large petrochemical order.

However, the company was able to post marginally higher revenues of Rs. 5,636 crore at the Group level, a growth of 3.9% over the previous year (Rs. 5,427 crore for FY 2014-15). This was mainly due to a few large orders in the subsidiaries booked earlier having neared completion in the current year, enabling the company to book revenues.

Consolidated revenue from international business marked a significant rise of 43.8% at Rs. 2,336 crore (Rs. 1,624 crore). On a standalone basis, exports grew by 32.4% to Rs. 1,446 crore (Rs. 1,092 crore). This was possible due to healthy orders carried forward from the previous year, both for consolidated and standalone business.

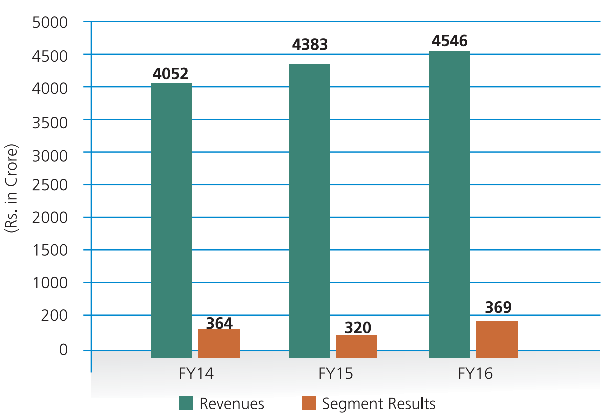
The order intake for FY 15-16 remained subdued, both at consolidated and standalone levels. The consolidated order booking for FY 15-16 stood at Rs. 4,515 crore, a drop of 14.6% over the previous year (Rs. 5,293 crore) with standalone order booking at Rs. 3,701 crore, a drop of 6.3% over the previous year (Rs. 3,951 crore). This drop is mainly on account of lower orders in international markets.

One of the five double - effect steam driven chillers, each with a capacity of 2000 TR, that Thermax is installing at a solar PV project in Gujarat. The chillers will use steam from the client's power plant to air condition the production area of the PV plant.

Thermax is supporting the expansion of a leading oil refinery in Western India. Three heat recovery steam generators (HRSGs) and two auxillary boilers, 275 TPH each, are being installed.

Business Segments of the Company: Energy and Environment

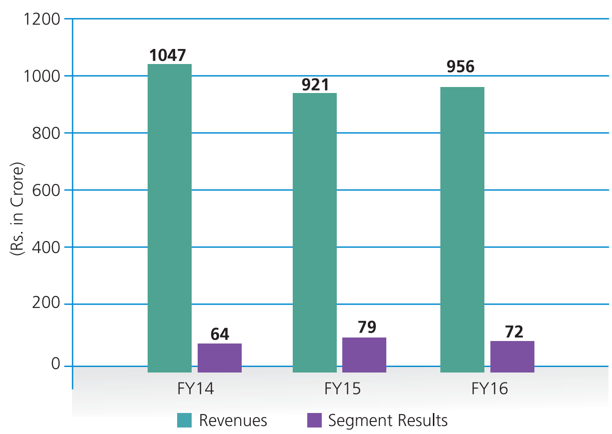
Energy Segment



The energy segment, contributing 82.6% of the group's operating revenues, offers solutions through the following businesses: (1) Heating (2) Cooling (3) Boilers for power generation (4) Power EPC (5) Solar (6) Service arms for the businesses including Power O&M services.

The heating segment supplies boilers for a very wide range of applications with capacities ranging from 0.03 MW to 1200 MW (super-critical power plant boilers). The cooling business makes use of vapour absorption technology and supplies industrial and commercial cooling solutions. The power business offers turnkey power plants and the solar business is into photovoltaic and thermal solutions.

Environment Segment



The environment segment comprising air pollution control, water & wastewater solutions and chemical businesses account for 17.4% of the group's operating revenues. Overall, the performance of this segment during the year has been sluggish with a decline in revenues.

Both the segments span a wide range of products and services, which can be grouped into three categories:

1) Products, both, standard and custom-designed. Larger units are generally custom-designed and built.
2) Projects and EPC contracts, especially for the larger non-standard products.
3) Life-cycle and O&M services to operate plants and other services that the company provides to customers.

Operating Structure

The risks, economics and business organisation are different for each segment. Most of the product and service businesses are with the parent company. Subsidiaries abroad are predominantly sales/ service oriented, trading in products made in India or in the company's international factories. The company has 11 manufacturing facilities across the world, seven in India, two in Denmark, and one each in China and Germany, making different products to meet the requirements of diverse markets.

The EPC business includes designing, engineering and integrating other machines in order to deliver a composite plant to a customer. For example, Thermax supplies complete power plants that integrate boilers, chillers and various utilities such as water & wastewater treatment and air pollution control equipment made by it, along with turbines, generators and the rest of balance-of-plants procured from other manufacturers. The construction portion of some of the EPC businesses are held by the domestic subsidiaries.

The service business also includes revamping and retrofitting of existing plants to improve efficiencies and operating life of plant and equipment. Moreover, businesses like chemicals predominantly impact the revenue side of the balance sheet of customers.

Energy Segment Analysis

The energy segment posted a revenue growth at group level of 3.7% over the previous year. The revenue for this segment for FY 2015-16 was Rs. 4,546 crore (Rs. 4,383 crore). This growth was largely driven by the increase in revenue share of the company's domestic subsidiaries, which are the construction arms of the EPC businesses, and from TBWES, the joint venture company. Revenue from a nearly completed construction work for a major refinery order, received in the previous year, contributed to the increase.

Heating Business

The standard product offerings under the Heating segment ie. Small packaged boilers, heaters and other solutions catering to multiple industries such as food, pharma, FMCG and textiles performed well. However, revenues remained flat owing to a lower order book being carried forward from the earlier year. Order intake for the Danstoker Group the subsidiary that contributes to the packaged boiler business remained flat owing to the subdued economic conditions in Europe.

Changes in European policies and the Ukraine conflict continue to impact order inflow from Russia, as also the EU. The company's strategy continues to focus on certain countries in Latin America and diverse markets in continental Europe. The company also plans to enter the Middle East and South East Asian markets, leveraging the presence of Thermax subsidiaries in these parts of the world.

In the domestic market, the heating business of the company continued to be supported by the subsidiary, Thermax Onsite Energy Solutions Limited (TOESL).

The company's large Boiler & Heater subset catering to power, steel, cement, etc. sectors was impacted by subdued market conditions, both domestic and global. With no signs of investment demand revival and bleak signs of capacity additions, the outlook for this subset remains cautious. The current order intake comprises small-sized orders from oil and gas, sugar, distillery, pharma and chemical sectors. Though similar small green shoots continue to appear in the international markets, closure of orders are taking longer than usual.

Cooling Business

The energy segment includes the cooling business that makes use of vapour absorption technology. For FY 2015-16, order intake of the cooling business remained flat compared to the previous year.

Food, beverage, and dairy sectors are prominent customers of the Cooling business and new product solutions were developed during the year specifically to cater to petrochemical and refinery sector.

The Cooling business is supported by two wholly owned overseas subsidiaries: 1) Thermax (Zhejiang) Cooling and Heating Engineering Company Limited in China with a world class manufacturing facility, and 2) Thermax Europe Limited, based in the UK, managing the prospecting, marketing and services for absorption cooling business across Europe.

The service arm (C&HSS) of the heating and cooling businesses continued to report a modest growth of 10% in both order intake and revenue. With the capacity utilisation of our customers showing an upward trend, the outlook for this business is positive in the coming years.

The service business includes the operation of Rifox, our German subsidiary.

Power EPC Business

Power EPC for TL includes power plants up to 300 MW. Power, integral to the capital goods sector, was largely impacted by the sector's decline. Order intake of the Power business was half of the previous year, resulting in a corresponding reduction in the order intake of Thermax Instrumentation Ltd, which is the construction arm of this business. The revenues for Power business clocked a growth of 61%, resulting predominantly from carried forward orders. However, the order booking in 2015-16 remained very subdued.

As a part of its O&M services, the company monitors the quality and consumption of fuel and water, chemicals, spares and other consumables at our clients' power assets. The cash flows from O&M installations have been challenging and hence a few accounts have been terminated. In spite of that, the revenues for Power O&M business clocked a growth of 12%, compared to last year.

Solar Business

With the global focus on renewable energy, and the Indian Government setting a target of 100,000 MW of solar energy by 2022, the future prospects for solar look bright. The company had placed its bets and invested some amount of resources, both manpower and financial in solar thermal. However, with PV prices crashing, the power sector is looking at PV far more favourably than solar thermal.

Although the company is gearing up towards both roof top and larger power plant BOP, it needs to find a business model that is remunerative. With regard to solar heating, with the price of oil at current levels, it may take a while before this product picks up.
With the Government of India's extensive plans of

setting up renewable energy projects over the next seven years, this business should witness some growth.

Environment Segment Analysis

The performance of the Environment segment registered a marginal growth at 3.8%. The revenue at the group level for the segment for FY 2015-16 was Rs. 956 crore (previous year Rs. 921 crore).

Air Pollution Control Business (Enviro)

Enviro division's order intake dropped by 40.4% from last year. However, revenues showed an increase of 23.3%.

The air pollution control business is yet to witness a surge in order intake due to the change in the new emission norms issued by the Ministry of Environment. The new standards are aimed at reducing emission of particulate matter, Sulphur oxides (So) and Nitrogen oxides (NOx) to improve the ambient air quality in and around thermal power plants. The company has signed a licensing agreement with Marsulex Environment Technologies Corporation (MET) to offer pollution control technologies, especially for flue gas desulphurisation in South Asia. The tie-up is expected to open up new business opportunities in emerging markets.

Water Business

The Water and Waste Solutions business has improved its performance by reducing the losses by a considerable amount. The losses were due to the closure of the larger project business, predominantly in the municipal sector where there were delays, overruns and cash flow challenges. The strong focus the business has brought to both the standard packaged treatment plants and the industrial sector, has resulted in an improved order intake during the year. The business is also planning to grow by actively prospecting for operation &

The company's project teams are committed to safe operations. Regular training sessions and rigorous monitoring by safety engineers are a regular feature. A Thermax team taking the safety oath at one of the customer sites.

A solar PV project commissioned by Thermax for an automobile major in Chennai. Thermax solar's capability to deliver a quality product on time won it a repeat order from the same customer.

maintenance of water and wastewater treatment plants. During the year, it already crossed the milestone of '100 active customers' for O&M. With continued efforts in cost reduction, standardisation and selective customer acquisition, the business should turn the corner in the forthcoming year.

Chemical Business

The chemical business remained flat in the current year, impacted by oil and commodity price drop. However, the ion exchange resin and construction chemicals businesses recorded good growth and performance.

Opportunities

1) Compliance with the provisions of COP-21 will necessitate enhanced energy efficiency and deployment of technology to bring down carbon emissions. This will offer the company opportunities in waste energy recovery across the economies of developing countries.

   Deployment of clean coal technology using the gasification route, developed by the company, should open up new avenues for heating and captive power business in the medium term. As the signatory countries of COP-21 move into regimes of low carbon economic development, the company will benefit from high-efficiency solutions based on renewable energy options across the heating, cooling and power businesses.

2) In the domestic market, the Government has already promulgated stringent emission norms for suspended particles, SOx and NOx. Stricter implementation within defined timelines will help the company grow its air pollution control business at a faster pace than in the recent past.

3) As India transits from a water stressed country to a water starved one, many states plan to contain their usage of limited resources for industrial activity. The measures being considered for implementation include use of sewage as a raw input for industrial

Training is integral to Thermax's customer support services. One such session for an exhaust gas-cum-hot water fired chiller at a client's new operation data centre in Thailand.

water, insistence on zero liquid discharge and compulsory recycle in water stressed locations. As a company specialised in knowledge and capabilities, with proven experience in these areas, the water business will be able to grow profitably, as it makes use of the opportunities emerging in the domestic market.

Threats, Risks and Concerns

1) The ongoing contraction in capacity building across the globe is the biggest challenge faced today. Even in the domestic market, the capacity utilisation in the core and commodity sectors are limping at 55 to 70%. Unless they cross the 85-90% level and there is the promise of enhanced capacity utilisation, investments for greenfield projects will be difficult to come by. This scenario, if prolonged, will add to the woes of the entire capital goods industry including the company.

2) The tenets of COP-21 will result in adverse stipulations on the use of fossil fuels being formulated and implemented in the near future. However, use of cleaner technologies to contain and reduce greenhouse gas emissions while using fossil fuels may reduce the impact of this threat.

3) The banking system in the domestic market is facing an unprecedented situation due to non-performing assets (NPAs). This is applicable to projects in segments that form a major part of the company's business. Though the Government and the Central Bank are seized of the gravity of the situation and are moving ahead with initiatives to contain and resolve the problem, global macro-economic factors, beyond the control of the domestic economy can disrupt the equilibrium. In such a scenario, the entire capital goods sector itself will face difficulties due to lack of new projects and liquidity crisis.

Several ongoing projects in the core sector are facing financial constraints which have halted progress in certain cases, with possible risk of recovery of receivables. The company has continued to follow strict provisioning norms and the credit review system has been reinforced to address the increased risk.

Risk Management

The company has formed a Risk Management Council, consisting of heads of business and corporate functions. The Council meets four times a year. The risk management process consists of risk identification and assessment, risk measurement, mitigation and monitoring, and risk reporting.

The Risk Management Council of the company carries out a detailed review of key risks facing Thermax, its impact on strategic decisions and mitigation measures. The review involves identification of key changes in the external environment which have significant bearing on some of these risks and the interplay of these risks and strategic initiatives of the company.

Based on these reviews, certain risks have been prioritised, mitigation measures have been put in place and their effectiveness is continuously reviewed and monitored. This will be brought to the audit committee for review.

Outlook

The company has begun the new financial year with a lower order book at Rs. 3,747 crore. While the larger project orders may not be forthcoming, the organisation expects continuance and even improvement of shortlisted projects in food, drugs, pharma, etc. With substantial capacities that can turn around products and components at a fast pace, the company expects a linear performance even in this adverse market condition.

Mid-sized projects for captive or cogeneration purposes will continue to be available in international markets where the company operates and should help create a better order carry forward towards the end of the current fiscal, provided decisions are made in time.

Internal Controls

The company has an internal control mechanism to ensure adequate safeguards and processes to address the evolving requirements of its divisions as they conduct large and varied businesses in global markets. These procedures facilitate efficient use and protection of its financial and non-financial resources.

Key controls have been identified with respect to critical areas such as project cycles, operation & maintenance and customer support. Through such measures, the company meets the diverse challenges of its various business divisions by delineating and elaborating specific controls vital for their operations. The identified controls are further classified under the categories of automated and manual, and based on a comprehensive audit, their effectiveness and adequacy is determined.

Internal controls are reviewed by Internal Audit on a periodic 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.

Reaching out to customers through new sales & service centres: Thermax's Lucknow office was inaugurated by HR Chief, Sharad Gangal in the presence of business leaders and senior managers. The company also opened its office in Chandigarh.

Thermax commissioned two floor mounted boilers at one of the leading refineries in Turkmenistan. The boilers use natural and refinery gases as fuel.

The company has also established internal controls over the financial reporting process. The adequacy and effectiveness of such controls is reviewed on a periodic basis. The process is suitably amended to address the evolving and varied needs of the business divisions and regulatory requirement.

Financial Performance of Thermax Limited

Revenue: Your company's net revenue from operations decreased by 5.5% to Rs. 4,352 crore and profit before tax decreased by 12.1% to Rs. 437 crore. Total employee cost was Rs. 454 crore as compared to Rs. 450 crore during the previous year. The depreciation charge decreased from Rs. 64 crore to Rs. 61 crore during the year. The interest cost has come down from Rs. 20 crore in the previous year to Rs. 1 crore this year, as the company has not availed packing credit for its exports. Additionally, the interest cost for 2014-15 included an amount of Rs. 9.6 crore towards interest on income tax, payable.

Fixed Assets: Addition to the Fixed Asset block during the year ended March 31, 2016 was Rs. 62 crore (Rs. 55 crore in the previous year). The addition consists mainly of plant and machinery. The depreciation block as of March 31, 2016 was Rs. 475 crore as compared to Rs. 430 crore as on March 31, 2015. The deductions/ disposals during the year amounted to Rs. 21 crore as compared to Rs. 8 crore in the previous year. Consequently, the net fixed asset block marginally decreased to Rs. 645 crore as on March 31, 2016 as compared to Rs. 648 crore at March 31, 2015. The estimated amount of contracts remaining to be executed on capital account and not provided for, as on March 31, 2016 was Rs. 69 crore, and your company believes that it will be able to fund them internally.

Investments: Investments increased to Rs. 1,506 crore on March 31, 2016 from Rs. 1,257 crore as on March 31, 2015. Dividend distribution to the shareholders was at 300% (Rs. 6/- per share) which accounted for Rs. 71 crore excluding dividend distribution tax.

Performance of Subsidiaries:

Thermax Engineering & Construction Company (TECC)

This wholly owned subsidiary is the construction arm of the larger boiler & heater business of the company. The net revenue from the operations of the company for the year ended March 31, 2016 was Rs. 336. 49 crore as compared to Rs. 203.60 crore during the previous year (65% higher) owing to a large order executed in the petrochemical sector.

Thermax Instrumentation Limited (TIL)

TIL, a wholly owned subsidiary is engaged in construction and commissioning of captive power plants. The net revenue from the operation for the year ended March 31, 2016 was Rs. 131.58 crore as compared to Rs. 101.09 crore during the previous year (30% higher). With lower carry forward orders, this subsidiary is expected to have a subdued performance, next year.

Thermax Onsite Energy Solutions Limited (TOESL)

TOESL, a wholly owned subsidiary, is engaged in the build- own- operate business of providing sustainable solutions by supplying utilities like steam and heat to its customers. The net revenue from the operations for the year ended March 31, 2016 was Rs. 52.27 crore, as compared to Rs. 41.08 crore during the previous year (27% higher). With two more projects getting into commercial operation, this subsidiary is expected to perform better. However, owing to lower oil and gas prices and absence of proportional reduction in biomass prices, conclusion of fresh biomass based contracts will be a challenge in the immediate future.

Thermax Sustainable Energy Solutions Limited (TSES)

The prospects of this wholly owned subsidiary, engaged in the business of providing sustainable solutions to the industry through the Clean Development Mechanism, continues to be unfavorable. Due to the unviability of Certified Emission Reductions (CERs) in the global market, the company did not witness any operations during the year.

Thermax Inc. (USA)

Thermax Inc., a step-down subsidiary and the sales and service arm of the company consists of two segments – energy (sales of absorption chillers) and environment (sale of ion exchange resins). The net revenue from operations for the year ended March 31, 2016 was USD 13.24 million (Rs. 87.73 crore) as compared to USD 14.96 million (Rs. 99.13 crore) during the previous year (12% lower). The fall in revenue was due to lower revenue recognition of goods in transit as well as due to lower oil prices. The challenges faced by the US manufacturing industry will impact the performance of this subsidiary in the forthcoming year.

Thermax Senegal S.A.R.L (Senegal)

Thermax Senegal S.A.R.L, a step-down subsidiary of the company, is engaged in the business of plant management services. The net revenue from operations for the year ended March 31, 2016 was XOF 1,466 million (Rs. 16.71 crore) as compared to XOF 398 million (Rs. 4.54 crore) during the previous year (268% higher). Revenues of this subsidiary are expected to be flat, next year.

Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited (China)

Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., a wholly owned subsidiary of the company is engaged in the manufacture, sales and service of vapour absorption systems. The net revenue from operations for the year ended March 31, 2016 was RMB 62.79 million (Rs. 64.49 crore) as compared to RMB 80.85 million (Rs. 83.04 crore) during the previous year (22% lower). The drop in revenue was on account of lower domestic (China) sales due to subdued market conditions. Demand for chillers came down in view of the absence of capacity building in the manufacturing sector of China. However, offshoring into this subsidiary due to the shortage of manufacturing capacity within the overall cooling business of Thermax, combined with the cost reduction exercises initiated will see this subsidiary remain EBITDA positive in the coming year too.

Thermax Europe Limited (UK)

Thermax Europe, a wholly owned subsidiary, is engaged in the sales and service of vapour absorption chillers. The net revenue from the operations for the year ended March 31, 2016 was £ 6.15 million (Rs. 58.51 crore) as compared to £ 9.43 million (Rs. 89.71 crore) during the previous year (35% lower). This was due to execution of a major order in the previous year (GBP 4 million) and absence of such an order during the financial year

2015-16. This subsidiary with its focus on renewable and waste-to- energy for cooling, should perform better in the coming year.

Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

Rifox, a wholly owned subsidiary, is engaged in the business of manufacturing a wide range of standard products within the four most applicable steam trap systems. The net revenue from operations for the year ended March 31, 2016 was EUR 3.73 million (Rs. 28.13 crore) as compared to EUR 3.69 million (Rs. 27.82 crore) during the previous year (1% higher). With outsourcing of components from India, and improvement in operational efficiency, Rifox has maintained its profitability during the year.

Danstoker A/S (Denmark)

Danstoker A/S, a step-down subsidiary is engaged in the business of designing, production and sale of boilers and relevant equipment to the energy market, including rebuilding and servicing of boilers. The net revenue from operations for the year ended March 31, 2016 was DKK 170.86 million (Rs. 172.86 crore) as compared to DKK 186.94 million (Rs. 189.12 crore) during the previous year (9% lower). Withdrawal of subsidies for renewable energy in many European markets combined with the lack of Russian investments across Europe has had a negative impact on Danstoker's performance. The parent company is helping this subsidiary to market its products in the Middle East and South America, which should see traction in the coming years.

Boilerworks A/S (Denmark)

The net revenue from operations of Boilerworks A/S, a stepdown subsidiary of the company, for the year ended March 31, 2016 was DKK 94.88 million (Rs. 95.99 crore) as compared to DKK 72.66 million (Rs. 73.51 crore) during the previous year (31% higher). Boilerworks A/S is engaged in the business of designing, production and supply of high pressure components to power plants, waste and biomass combustion plants, industrial and petrochemical plants. With anticipated life extension contracts for older power plants, Boilerworks should repeat another year of good performance.

Joint Ventures

Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES)

Investment in the thermal power sector could be decelerating during the year. Despite the UDAY initiative created by the Central government, the banking system in the country continues to suffer, owing to unprecedented levels of non-performing assets (NPAs) from the power sector. Lending has almost come to a standstill in this sector. The private power producers have not initiated any new projects. Despite the announcement of setting up five ultra mega power plants, the Government was unable to initiate the process of tendering any of those projects. The state electricity generation companies with substantial debts on their balance sheets also were not forthcoming with new projects barring four isolated projects, two of which were awarded on nomination basis to PSUs, and others requiring financing by equipment suppliers.

Tendering activity for boiler-island alone for thermal power plants within India remained feeble. Even those limited tenders invited had enhanced scope of additional work like civil structures, ash handling plants, electricals, etc., adding to higher levels of business risk. There were a few tenders for power plant EPC, which the company decided not to participate considering the long-term risk it may pose.

Manufacturing at the facility of TBWES progressed well during the year. During FY 2015-16, the company registered a total revenue of Rs. 358 crore (Rs. 46 crore, previous year) by executing part of the orders received from B&W, the US partner of the JV. The company made a loss of Rs. 70 crore. However, TBWES was EBIDTA positive to the extent of Rs. 30 crore.

TBWES received one more order from its JV partner for engineering and supply of core pressure parts for a 300 MW supercritical boiler for a South East Asian country. This combined with the carry forward orders should help the JV.

TBWES had availed term loans amounting to Rs. 443 crore from the banks for setting up its manufacturing facility at Shirwal, Maharashtra. The interest burden for the repayment needs of this loan, coupled with low visibility of feasible orders in the domestic market, is making the operations unviable. As a remedial strategy, the promoters jointly decided to infuse further capital to enable repayment of outstanding loan. The JV has already repaid its term loans. Consequent to the repayment, the breakeven levels of this company is expected to come down and make its operations cash positive.

Thermax SPX Energy Technologies Limited (Thermax SPX)

This joint venture had its first profitable year with a total revenue of Rs. 44.3 crore. During the year, Thermax SPX supplied seven air cooled condensers (ACC) to different sectors including cement, pharma, and chemical.

As part of business restructuring, the foreign partner, SPX Technologies, divested dry cooling as a part business to an Indian company. This will reduce the potential market for this JV to regenerative air preheaters and electrostatic precipitators for large projects.

Human Resources

The company's Human Resources group, with the help of an external agency, conducted the Employee Experience Survey (EES) in October, 2015 to gain insights from the workplace. 96% employees participated in the survey and the findings were presented to the senior management. Based on employee response, action plans were charted out and a review mechanism is being put in place to ensure implementation.

HR also supports the company's internationalisation programme with specific focus on South East Asia.

An E-MBA programme in partnership with IMT Ghaziabad was launched for young employees aspiring to pursue management education.

Health Safety and Environment

The Board continues to review the safety performance of the company every quarter. The managing director reviews the health, safety and environment (HSE) performance of each division on a quarterly basis and the process is supported by safety committees at business and project site levels.

The Water and Waste Solutions division of the company was recertified as per OHSAS18001:2007 by Bureau Veritas in this financial year. Surveillance audits for OHSAS18001:2007 and ISO 14001:2004 were conducted by DNV for Chinchwad, Savli and Mundra works and by Bureau Veritas for Paudh and Jhagadia plants.

1,152 internal audits and 36 external safety audits and inspections were carried out in FY15-16. Special safety audits for fire prevention were carried out at all the office locations and manufacturing plants in Pune.

All manufacturing and project locations have developed emergency management plans. Training on fire prevention and control, mock drills on emergency evacuation have been conducted at the plants and offices. Regular safety training covers employees at various levels and regions, contractors, vendors and suppliers.

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

Committed to the cause of education, Thermax Foundation (erstwhile Thermax Social Initiative Foundation) has been working to improve the quality of municipal schools where students are from economically weaker sections. The objective of the programme is to offer quality education, thus helping children break out of the cycle of poverty.

The Foundation along with its NGO partner Akanksha and the Municipal Corporations of Pune and Pimpri-Chinchwad (PMC and PCMC) has financially helped set up eight schools.

One of the students from the Thermax sponsored Akanksha learning center has cleared the CA examination in the first attempt and is now pursuing a career with Thermax.

During the year, Thermax Foundation bagged the top CSR award 2015-16 under the manufacturing category from Amity Global Business School, Pune.

Educational Initiatives

Municipal Schools

The students from the schools continue to perform beyond the limits traditionally drawn for municipal schools. Since its inception in 2007, K.C. Thackeray Vidya Niketan English Medium School (KCTVN), has been raising the bar. The results of the two Secondary Schools, KCTVN and Acharya Vinoba Bhave Secondary School (AVBS), depicted in the table below, is testimony of their performance since the first batch appeared for the SSC Board examination.

Over the last two years, eight students from KCTVN were selected by Azim Premji University for higher studies with full scholarship. Similarly, till date five students from AVBS and two students from KCTVN were selected by the United World College.

Two schools successfully participated in the Design for Change (DFC) Projects, a global initiative instituted

Jubilant K.C. Thackeray Municipal School 10th class students with their teachers and staff after scoring 100% pass result. This year 77% students scored distinction and above.

Thermax Foundation has partly funded the Model School Complex of Jagriti School for Blind Girls which will help cater to a larger number of students.

Details	2012-13		2013-14		2014-15		2015-16	
	KCTVN	AVBS	KCTVN	AVBS	KCTVN	AVBS	KCTVN	AVBS
No. of students appeared	58	-	61	-	59	62	61	37
Pass percentage	100%	-	100%	-	100%	98%	100%	97%
Distinction & above (= > 75%)	22%	-	34%	-	58%	19%	77%	30%
PMC scholarship (=> 85%)*	5%	-	11%	-	17%	2%	28%	3%

*PMC gives a scholarship of Rs. 51,000 to the students scoring 85% and above.

in 2009 and operating in 33 countries to encourage innovative practices in educational institutions. At the Late Anantrao Pawar Memorial English Medium School (APMS), a project by 4th and 5th grade students, 'Small Bench and Long Legs' addressed the issue of taller students not being able to use the classroom benches. It was selected as one of the five 'Most Innovative Stories of Change' and won the school team a cash award of Rs. 50,000. K.C. Thackeray School's project on 'Making KCT A Bully Free School' was highlighted in the DFC newsletter as the story that most touched the hearts and souls' of the judges. The school got a cash award of Rs.10,000 for the project. Both the schools were selected from over 2,500 participating schools.

Matoshri English Medium School started an early childhood development project called 'Nanhe Kadam', for children from the local community. The project is in association with 'Umeed Foundation'. This pilot project aims to identify nutritional deficiencies in children and take corrective action at the initial stage itself so that by the time the children begin school, they are equipped for appropriate learning since there is a definite correlation between nutritional deficiency and stunting of the brain. 135 children up to 3 years of age have enrolled for the project.

Being a Vidya Niketan School, KCTVN used to take students in 3rd standard through a test conducted by PMC School Board. Since the Vidya Niketan concept was discontinued from the academic year 2015-16, KCTVN has added grade 1 to its existing grades 3 to 10. It plans to add junior and senior KG in the coming years. The Foundation constructed two more floors in the school to help manage the growing numbers of students.
Till FY 2015-16 Thermax Foundation supported eight schools, but from FY 2016-17, the foundation will support only five schools in PMC. The increasing expenditure of adding a new grade each year , and the reduced contribution from Thermax to the Foundation owing to the company's lowered profits in the last few years, have necessitated this decision. Akanksha Foundation has identified other corporates to fund the other three schools.

Pune City Connect

So far the Foundation has mainly focused on municipal English medium schools. Under an initiative for collective action, Pune City Connect (PCC), Thermax has joined hands with PMC, some of the city's corporates and NGOs to improve the quality of education for Marathi and Urdu medium schools as well.

Thermax employees with KCTVN students against the mural they are painting at Savitribai Phule School, Moshi.

PCC has an audacious goal of reaching out to every municipal school in Pune by training the trainers and improving the quality of education within the next three years.

Leadership Institute for Teachers (LIFT)

During the year, the Foundation continued to strengthen the public education system in Pune city through LIFT, the year-long professional development programme for teachers in government English medium schools and a select few low-income private schools. 29 LIFT teachers were certified as 'Teacher Innovators' by STIR (Schools and Teachers Innovating for Results) and the University of Roehampton, London, for innovative best practices in classrooms. These teachers presented their practices in 'Maha Shikshan Jatra' which was attended by the top-level officials of the PMC school Board. LIFT has been conducting this event twice a year since its inception in 2013.

The LIFT programme design has been successfully aligned with the Government's Pragat Shaikshanik Maharashtra to impact and measure the student learning outcomes.

Completing three years, LIFT has created a sustainable alumni network of teachers who have graduated from this programme. In 2015-16, the number of alumni touched 224, covering nearly 80% of PMC's English medium schoolteachers.

Aakar in Aganwadis

Thermax Foundation has tied up with Integrated Child Development Services (ICDS) to implement 'Aakar' – a state level curriculum developed to strengthen non-formal pre-school education in anganwadis. An MOU was signed in June 2016. This collaborative project aims to empower ICDS supervisors to effectively implement Aakar curriculum and its delivery at the 1413 anganwadis in Pune urban district. It is expected to impact 50,000 children.

Support for organisations in the educational field

By financially supporting other NGOs, Thermax Foundation is encouraging those doing exemplary work in the field of education.

Teach for India (TFI)

Thermax Foundation continues to be the Platinum Sponsor for Teach For India (TFI), a nation-wide movement of outstanding college graduates and young professionals who teach for two years in under-resourced schools.

Thermax encourages its employees to apply for TFI fellowship. For the 2016 Fellowship, a Graduate Engineer Trainee from the company's Power business has been selected. Through Thermax Foundation, TFI is supporting 46 fellows across 16 schools. In the second year of their fellowship TFI fellows undertake 'Be the Change Project' (BTCP) in areas they feel concerned about. Some of the projects, this year, include helping women in communities to earn extra income by making and selling hand- made products; helping parents of students gain financial literacy and learning about savings and investments.

Parivaar, Kolkata

In 2013, Thermax Foundation had contributed towards the construction of Parivaar's building, Amar Bharat Vidyapeeth. It has also decided to partly fund their operational expenses from 2014-15.
There are 1189 resident children (355 girls and 834 boys) at Parivaar, making it the largest high-quality residential programme for children from impoverished strata in West Bengal.

Shashwat, Ambegaon, Maharashtra

Thermax Foundation has funded Shashwat, in the third and final year for two projects,

i. Vandeo Vidya Mandir, residential school at Aghane village – 79 students
ii. Tribal Girls Hostel at Dimbhe village – 25 students

Shashwat caters to Katkari, Thaker and Mahadeo Koli tribes, among the most impoverished groups of the region. Through continuous intervention and efforts of Shashwat, the high drop- out rate among Katkari tribal children have almost stopped and the parents now take a keen interest in educating their children.

The Foundation also assisted the NGO to bring in another donor.

Jagriti School for Blind Girls, Maharashtra

Thermax Foundation has supported the Jagriti School for Blind Girls functioning under the National Federation of the Blind, Maharashtra (NFBM)

It partly funded the construction of its Model School Complex. The first phase of its Career Oriented Education Centre and the Skill Development Centre has been completed and inaugurated. The Model School Complex will help the school cater to a larger number of students.

Affirmative Action, Skill Development and Employability

Thermax has been trying to address the issue of lack of skills that prevent youth from being employed in the various sectors of the economy.

Skill Development Initiative

Thermax Foundation along with its partners –Zensar Foundation, Pune Municipal Corporation and the Unnati Foundation – had initiated the Unnati Skill Development Centre in Pune in 2014. Since then, 13 batches have completed training and 270 young candidates have benefitted from them. 192 have been placed in various companies and the rest have either opted for higher studies or decided not to be employed at this stage. Due to insufficient students over the past two years, Thermax has decided to withdraw from this initiative.

Employee Involvement

Thermax encourages its employees and their family members to contribute to social causes. During the year, they participated in various events:

Daan Utsav (earlier called the Joy of Giving Week), celebrated every year in the week that begins with Gandhi Jayanti, i.e., October 2-8,brings together people from all walks of life, to celebrate "giving". This year too, Daan Utsav was celebrated across Thermax, helping employees experience the joy that comes from giving one's time, material or money.

- Under the Stars was organised in association with Centre for Youth Development and Activities (CYDA). This awareness- cum- fund raising event provided participants an opportunity to share a night in the open with Pune's homeless citizens. Fifteen participants from Thermax along with their family members participated in the event.

Certified Teacher Innovators of PMC English medium schools along with school Board officials and the LIFT team.

- **Clothes donation Drive:** Thermax Foundation ties up with various organisations for donating usable garments to poor children, women and men. This year the employees donated 1.62 tonnes of clothes, blankets, bedsheets and towels to Swachh, an organisation working for the rag pickers.
- **Share a day of your life:** The event gave children from municipal schools an opportunity to know more about the life of working professionals. 40 Thermax employees spent time with 60 students from the 9th & 10th classes of K.C. Thackeray School and Acharya Vinoba Bhave School. The students came to know about various career opportunities they can pursue, while the interactions also gave employees insights into the lives of children, their background and social context.
- **Colour My World:** Every year Thermax Foundation organises an Art session to bring together employees and school children. This year, Savitribai Phule School, Moshi was the venue. About 50 employees from Thermax participated along with the 10 student volunteers from K.C. Thackeray School, their art teacher and the teachers from Moshi School, to paint the walls of the school corridor. It was a lot of fun and memorable experience for everyone involved.

Running for a cause: As in earlier years, 40 employees from Thermax participated in the Standard Chartered Mumbai Marathon held in January 2016. Thermax raised over Rs. 7.40 lakh for its NGO partner, Akanksha Foundation. 244 employees participated in another event 'Runathon of Hope' held in January for the 4th consecutive year. Thermax bagged the 1st Runner up prize in the 5 km Corporate Challenge Race category.

Blood Donation: Every year on 16th February, to commemorate the death anniversary of its Founder Chairman, Rohinton Aga, Thermax organises blood donation camps across its various locations. This year, 552 employees donated blood.

Payroll Giving Programme: This initiative was launched in 2007 in partnership with Give India to enable employees to contribute any amount as per their ability on a monthly basis, towards a cause / charity of their choice. Currently over 2029 employees have registered for this payroll giving programme and till date have contributed over Rs. 97.05 lakh.

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Corporate Governance Report

1. Company's Philosophy on Corporate Governance

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 creating long-term value for stakeholders. Ethical business conduct, integrity and commitment to values, emphasis on transparency and accountability which enhance and retain stakeholders' trust are the hallmark of good corporate governance.

Your company, Thermax Limited, is committed to adopt the best practices in corporate governance and disclosure. It is our constant endeavor to adhere to the highest standards of integrity and to safeguard the interest of all the stakeholders.

Your company's Board has empowered the 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 review process.

2. Board of Directors

Currently, the Board of your company comprises eight directors – three non-executive promoter directors, four independent directors and the managing director & CEO.

A. Composition of the Board

The table below 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 2015-16.

Name of the director	Pecuniary or business relationship with the company	Number of other directorships@	Committee position@	
			Chairperson$	Member$
NON-EXECUTIVE PROMOTER				
Anu Aga	None except**	–	1	1
Meher Pudumjee	None except**	1	2	4
Pheroz Pudumjee	None except**	1	2	4
INDEPENDENT				
Dr. Raghunath A. Mashelkar	None	5	1	11
Dr. Valentin A. H. von Massow	None	1	1	4
Dr. Jairam Varadaraj	None	8	2	8
Nawshir Mirza	None	5	8	5
EXECUTIVE				
M.S. Unnikrishnan	N.A.	2	–	4

@ Excludes private, foreign & Section 8 companies.

** During the year, the company has paid Rs. 15,00,000 to Anu Aga, Rs. 11, 92,800 to Meher Pudumjee and Rs. 11,92,800 to Pheroz Pudumjee as rent for premises taken on lease. The company has maintained a security deposit of Rs. 35,00,000 with Anu Aga and Rs. 18,00,000 with Pheroz Pudumjee for the premises taken on lease.

$ Including committees other than Audit Committee and Stakeholders Relationship Committee.

B. Attendance and Remuneration of each Director during the Financial Year 2015-16

Name of the director	Total attendance at Board meetings	Total attendance at committee meetings	Sitting fees*	Salary and perquisite	Commission†	Total remuneration
						Amount in Rs.
Meher Pudumjee	5	10	7,00,000	NA	35,00,000	42,00,000
Anu Aga	4$	3	3,50,000	NA	14,00,000	17,50,000
Dr. Raghunath A. Mashelkar	3	2	2,50,000	NA	13,00,000	15,50,000
Dr. Valentin A. H. von Massow	5	12	8,50,000	NA	26,39,700@	34,89,700@
Pheroz Pudumjee	5	17	9,50,000	NA	15,00,000	24,50,000
Dr. Jairam Varadaraj	5	13	9,00,000	NA	17,00,000	26,00,000
Nawshir Mirza	5	9	7,00,000	NA	30,00,000	37,00,000
M.S. Unnikrishnan	5	9	NA	2,78,74,580	80,00,000	3,58,74,580

NA = Not applicable

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

$ Anu Aga attended May 26, 2015 Board meeting via video conference. However, her presence could not be counted for quorum purposes, due to certain requirements of the Companies Act, 2013.

† The commission proposed for the year ended March 31, 2016 will be paid, subject to deduction of tax as per Income Tax Act, 1961, and as per the provision of the Companies Act, 2013.

@ 35,000 Euro (Rate as on March 31, 2016 Rs. 75.42 per Euro).

The Non-executive directors are entitled to reimbursement of expenses incurred in performance of the duties as directors.

At the 34th Annual General Meeting of the company all directors were present.

C. Number of meetings of the Board held during the Year and the Dates of Meetings

The Board met five times during the financial year 2015-16 on the following dates: May 26, 2015, July 28, 2015, October 27, 2015, January 29, 2016 and March 8, 2016. The maximum time gap between any two sequential meetings was not more than 120 days.

D. Disclosure of Relationship between Directors Inter-se

Anu Aga, Meher Pudumjee, Pheroz Pudumjee are related to each other.

E. Familiarisation Programmes Imparted to Independent Directors

The company intends to familiarise the independent directors with the company, their role, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

Through the familiarisation programme, the company intends to achieve the following objectives:

- To apprise the directors about the business model, corporate strategy, nature of industry, business plans and operations of the company.

- To familiarise them with the company's financial performance, annual budgets, internal control processes and statutory compliances.

- To apprise them about their roles and responsibilities in the company.

- To familiarise them with company's vision, values, ethics and Corporate Governance practices.

The independent directors at the Board and committee meetings are provided with the business model, annual budgets, significant developments, 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 takes place once a year.

The details of the familiarisation programme for independent directors are disclosed on the company's website: www.thermaxglobal.com

F. Independent Directors' Meeting

During the year under review, the independent directors met once on March 9, 2016 *inter alia* to review performance of the Board, chairperson and non-independent directors of the company. They also reviewed the quality, quantity, timelines and flow of information between the management and the Board. Nawshir Mirza, Dr. Jairam Varadaraj and Dr. Valentine A. H. von Massow were present at the meeting.

G. Board Evaluation

As a part of annual Board evaluation, detailed Board/ committee self-assessment and peer assessment questionnaires were circulated to all the directors. The chairpersons of the Board and the Nomination Remuneration Committee thereafter presented to the Board a report on Board performance evaluation covering individual performance, peer evaluation, performance of the Board and its committees at its meeting held on March 8, 2016. The Board had a detailed deliberation on the said report and also discussed performance of the chairperson of the Board.

3. Board Committees

The members of the committees are co-opted by the Board. The Board constitutes the committees and defines their terms of reference. The Board at present has eight committees as under:

Mandatory committees	Non-mandatory committees
Audit Committee	Borrowing and Investments Committee (up to May 25, 2016)
Nomination & Remuneration Committee	Strategic Business Development Committee
Stakeholders Relationship Committee	International Investment Committee
Corporate Social Responsibility Committee	Risk Management Committee (up to May 25, 2016)

A. Audit Committee

The Audit committee presently comprises four members, all non-executive directors. The chairman of the committee, Nawshir Mirza, is a Fellow of The Institute of Chartered Accountants of India. Pheroz Pudumjee, Dr. Jairam Varadaraj and Dr. Valentin A. H. von Massow are the other members of the committee.

The committee met five times during the financial year 2015-16 on May 11, 2015, May 25, 2015, July 27, 2015, October 26, 2015, and January 28, 2016. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Nawshir Mirza	Independent	5
Pheroz Pudumjee	Non-executive Promoter	5
Dr. Jairam Varadaraj	Independent	5
Dr. Valentin A. H. von Massow	Independent	4

The constitution of the committee meets with the requirements of section 177 of the Companies Act, 2013.

The committee reviews various aspects of internal controls, internal auditors' reports on a regular basis. The committee also reviews information as per Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The internal auditor presents to the committee, observations and recommendations arising out of internal audits and also on issues having an impact on control system and compliance. The Chief Financial Officer, Chief Internal Auditor and the representatives of Statutory Auditors are permanent invitees and attend all the meetings of the committee. The Company Secretary acts as the secretary to the committee.

The Board has approved the charter of the Audit Committee defining its role, responsibilities, powers and processes. The charter is available on the company's website: www.thermaxglobal.com

The terms of the charter broadly include:

- Oversee the processes that ensure the integrity of financial statements.
- Oversee the processes for compliance with laws and regulations to ensure their effectiveness.
- Approve transactions with related parties.
- Enquire into reasons for any default by the company in honouring its obligations to its creditors and members.
- Oversee the quality of internal accounting and other controls.
- Oversee the quality of financial reporting process, including the selection of accounting policies.
- Ensure the independence of the auditor.
- Recommend to the board the appointment and the remuneration of the auditors.
- Scrutinise inter-corporate loans and investments.
- Monitor the end use of funds raised through public offers, if any.
- Conduct the valuation of any undertaking or asset of the company.
- Structure the internal audit function and to approve the appointment of the Chief Internal Auditor.
- Bring to the notice of the board any lacunae in the Code of Conduct.
- Review with the CEO and the CFO of the company the underlying process followed by them in their annual certification to the Board.
- Approve the appointment of the CFO.
- Recommend to the board the appointment and remuneration of the auditors.

B. Nomination & Remuneration Committee

The committee presently comprises four members, all non-executive directors. Dr. Jairam Varadaraj (Chairman), Anu Aga, Dr. Valentin A. H. von Massow and Meher Pudumjee are the other members of the committee. The committee met twice during the financial year 2015-16 on May 25, 2015, and January 28, 2016. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Dr. Jairam Varadaraj	Independent	2
Anu Aga	Non-executive Promoter	1*
Dr. Valentin A. H. von Massow	Independent	2
Meher Pudumjee	Non-executive Promoter	2

* Anu Aga attended May 25, 2015 meeting through tele -conference which is not considered in the above table.

The broad terms of reference of the committee are:

- Evaluate the performance including extension of contract of Executive Directors (EDs). The NRC would set the performance measures of EDs and evaluate their performance annually.
- Recommend the remuneration for the EDs based on evaluation.
- Evaluate the performance including extension of their employment, of senior management (one level below the EDs).
- Recommend the remuneration of the senior management based on the evaluation.
- Evaluate the need for EDs and recommend their appointment.
- Identify all critical positions in the company among the EDs and senior management and review progress of succession plans.
- Recommend to the Board the policy relating to the remuneration of directors and Key Management Personnel.
- Lay down criteria for selecting new non-executive directors (NEDs) based on the requirements of the organisation.
- Carry out evaluation of the performance of the NEDs and defining the system for linking remuneration of NEDs to evaluation.
- Review succession plan for those NED positions that are likely to be vacant during the year.
- Recommend to the Board the appointment and removal of directors.
- Review and approve annual compensation of the organisation, including benchmarking with other companies.
- Ensure periodic meeting of the senior management with the directors.
- Initiate and review employee engagement surveys.
- Review and approve the Code of Conduct for the company.
- Review and approve the disclosures of the committee in the Annual Report.
- Devise a policy relating to human resources, including diversity.

Details of Remuneration:

• Non-Executive Directors

In recognition of the contribution by the non-executive directors, especially in adherence to the Corporate Governance policies & practices, the Board had adopted guidelines to remunerate the directors by way of commission.

The Nomination & Remuneration Committee (NRC) of the Board has framed a policy on selection & appointment of directors and their remuneration. Based on the recommendation of the NRC, the Board has approved the policy. The remuneration of directors for the year 2015-16, is based on the said policy. The policy broadly consists of:

- Criteria for selection & appointment of directors and their remuneration.
- Criteria for selection of managing director & CEO and remuneration.
- Remuneration policy for the senior management.
- Method of performance evaluation.

As per the said policy, the non-executive directors, apart from receiving sitting fees for attending Board/ committee meetings, will be entitled to receive a commission on the net profits of the company.

The NRC recommends payment of a uniform commission to all directors based on the profits of the company. Over and above that, it recommends a commission to directors who are the chairman of the Board and other committees, taking into consideration the higher responsibilities and time commitment required.

The NRC / Chairman of the Board may also recommend a one-time payment as a commission for a director's contribution.

Based on the above and on the recommendation of NRC, the Board has approved payment of remuneration of directors.

• Managing Director & CEO

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 has been approved by the Board of directors and the shareholders. The remuneration broadly comprises fixed and variable components i.e. salary, allowances, perquisites and other benefits. The variable components comprises performance bonus. The NRC has recommended a remuneration policy for appointment of directors and their remuneration which has been approved by the Board. As per the said policy while determining remuneration payable to the managing director & CEO, following factors are considered:

a. the relationship of remuneration and performance benchmarks is clear;

b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the company and its goals;

c. responsibility required to be shouldered by the managing director & CEO the industry benchmarks and the current trends;

d. the company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

C. Stakeholders Relationship Committee

The committee comprises three members, Pheroz Pudumjee (Chairman), Meher Pudumjee and M.S. Unnikrishnan.

The committee met four times during the financial year 2015-16 on April 13, 2015, July 23, 2015, October 23, 2015, and January 18, 2016. Details of meetings attended by the members are as follows:

Committee members	Category	Number of meetings attended
Pheroz Pudumjee	Non-executive Promoter	4
Meher Pudumjee	Non-executive Promoter	2
M.S. Unnikrishnan	Executive director	3

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 Stakeholder Relationship 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 broad terms of reference of the committee:

- Approve register transfer and/ or transmission of shares.

- Approve dematerialisation and rematerialisation of company's shares.
- Affix or authorise affixing of the common seal of the company on the share certificates of the company.
- Look into the shareholders'/ investors'/debenture holders'/security holders' grievances and redress them.
- Do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
- A total of 37 complaints were received from shareholders / investors and same were resolved during the financial year ended March 31, 2016.

Summary of Complaints During 2015-16

Nature	Opening balance	Received	Resolved	Closing Balance
Non-receipt of dividend	Nil	30	30	Nil
Letters from Statutory Authorities	Nil	7	7	Nil
Total	Nil	37	37	Nil

All complaints were resolved to the satisfaction of the shareholders and no complaint remained unattended / pending for more than 30 days as on March 31, 2016. During the year 7 physical share transfers comprising 3,500 number of equity shares were processed.

Compliance Officer

Mr. Amit Atre, Company Secretary is the Compliance Officer for complying with the requirements of the Securities Laws and the Listing Agreements with the Stock Exchanges.

D. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility committee comprises four members, Anu Aga (Chairperson), Meher Pudumjee, Dr. Raghunath Mashelkar and Nawshir Mirza. The committee met twice during the financial year 2015-16 on July 27, 2015 and January 28, 2016 where all members were present.

The broad terms of reference of this committee, are

- Formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the company as specified under Schedule VII;
- Recommend the amount of expenditure to be incurred on CSR activities;
- Monitor the CSR policy of the company from time to time;
- 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.

E. Strategic Business Development Committee

The primary objective of Strategic Business Development 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, Pheroz Pudumjee, M.S. Unnikrishnan and Dr. Jairam Varadaraj.

The committee met four times during the financial year 2015-16 on May 26, 2015, July 27, 2015, October 27, 2015 and January 29, 2016 where all members were present.

The broad terms of reference of the committee are:

- Review and recommend corporate strategy, including corporate brand and M&A.
- Review and direct SBU, subsidiary and JV level strategies as well as selective SBU plans and business initiatives.
- Initiate and impart guidance on best practices across the board eg. manufacturing, new markets, branding, etc.

- Ensure review of the key strategic performance indicators and milestones established by the company.

F. International Investment Committee

The International Investment committee comprises three members, Pheroz Pudumjee (Chairman), Dr. Valentin A. H. von Massow and M.S. Unnikrishnan.

The committee met twice during the financial year 2015-16 on May 25, 2015 and October 26, 2015 where all members were present.

The broad terms of reference of the committee are:

- Monitor and review the performance with respect to the purpose and intent of business objectives.

- Review human resources development and requirements.

- Review of business operations & strategy implementation of new ventures / businesses.

- Approval of appointment of Board members.

- Formulate strategy with respect to overseas initiatives (including setting up of a company/ offices and for acquisition/ takeover/ amalgamation).

- Review annual performance of international operations.

- Review annually the strategic business plan.

G. Risk Management Committee

The committee comprised of three members, all non-executive directors. The chairman of the committee is Nawshir Mirza. Pheroz Pudumjee and Dr. Jairam Varadaraj are the other members of the committee.

The committee met twice during the financial year 2015-16 on May 25, 2015 and October 26, 2015 where all members were present.

The management has constituted a Risk Management Council which comprises the business segment and corporate function heads. The council is chaired by the Chief Financial Officer. The council meets at least once a quarter to assess the risks facing the businesses and the mitigation measures taken. In particular, it is responsible for identifying developments in the environment or in internal operating processes that could materially affect the profile of risks.

In view of the existing risk identification and mitigation process, the Risk Management Committee has been dissolved by the Board at its meeting held on May 25, 2016. The Audit Committee however, will periodically review the risk identification and mitigation framework of the company.

H. Borrowing and Investments Committee

The committee comprised three members, Meher Pudumjee (Chairperson), Pheroz Pudumjee and M.S. Unnikrishnan.

The terms of reference of the committee are as follows:

- Review the treasury operations of the company.

- Lay down funds deployment policy and ensure that investments are made accordingly.

- Issue standard DJU's and parent company guarantees for joint venture subsidiaries, which have already been accepted and approved by the Board of directors of Thermax Ltd.

- Consider and approve availing of short term borrowing/credit facilities (term less than 3 years) up to Rs. 100 crore/year, by the company and its subsidiary companies.

- Issue letters of comfort / corporate guarantees up to Rs. 100 crore / year, on behalf of subsidiary companies.

In view of the changed regulatory framework requiring Board review, the Board at its meeting held on May 25, 2016 has approved dissolution of Borrowing and Investments Committee. The Audit Committee reviews the treasury operations of the company.

The committee did not meet during the year.

4. Annual General Meeting

A. The Details of Last Three Annual General Meetings (AGMs) of the Company are as Follows

Financial Year	Date	Venue	Time
2012-2013 32nd AGM	July 25, 2013	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007	11.30 a.m.
2013-2014 33rd AGM	July 22, 2014	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007	11.30 a.m.
2014-2015 34th AGM	July 28, 2015	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007	11.30 a.m.

B. Postal Ballot

No resolution was passed during the last year that required approval through postal ballot. There is no proposal to pass any resolution through postal ballot at the ensuing AGM.

C. Special Resolution(s) Passed

The details of special resolution/s passed during last 3 Annual General Meetings are as under:

Date of Annual General Meeting	Details of special resolution
July 28, 2015	Adoption of new set of Articles of Association pursuant to section 14 of the Companies Act, 2013.

5. Means of Communication

a) The company publishes the quarterly and half-yearly financial results in prominent English and regional language newspapers i.e. Indian Express, Financial Express, Business Standard, Mint and Loksatta (Marathi) respectively. The same are also displayed on website of the company.

b) The company's website www.thermaxglobal.com provides comprehensive information regarding the company's business portfolio, including social initiative comprising CSR activities. The quarterly and half yearly financial results are available in downloadable format for investor's convenience on the company's website. The Annual Report of the company is also available on the website in a user-friendly and downloadable form.

c) Transcripts of teleconferences with analysts are available on the website of the company.

d) The official news releases of the company are displayed on the company's website.

6. Shareholder Information

A. 35th Annual General Meeting for the Financial Year 2015-16

Date and time	August 10, 2016 at 11.30 a.m.
Venue	Yashwantrao Chavan Academy of Development Administration, MDC (Auditorium) Building, Raj Bhavan Complex, Baner Road, Pune – 411007

B. Financial Calendar

The results for the Financial Year 2015-16 were announced on:

Financial Results	As Indicated	Actual Date
Quarter ended June 2015	July 28, 2015	July 28, 2015
Quarter ended September 2015	October 27, 2015	October 27, 2015
Quarter ended December 2015	January 29, 2016	January 29, 2016
Year ended March 2016	May 25, 2016	May 25, 2016

For the year 2016-17 the indicative announcement dates are:

Results for the quarter ending June 2016	August 10, 2016
Results for the quarter ending September 2016	November 10, 2016
Results for the quarter ending December 2016	February 8, 2017
Results for the year ending March 2017	May 26, 2017

Record date for payment of dividend subject to approval of shareholders	July 30, 2016
Dividend payment date (if declared)	By August 22, 2016
Listing on stock exchanges	Stock Code
National Stock Exchange of India Ltd. (NSE)	THERMAX EQ
BSE Ltd. (BSE)	Physical – 411 Demat – 500411
International Security Identification No. (ISIN) for Equity shares in NSDL and CDSL	INE 152A01029
Corporate Identity No. (CIN)	L29299PN1980PLC022787

The company has paid listing fees to BSE and NSE and custodial fees to Central Depositories Services (India) Limited for financial year 2016-17. The custodial fees to National Securities Depository Limited will be paid upon the receipt of invoice for financial year 2016-17.

C. Stock Data

(Amount in Rs. per share)

Month	MKT QUOTE - NSE		MKT QUOTE - BSE	
	High	Low	High	Low
April 2015	1144.00	920.00	1142.00	924.00
May 2015	1059.00	950.00	1058.00	951.00
June 2015	1078.00	900.10	1079.80	904.00
July 2015	1148.00	1021.00	1144.70	1025.00
August 2015	1070.00	855.55	1070.00	870.00
September 2015	994.00	842.95	995.50	840.20
October 2015	899.00	827.05	899.00	827.00
November 2015	890.90	827.00	889.05	828.00
December 2015	972.00	842.00	969.65	845.00
January 2016	920.00	813.00	919.90	816.65
February 2016	840.00	715.80	838.00	725.55
March 2016	794.00	715.00	792.45	716.00

D. Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad – 500 032
Telephone: +91 040 67161500 / 33211000
Fax: 040 – 23420814 / 23001153
E-mail ID for redressal of grievances of shareholders / investors: einward.ris@karvy.com
Website: www.karvy.com

E. 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 days from the date of receipt.

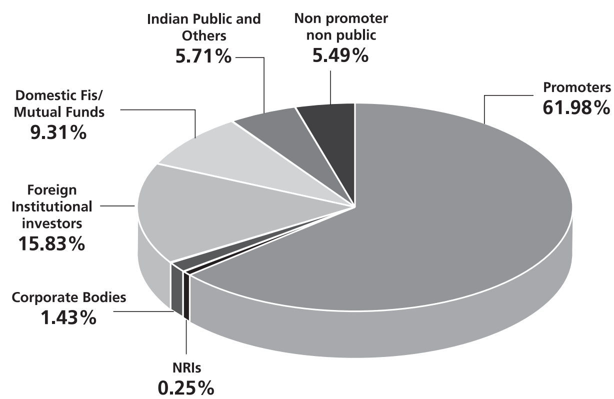
F. Shareholding Pattern

Distribution of Shareholding as on March 31, 2016					
Sr. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares held	% To Equity
1	1 – 500	28419	94.18	28,43,435	2.39
2	501 - 1000	788	2.61	6,38,559	0.54
3	1001 - 2000	384	1.27	5,72,248	0.48
4	2001 - 3000	138	0.46	3,47,194	0.29
5	3001 - 4000	52	0.17	1,83,238	0.15
6	4001 - 5000	47	0.16	2,21,241	0.19
7	5001 - 10000	90	0.30	6,67,814	0.56
8	10001 and above	258	0.85	11,36,82,571	95.41
	TOTAL	30176	100.00	11,91,56,300	100.00

Category of Equity Shareholders as on March 31, 2016

Category		No. of shares held	% of shareholding
(A) Promoters holding			
1.	Individuals (including relatives)	6,000	–
2.	Corporate Bodies	7,38,49,305	61.98
(A) Total shareholding of promoters		7,38,55,305	61.98
(B) Non-Promoters holding			
1	Mutual Funds, banks, financial institutions, insurance companies, etc.	1,10,83,390	9.31
2	Foreign Institutional Investors	1,88,61,954	15.83
3	Corporate Bodies	17,03,751	1.43
4	Non-resident individuals	3,02,376	0.25
5	Indian public & others	68,08,084	5.71
(B) Total public shareholding		3,87,59,555	32.53
(C) Non promoter - Non public		65,41,440	5.49
Total (A)+(B)+(C)		11,91,56,300	100.00

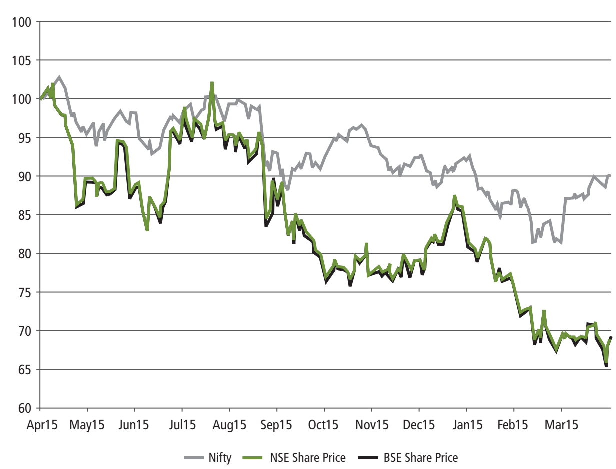
Shareholding Pattern as on March 31, 2016



G. Details of Dematerialisation

The company's equity shares are under compulsory demat trading for all categories of investors. A total of 11,49,15,500 shares have been dematerialized as on March 31, 2016 representing 96.44% of the total equity capital.

Stock Performance



NOTE: The company's share price and indices have been indexed to 100 as on the first working day of the financial year 2015-16 i.e. April 1, 2015.

H. 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.

I. Foreign Exchange Risk and Hedging Activities

To mitigate the risk, the company has well defined policy of hedging which is founded on the principle of prudence.

J. Plant Locations

Pune

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

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

98-99, Bhosari MIDC Industrial Area, Bhosari,
Pune 411 026, Maharashtra.

Paudh

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

Solapur

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

Khed

Gat No.125, Crusher Road, At post Rohakal,
Taluka - Khed, Dist. Pune - 410501, Maharashtra.

Savli

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

Jhagadia

Plot No 903/1, GIDC, Jhagadia Industrial Estate,
Jhagadia, Dist. Bharuch- 393110, Gujarat.

Mundra SEZ

Survey no-169, Village Dhrub, Taluka Mundra,
Dist. Kutch - 370421, Gujarat.

K. Address for Correspondence

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

7. Other Disclosures

a) Related Party Transactions

Related party transactions during the year have been disclosed as part of financial statements as required under Accounting Standard 18 issued by The Institute of Chartered Accountants of India. The Audit Committee reviews these transactions. The Related Party Transactions policy has been uploaded on the website of the company www.thermaxglobal.com

b) Details of any Non-compliance w.r.t. Capital Markets During the Year

During the previous three years 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.

c) Whistle Blower Policy/Vigil Mechanism

The Board has adopted a Whistle Blower policy to promote reporting of any unethical or improper practice or violation of the company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the company. It gives 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 e-mail IDs - tlgovernance@gmail.com or nhm@nawshirmirza.com for reporting or sending a written complaint. The Whistle Blower policy is available on the website of the company. The confidentiality of such reporting is maintained and the whistle blower is protected from any discriminatory action.

d) Policy for determining material subsidiaries is disclosed on the website of the company, www.thermaxglobal.com

e) The company has complied with the Corporate Governance requirements as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

8. Non-mandatory Requirements

The company has adopted the following discretionary practices as specified under Regulation 27(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 of expenses incurred in performance of her duties.

B. Separate post of Chairperson and CEO

The company has separate position of non- executive chairperson and managing director & CEO.

C. Reporting of Internal Auditor

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

ANNEXURE A

To the Shareholders of Thermax Limited

Sub: Compliance with Code of Conduct

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

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

M.S. Unnikrishnan
Managing Director & CEO

Pune: May 25, 2016

Auditors' Certificate

To

The Members of Thermax Limited

We have examined the compliance of conditions of corporate governance by Thermax Limited, ('the Company'), for the year ended March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with 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.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

We further 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 **S R B C & CO LLP**
ICAI Firm registration number:
324982E/ E300003
Chartered Accountants

per Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: May 25, 2016

For **B. K. Khare & Co**
ICAI Firm registration number:
105102W
Chartered Accountants

per H.P. Mahajani
Partner
Membership No.: 030168

Place: Pune
Date: May 25, 2016

Annexure – 3 to the Directors' Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. Conservation of Energy

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

1. Electricity

The company continued its efforts for optimum utilization of energy at its Chinchwad, Savli and Paudh manufacturing facilities. At these locations, energy consumption was optimized using energy efficient systems and other measures such as installing power/ energy saver products, replacing higher watt HPSV lamps with lower watt lamps, replacing the magnetic ballast with electronic ballast, and installing energy savers on saw machines. The measures further include, replacing CFL by LED for street lights and continued use of auto on/off, up-keeping of power factor to avail incentives in monthly energy bills etc. All these measures have resulted in an annual saving of Rs. 71 lac.

At the Paudh manufacturing facility, the company has reduced electricity consumption from 296 kwh to 284 kwh 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. This has resulted in an annual savings of Rs. 11 lac.

2. Water

The company continued its efforts to conserve water resources by recycling a major portion of its waste water and reducing its water consumption. Various measures to reduce water consumption as well as control water losses have been undertaken in all manufacturing locations of the company. With these efforts at factory locations of Chinchwad, Savli, Paudh and Jhagadia, 153758 KL water amounting Rs. 24 lac has been saved.

3. Fuel

The reduction in fuel consumption (from 135 kg in FY 2014-15 to 126 kg i.e. 7% savings over the previous year) per cubic meter of resin produced at Paudh manufacturing facility fetched savings of approx. Rs. 21 lac.

Savli manufacturing facility contributed in Propane gas savings of Rs. 4 lac by utilizing the Stress Relieving furnace for 2 jobs, simultaneously.

B. Technology Absorption

1. Efforts, in brief, made towards technology absorption

Coal gasification technology for hot gas applications is now ready for commercialisation.

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

Low quality coal will be available in future and handling it, blended with biomass poses a big challenge. The coal gasification technology enables effectively managing such type of coal. Coal gasification also provides an option to customers of replacing liquid/gas fired systems with cheaper coal while maintaining a clean environment.

3. Imported technology (imported during the last three years reckoned from the beginning of the financial year)

Technology imported	Year of import	If technology has been fully absorbed	If not fully absorbed, reasons and future plan of action
Wet & Dry Flue Gas Desulfurization (FGD)	2015	In the process of absorption	Your company is pursuing a few enquiries. In the absence of an order, this technology is yet to be absorbed.

4. Expenditure on R&D

Particulars	Amount in Rs. crore	
	Current year	Previous year
a. Capital	2.7	2.8
b. Recurring	20.0	16.9
c. Total	22.7	19.7
d. Total R&D expenditure as a percentage of turnover	0.53%	0.43%

The Innovation Council was established in 2008, with a view to create an innovation ecosystem across the organisation. Over the years, the Innovation Council through its engagement with the businesses has achieved its objective of building a strong culture of innovation within the organisation. Therefore, during the year, it was decided to integrate the Council's concept into the businesses and to dissolve the Thermax Innovation Council.

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. 1,110 crore as against a net inflow of Rs. 637 crore in the previous year.

The details on foreign exchange earnings and outgo are given in the Notes 40, 41 and 42 of Financial Statements, which form part of the Annual Report.

For and on behalf of the Board

Meher Pudumjee

Pune: May 25, 2016

Chairperson

Annexure – 4 to the Directors' Report

Annual Report on CSR Activities & CSR Policy

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programme

The Board of Directors of Thermax Ltd., after taking into account the recommendations of the CSR Committee, has approved the CSR Policy for the company. The highlights of the policy are given in this report and the complete policy is uploaded on the company's website www.thermaxglobal.com

The company has been focusing predominantly in the area of education of economically underprivileged children.

Apart from education, Thermax is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability initiatives.

Thermax created a formal structure named Thermax Social Initiative Foundation as a Section 25 company (under the erstwhile Companies Act, 1956) in 2007, to design and implement its CSR programme. In 2015-16, it was renamed `Thermax Foundation' (TF).

2. CSR Policy highlights

In a society characterised by widening inequalities of income and opportunity, Thermax believes that education is the single most powerful instrument of change that gives a child choices in life, hopefully leading a child out of the vicious cycle of poverty and thereby, transforming the life trajectory of a family. The following methodology is adopted for carrying out CSR activities:

- **Support to NGOs:** Support deserving and credible NGOs within India doing quality work, either as one-time in rare cases or for the long term, as the case may be. Evaluate and assess the need of projects and help in increasing their impact.

- **Project evaluation & monitoring:** Study and evaluate the projects for funding from the perspective of corpus available, people involved, impact, need and time frame and that a third party where applicable, for measurement of social impact. Uphold accountability for the funds invested in the NGO's project through regular monitoring of the project's progress.

- **Hands-on support and guidance:** Besides funding support, TF may decide to provide mentoring and on-going strategic guidance to the projects funded.

- **People focus and belief in value based partnership:** TF ensures the credibility of the NGO and people involved before funding a project. It values transparent and honest communication with its partners and works collaboratively in decision making.

- **Employee involvement:** Thermax endeavours to engage its employees in implementing its CSR activities.

- The CSR Committee shall be responsible for monitoring implementation and evaluating the impact as also updating the policy from time to time.

- The CSR Committee shall ensure that the surplus (if any) arising out of CSR activities shall not form part of the business profit of the company.

- The CSR Committee will meet twice a year to monitor the process, progress and impact of the various projects undertaken. The CSR committee in turn would keep the Board informed.

3. Composition of the CSR Committee

In accordance with Section 135 of the Companies Act, 2013 and the Rules pertaining thereto, a committee of the Board known as 'Corporate Social Responsibility (CSR) Committee' comprising the following members has been constituted:

Chairperson	Anu Aga	Director
Member	Meher Pudumjee	Director
Member	Dr. R. A. Mashelkar	Independent Director
Member	Nawshir Mirza	Independent Director

4. Average net profit of the company for last three financial years, as per Section 198 of the Companies Act, 2013

The average net profit of the company for the last three financial years is Rs. 448.31 crore.

5. Prescribed CSR expenditure (two per cent of the amount as in item 4 above)

The company has contributed Rs. 9 crore to TF as CSR spend during the financial year 2015-16 against statutory requirement of Rs. 8.97 crore (2% of Rs. 448.31 crore).

6. Details of CSR spent during the financial year

a) Total amount to be spent for the financial year: Rs. 8.97 crore

b) Actual amount spent by the company for the financial year: Rs. 9 crore

c) Total amount spent by TF for the financial year: Rs. 13.76 crore

d) Amount underspent: Nil

e) Manner in which the amount spent during the financial year is detailed on the next page.

7. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report

The CSR activities of the company are implemented through TF. The company has contributed 2% of the average profit towards the corpus of TF during the FY 2015-16 amounting to Rs. 9 crore. During the year, TF has spent Rs. 13.76 crore towards approved CSR activities which also compensates the shortfall of Rs.1.53 crore for the previous year.

TF continuously monitors the progress of projects implemented by the partner organizations and helps them to achieve the expected outcome.

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and policy of the company.

Sd/- (Managing Director & CEO)	Sd/- (Chairperson CSR Committee)

Reporting on the CSR Activities

For the year ended 31st March 2016

1	2	3	4	5	6	7	8
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes 1) Direct expenditure 2) Overhead	Cumulative expenditure upto the reporting period	Amount spent directly by Thermax Foundation or through implementing agency
				Rs. in lac			
1	Adoption and running of municipal schools	Education	Pune, PMC & PCMC	909.59	877.41	877.41	Through Akanksha Foundation
2	Leadership Institute for Teachers (LIFT)	Education	Pune	86.04	74.94	74.94	Direct
3	Teach for India (TFI) programme	Education	Pune	160.00	160.00	160.00	Through Teach to Lead
4	Teach for India (TFI) programme fellowship	Education	Pune	12.00	13.09	13.09	Direct
5	Residential school for orphans, street children, extremely impoverished tribal children	Education	West Bengal	125.00	125.00	125.00	Through Parivaar Education Society
6	Residential primary school for tribal children and a hostel for tribal girls	Education	Ambegaon, Pune	30.70	28.88	28.88	Through Shashwat
7	Model residential school for blind girls	Education	Alandi Devachi, Pune	97.00	80.00	80.00	Through National Federation for the Blind, Maharashtra (NFBM)
8	Rotary distance education programme	Education	Pune	1.32	1.32	1.32	Through Rotary distance edu. programme
9	Unnati Skill Development Centre	Skill Development	Pune	9.23	6.96	6.96	Through SGBS Unnati Foundation
10	Educational Programme of Akanksha Foundation, through United Way of Mumbai	Education	Akanksha Foundation, Pune	8.00	1) 5.95 2) 1.05	7.00	Through United Way of Mumbai & Akanksha Foundation
11	Rural Development project undertaken by Rotary Club of Nigdi	Rural Development	Nigdi, Pune	1.00	1.00	1.00	Through Rotary Club of Nigdi Pune Charitable Trust
	TOTAL			1439.88	1375.60	1375.60	

Secretarial Audit Report

SVD & Associates
Company secretaries
4th Floor, Vedwati Apartments, Shivajinagar, Pune – 411005
Telephone: 020-69000666, Email: deulkarcs@gmail.com

Form No. MR-3

Secretarial Audit Report
For the Financial Year Ended 31st March, 2016

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Thermax Limited,
D-13, MIDC Industrial Area,
R. D. Aga Road, Pune – 411019.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder
(**in so far as they are made applicable**);

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (unto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(**not applicable to the Company during the Audit Period**);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(**not applicable to the Company during the Audit Period**);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(**not applicable to the company during the Audit Period**);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
(**not applicable to the Company during the Audit Period**); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(**not applicable to the Company during the Audit Period**).

(vi) No Sector specific law is applicable to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India' effective from 1st July, 2015;

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) till 30th November, 2015; and the provision of sub regulation (4) of the Regulation 23 and Regulation 31A of SEBI Listing Obligations and Disclosure Requirements) 2015, applicable from 2nd September, 2015;

(iii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The new set of Articles of Association was to be filed with the stock exchanges as soon as they were adopted in the Annual General Meeting of the Company held on 28th July, 2015 as per clause 33 of the Listing Agreement. However, the same was uploaded on 31st March, 2016, and Form MGT-14 required to be filed with the Registrar of Companies for the special resolution passed in the said Annual General Meeting for adoption of new set of Articles of Association of the Company as required under Section 117 of the Act, was filed after 31st March, 2016 with additional fees.

2. Form MGT-14 which was required to be filed with the Registrar of Companies under Section 179 of the Act for the resolutions passed in the Board Meeting

of the Company held on 26th May, 2015 w r t Acquisition of First Energy Private limited; Investment of Funds in Thermax Babcock & Wilcox Energy Solutions Private Limited; and Investment of funds for acquiring leasehold land in Sri city, Andhra Pradesh, was not filed within prescribed period. The company's application in form CG-I for condonation of delay in filing the said form MGT-14, is pending for approval of the Central Government.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except that the Company has adopted new set of Articles of Association of the Company in the Annual General Meeting of the Company held on 28th July, 2015.

Place: Pune
Date: May 25, 2016

For SVD & Associates
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

Annexure – A

To,
Members,
Thermax Limited
D-13, MIDC Industrial Area,
R.D. Aga Road, Pune -411019.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: May 25, 2016

For SVD & Associates
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

Annexure – 6 to the Directors' Report

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended on March 31 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

I.	CIN	:	L29299PN1980PLC022787
II.	Registration Date	:	30/06/1980
III.	Name of the Company	:	THERMAX LIMITED
IV.	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
V.	Address of the Registered office and contact details	:	D-13, MIDC Industrial Area, R. D. Aga Road, Chinchwad, Pune – 411019, Maharashtra. Contact details: Corporate office Tel: +91-020-66051200 / 25542122 Fax: +91-020-25541226
VI.	Whether listed company	:	Yes
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	1. **Name:** Karvy Computershare Pvt. Ltd. Unit: Thermax Limited 2. **Address:** Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, India. 3. **Contact:** i. Phone No.: 040-67161500, 33211000 ii. Fax No.: 040-23420814, 23001153 iii. Toll free: 1800 3454 4001 iv. Email ID: einward.ris@karvy.com v. Website: www.karvy.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Boilers and Heaters, Absorption Chillers/ Heat Pumps, Power Plants, Solar equipment, related services.	25131	80
2	Air Pollution Control Equipments/System, water & Waste Recycle plant, Ion Exchange Resins & Performance Chemicals, related services.	37003, 20119	20

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No	Name and Address of the company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
1.	ARA Trusteeship Company Pvt. Ltd.* (holding shares as Trustees) 501, 5th Floor, Marvel Alaina, Koregaon Park, Pune 411001.	U74999PN2014PTC150809	Holding	61.98	2(46)
2.	Thermax Onsite Energy Solutions Ltd. Thermax House, 14- Mumbai-Pune Road Wakdewadi, Pune 411003	U40109PN2009PLC134659	Subsidiary	100	2(87)(ii)
3.	Thermax Instrumentation Ltd. Thermax House, 14- Mumbai-Pune Road Wakdewadi, Pune 411003	U72200MH1996PTC099050	Subsidiary	100	2(87)(ii)
4.	Thermax Engineering Construction Company Ltd. Thermax House, 14- Mumbai-Pune Road Wakdewadi, Pune 411003	U29246MH1991PLC062959	Subsidiary	100	2(87)(ii)
5.	Thermax Sustainable Energy Solutions Ltd. Thermax House, 14- Mumbai-Pune Road Wakdewadi, Pune 411003	U29219PN1987PLC045658	Subsidiary	100	2(87)(ii)
6.	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai 400039	U29253MH2010PTC204890	Subsidiary	51	2(87)(ii)
7.	Thermax SPX Energy Technologies Ltd. Thermax House, 14- Mumbai-Pune Road Wakdewadi, Pune 411003	U29299PN2009PLC134761	Subsidiary	51	2(87)(ii)
8.	Thermax International Ltd. 9th Floor, Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius	NA	Subsidiary	100	2(87)(ii)
9.	Thermax Europe Ltd. I Lumley Street, Mayfair, London W1K 6TT	NA	Subsidiary	100	2(87)(ii)
10.	Thermax Inc. 16200, Park Row, Suite 190, Huston, Texas 77084	NA	Subsidiary	100	2(87)(ii)

* ARA Trusteeship Company Pvt. Ltd. (ARA) holds 7.99% shares of the company. ARA holds 99.99% equity share capital of RDA Holdings Pvt. Ltd. which in turn holds 53.99% of equity share capital of the company.

Sl. No	Name and Address of the company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
11.	Thermax do Brasil Energia e Equipamentos Ltda. Av. Paulista, 37-04, ander-edificio Pq, cultural Paulista, São Paulo, Brazil	NA	Subsidiary	100	2(87)(ii)
12.	Thermax (Zhejiang) Cooling & Heating Engineering Company Ltd. No.645, Chayuan Road, Jiaxing Economic Development Zone, Jiaxing, Zhejiang, PRC. Post: 314003	NA	Subsidiary	100	2(87)(ii)
13.	Thermax Denmark ApS. Industrivej Nord 13, Denmark 7400 Herning	NA	Subsidiary	100	2(87)(ii)
14.	Thermax Netherlands BV. Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam Zuidoost, The Netherlands	NA	Subsidiary	100	2(87)(ii)
15.	Danstoker A/S Industrivej Nord 13DK-7400, Herning Denmark	NA	Subsidiary	100	2(87)(ii)
16.	Ejendomsanp artsselskabet Industrivej Nord 13 (EIN) Industrivej Nord 13, Herning, Denmark 7400	NA	Subsidiary	100	2(87)(ii)
17.	Boilerworks A/S Papegøjevej 7, Denmark 6270, Tonder	NA	Subsidiary	100	2(87)(ii)
18.	Boilerworks Properties ApS Industrivej Nord 13, Denmark 7400, Herning	NA	Subsidiary	100	2(87)(ii)
19.	Rifox-Hans Richter GmbH Spezialarmaturen Bertha-Von-Suttner- Str. 9, 28207 Bremen, Germany HRB3148	NA	Subsidiary	100	2(87)(ii)
20.	Thermax SDN.BHD 3rd Floor, South Wing, Bangunan Getah Asli, 148 Jalan Ampang, Kuala Lumpur, 59100, Malaysia	NA	Subsidiary	100	2(87)(ii)
21.	Thermax Engineering Singapore Pte. Ltd. 100 Beach Road #30-00 Shaw Towers Singapore 189702	NA	Subsidiary	100	2(87)(ii)
22.	PT Thermax International Indonesia Perkantoram Crown Palace, Block. B02-03, Jl. Prof. Dr. Soepomo SH No. 231, Kel. Tebet, Kec. Menteng Dalam,South Jakarta, 12870 Indonesia	NA	Subsidiary	100	2(87)(ii)
23.	Thermax Senegal S.A.R.L DAKAR (Senegal) Domicilia 29 Avenue Pasteur	NA	Subsidiary	100	2(87)(ii)
24.	Thermax Nigeria Ltd. Landmark towers, Plot 5B, Water Corporation Road, Oniru, Victoria Island, Lagos	NA	@Subsidiary	100	2(87)(ii)
25.	First Energy Pvt. Ltd. B-101 'Signet Corner' Baner Road, Pune – 411045	U40200PN2008FTC139032	Associate Company	33.33%	2(6)

@ Subsidiary incorporated but share capital yet to be subscribed.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0	0.00
a) Central Govnt(s)	0	0	0	0.00	0	0	0	0	0.00
b) State Govnt (s)	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	73849305	0	73849305	61.98	73849305	0	73849305	61.98	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0	0.00
f) Any Other (Relative of Director)	6000	0	6000	0.00	6000	0	6000	0.01	0.00
Sub-total (A)(1):-	**73855305**	**0**	**73855305**	**61.98**	**73855305**	**0**	**73855305**	**61.98**	**0.00**
(2) Foreign			-	-	0	0	0	0	0.00
a) NRIs Individuals	0	0	0	0.00	0	0	0	0	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
Total share holding of Promoter (A)= (A)(1)+(A)(2)	**73855305**	**0**	**73855305**	**61.98**	**73855305**	**0**	**73855305**	**61.98**	**0.00**
B. Public Shareholding									
1. Institution									
a) Mutual Funds	7165502	0	7165502	6.01	9032529	0	9032529	7.58	–1.57
b) Banks/FI	1957750	0	1957750	1.64	2004577	0	2004577	1.68	–0.04
c) Central Govt	0	0	0	0.00	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	18649324	0	18649324	15.65	18861954	0	18861954	15.83	-0.18
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
i) Any other	0	0	0	0.00	0	0	0	0	0.00
Sub-total(B)(1):-	**27772576**	**0**	**27772576**	**23.31**	**29899060**	**0**	**29899060**	**25.09**	**–1.78**
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	3539914	0	3539914	2.97	1746035	4000	1750035	1.47	1.50
ii) Overseas	0	0	0	0.00	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5340432	1165015	6505447	5.46	5280741	1126995	6407736	5.38	0.08
ii) Individual shareholders* holding nominal share capital in excess of Rs. 1 lakh	3846150	3167805	7013955	5.89	3818950	3107305	6926255	5.81	0.07
c) Others (specify)									
- Directors Relative	0	0	0	0.00	0	0	0	0	0.00
- Trusts	30	0	30	0.00	130	0	130	0.00	0.00
- Foreign Bodies Corporate	0	0	0	0.00	0	0	0	0	0.00
- Foreign Bodies-DR	0	0	0	0.00	0	0	0	0	0.00
- Non Resident Indian	326444	2000	328944	0.28	299876	2500	302376	0.25	0.03
- HUF	121689	0	121689	0.10	0	0	0	0	0.00
- Clearing Members	18440	0	18440	0.02	15403	0	15403	0.01	0.01
Sub-total(B)(2):-	13189099	4341320	17528419	14.71	11161135	4240800	15401935	12.93	1.69
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**40961675**	**4341320**	**45300995**	**38.02**	**41060195**	**4240800**	**45300995**	**38.02**	**–0.09**
Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**114816980**	**4339320**	**119156300**	**100.00**	**114915500**	**4240800**	**119156300**	**100.00**	**0.00**

* This includes 65,41,440 equity shares (5.48%) held by employee benefit trusts of the company which are being disclosed to the stock exchanges as 'Non promoter - Non public' category in the share holding pattern.

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2015)			Shareholding at the end of the year (As on 31-03-2016)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1	RDA Holdings Pvt. Ltd.	64328500	53.99	0.00	64328500	53.99	0	0.00
2	ARA Trusteeship Company Pvt. Ltd.	9520805	7.99	0.00	9520805	7.99	0	0.00
3	Arnavaz Rohinton Aga							
4	Meher Pudumjee				NIL			
5	Pheroz Pudumjee							
	Total	73849305	61.98	0	73849305	61.98	0	0.00

iii) Change in Promoter's Shareholding

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2015)			Shareholding at the end of the year (As on 31-03-2016)			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	RDA Holdings Pvt. Ltd.	64328500	53.99	0.00	64328500	53.99	0.00	0.00
2	ARA Trusteeship Company Pvt. Ltd.	9520805	7.99	0.00	9520805	7.99	0.00	0.00
3	Meher Pudumjee							
4	Pheroz Pudumjee				NIL			
5	Arnavaz Rohinton Aga							
	Total	73849305	61.98	0.00	73849305	61.98	0	0.00

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
1.	Matthews Pacific Tiger Fund	5310034	4.46	31-03-2015	–	–	5310034	4.46
		5310034	4.46	31-03-2016		–	5310034	4.46
2.	Arnavaz Rohinton Aga (Employees Welfare Trusts)	2906250	2.44	31-03-2015	–	–	2906250	2.44
		2906250	2.44	31-03-2016	–		2906250	2.44
3.	Life Insurance Corporation of India	1768720	1.48	31.03.2015	–	–	1768720	1.48
				31.03.2016	–	–	1768720	1.48
4.	Amansa Holdings Private Ltd	1714245	1.44	31-03-2015			1714245	1.44
				08-01-2016	–4224	Transfer	1710021	1.44
				31-03-2016			1710021	1.44
5.	Matthews India Fund	1598128	1.34	31-03-2015			1598128	1.34
				18-12-2015	–75000	Transfer	1523128	1.28
				31-12-2015	–15769	Transfer	1507359	1.27
				01-01-2016	–5482	Transfer	1501877	1.26
				08-01-2016	–88749	Transfer	1413128	1.19
				15-01-2016	–75000	Transfer	1338128	1.12
				22-01-2016	–88000	Transfer	1250128	1.05
				29-01-2016	–56300	Transfer	1193828	1.00
				05-02-2016	–10700	Transfer	1183128	0.99
				31-03-2016			1183128	0.99

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
6.	Goldman Sachs India Fund Limited	1309502	1.10	31-03-2015	–		1309502	1.10
				10-04-2015	4200	Transfer	1313702	1.10
				24-04-2015	84770	Transfer	1398472	1.17
				05-06-2015	61846	Transfer	1460318	1.23
				26-06-2015	35850	Transfer	1496168	1.26
				31-07-2015	78749	Transfer	1574917	1.32
				31-03-2016			1574917	1.32
7.	HDFC Trustee Company Limited-A/C HDFC MID-CAPOPPOR	932839	0.78	31-03-2015	–	–	932839	0.78
				26-06-2015	–20000	Transfer	912839	0.77
				10-07-2015	–12839	Transfer	900000	0.76
				31-07-2015	–10128	Transfer	889872	0.75
				07-08-2015	–5500	Transfer	884372	0.74
				31-03-2016			884372	0.74
8.	Morgan Stanley Asia (Singapore) Pte.	885781	0.74	31-03-2015			885781	0.74
				10-04-2015	–41849	Transfer	843932	0.71
				17-04-2015	–26892	Transfer	817040	0.69
				24-04-2015	–6930	Transfer	810110	0.68
				01-05-2015	236	Transfer	810346	0.68
				08-05-2015	13761	Transfer	824107	0.69
				15-05-2015	35151	Transfer	859258	0.72
				22-05-2015	10763	Transfer	870021	0.73
				29-05-2015	–37383	Transfer	832638	0.70
				05-06-2015	–3053	Transfer	829585	0.70

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
				19-06-2015	7858	Transfer	837443	0.70
				26-06-2015	37814	Transfer	875257	0.73
				30-06-2015	13909	Transfer	889166	0.75
				03-07-2015	17059	Transfer	906225	0.76
				07-08-2015	1385	Transfer	907610	0.76
				30-09-2015	–651	Transfer	906959	0.76
				02-10-2015	–457	Transfer	906502	0.76
				09-10-2015	–11527	Transfer	894975	0.75
				06-11-2015	300	Transfer	895275	0.75
				27-11-2015	1400	Transfer	896675	0.75
				18-12-2015	15000	Transfer	911675	0.77
				08-01-2016	58348	Transfer	970023	0.81
				15-01-2016	–192	Transfer	969831	0.81
				22-01-2016	–950	Transfer	968881	0.81
				05-02-2016	10000	Transfer	978881	0.82
				12-02-2016	150	Transfer	979031	0.82
				04-03-2016	562	Transfer	979593	0.82
				11-03-2016	203	Transfer	979796	0.82
				31-03-2016			979796	0.82
9.	Reliance Capital Trustee Co. Ltd A/C Reliance Diversified Power Sector Fund	880222	0.74	31-03-2015	880222		880222	0.74
				17-07-2015	–33700	Transfer	846522	0.71
				24-07-2015	–8700	Transfer	837822	0.70
				21-08-2015	–25000	Transfer	812822	0.68
				31-03-2016			812822	0.68

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
10.	Pine Bridge Investments Asia Limited A/C Pinebridge*	750692	0.63	31-03-2015			750692	0.63
				28-08-2015	–120000	Transfer	630692	0.53
				23-10-2015	342703	Transfer	973395	0.82
				30-10-2015	394100	Transfer	1367495	1.15
				06-11-2015	416486	Transfer	1783981	1.50
				31-12-2015	–17943	Transfer	1766038	1.48
				22-01-2016	67043	Transfer	1833081	1.54
				31-03-2016			1833081	1.54
11.	Capital International Emerging Markets Total Oppor*	878029	0.74	31-03-2015			878029	0.74
				24-04-2015	–17524	Transfer	860505	0.72
				08-04-2015	–49653	Transfer	810852	0.68
				15-05-2015	–5685	Transfer	805167	0.68
				22-05-2015	–15358	Transfer	789809	0.66
				09-10-2015	–300480	Transfer	489329	0.41
				16-10-2015	–30666	Transfer	458663	0.38
				23-10-2015	–181564	Transfer	277099	0.23
				30-10-2015	–47132	Transfer	229967	0.19
				13-11-2015	–29643	Transfer	200324	0.17
				20-11-2015	–4904	Transfer	195420	0.16
				27-11-2015	–3993	Transfer	191427	0.16
				04-12-2015	–31929	Transfer	159498	0.13
				11-12-2015	–7093	Transfer	152405	0.13
				18-12-2015	–1187	Transfer	151218	0.13
				22-01-2016	–62518	Transfer	88700	0.07
				31-03-2016			88700	0.07

Sl. No.	Name of the shareholder	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
12.	SBI Magnum Taxgain Scheme*	714497	0.60	31-03-2015	714497		714497	0.60
				10-04-2015	–25000	Transfer	689497	0.58
				17-04-2015	–29877	Transfer	659620	0.55
				24-04-2015	–19620	Transfer	640000	0.54
				31-07-2015	–35946	Transfer	604054	0.51
				21-08-2015	–53684	Transfer	550370	0.46
				28-08-2015	–31317	Transfer	519053	0.44
				04-09-2015	–119053	Transfer	400000	0.34
				18-09-2015	–200000	Transfer	200000	0.17
				25-09-2015	–25000	Transfer	175000	0.15
				22-01-2016	–25000	Transfer	150000	0.13
				26-02-2016	–15359	Transfer	134641	0.11
				04-03-2016	–134641	Transfer	0	0.00
				31-03-2016			0	0.00

* Ceased to be in the list of top ten Shareholders as on 31-03-2016. The same has been reflected above since shareholder was one of the top ten shareholders as on 01-04-2015.

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company				No. of shares	% of total shares of the company
A. Key Managerial Personnel (KMP)								
1. Amitabha Mukhopadhyay (Group CFO)		450	0.00	01-04-2015	–		450	0.00
		450	0.00	31-03-2016	–		450	0.00

The Following Directors/ Key Managerial Personnel (KMP) did not hold any shares during FY 2015-16:

Arnavaz Aga, Meher Pudumjee, Pheroz Pudumjee, Nawshir Mirza, Dr. Jairam Varadaraj, Dr. Raghunath A Mashelkar and Dr. Valentin A. H. von Massow - Directors
M.S. Unnikrishnan – Managing Director & Chief Executive Officer (KMP)
Gajanan P Kulkarni – Vice President- Legal & Company Secretary (KMP) - (Resigned on 12.01.2016)
Amit Atre – Company Secretary (KMP) - (Appointed on 29.01.2016)

vi) Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

Rs. Lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015)				
i) Principal Amount	10506	0	0	10506
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	4	0	0	4
Total (i+ii+iii)	**10510**	**0**	**0**	**10510**
Change in indebtedness during the financial year				
Addition	0	58	0	58
Reduction	1415	0	0	1415
Net Change	**1415**	**58**	**0**	**1357**
Indebtedness at the end of the financial year (31.03.2016)				
i) Principal Amount	9094	54	0	9148
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1	4	0	5
Total (i+ii+iii)	**9095**	**58**		**9153**

vii) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration of M.S. Unnikrishnan Managing Director & Chief Executive Officer	Total Amount (Rs. Lakh)
1.	Gross salary	
	a. Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	253.88
	b. Value of perquisites u/s 17(2) Income-tax Act,1961	6.99
	c. Profits in lieu of salary under section17(3) Income-tax Act,1961	0
2.	Stock Option	0
3.	Sweat Equity	Nil
4.	Commission - as % of profit – Others, specify.	80.00
5.	Others, please specify (Retrial Benefits)	18.03
	Total (A)	358.90
	Ceiling as per the Act	Rs. 2,178 Lakh (Being 5% of the Net profit of the Company as per Section 198 of the Companies Act, 2013)

B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total (Rs. Lakh)
1.	Independent Directors	Dr. Jairam Varadaraj	Dr. R. A. Mashelkar	Dr. Valentine A. H. von Massow	Nawshir Mirza	
	Fee for attending board / committee meetings (I)	9.00	2.50	8.50	7.00	27.00
	Commission	17.00	13.00	26.39@	30.00	86.39
	Others, please specify	NA	NA	NA	NA	NA
	Total (1)	26.00	15.50	34.89	37.00	113.39
2.	Other Non-Executive Directors	Meher Pudumjee	Pheroz Pudumjee	Arnavaz Aga		
	Fee for attending board / committee meetings (II)	7.00	9.50	3.50	–	20.00
	Commission	35.00	15.00	14.00	–	64.00
	Others, please specify				–	
	Total (2)	42.00	24.50	17.50		84.00
	Total (B) = (1+2)					197.39
3.	Total remuneration to other Directors (1+2-I-II)*					150.39
	Overall Ceiling as per the Act for remuneration of other Directors		*Rs. 436 Lakh (Being 1% of Net profit of the Company calculated as per Section 198 of the Companies Act, 2013			
	Total Managerial Remuneration (A+B3)					509.29

@ 35,000 Euro (Rate applicable as on March 31, 2016 Rs. 75.40 per Euro)

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole Time Director:

Rs. in Lakh

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		Chief Financial Officer	
		Gajanan P. Kulkarni*	Amit G. Atre#	Amitabha Mukhopadhyay	Total
1.	Gross salary				
(a)	Salary as per provisions contained in section17(1) of the Income-tax Act,1961	42.48	13.24	171.15	226.87
(b)	Value of perquisites u/s 17(2) Income-tax Act,1961	1.27	NIL	2.34	3.61
(c)	Profits in lieu of salary under section 17(3) Income-tax Act,1961	NIL		NIL	NIL
2.	Stock Option	NIL		NIL	NIL
3.	Sweat Equity	NIL		NIL	NIL
4.	Commission- as% of profit -Others, specify	NIL		NIL	NIL
5.	Others, please specify (Retrial Benefits)	3.61	2.02	08.07	13.7
	Total	**47.36**	**15.26**	**181.56**	**244.19**

* Resigned on 12.01.2016
# Joined on 21.12.2015 and appointed as a KMP on 29.01.2016

viii) Penalties / Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give Details)
a) Company					
Penalty					
Punishment					
Compounding					
b) Directors					
Penalty					
Punishment			NIL		
Compounding					
c) Other Officers in Default					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITORS' REPORT

To the Members of Thermax Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Thermax Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 28(A)(i)(a) of the financial statements, relating to the demand order on the Company for Rs. 1324.51 crores (including penalty of Rs. 319.16 crores and excluding interest not presently quantified) by the Commissioner of Excise, Pune. The demand is in relation to excise duty for the period July 2000 to March 2015 and the show cause notice for the period April 2015 to September 2015 after inclusion of cost of components directly supplied by the Company's vendor to the Company's customer for turnkey contracts executed by the Company. The Company has filed an appeal against the said order. Based on advice of external legal counsel, no provision has been considered necessary by the Company in this regard as also for similar liability for the subsequent period till March 31, 2016. Our conclusion is not qualified in this respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
   (a) We have sought and 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 it appears from our examination of those book and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) The matter described in sub-paragraph under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
   (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses. Refer Note 28(A) to the financial statements. The Company did not have any derivative contracts for which there were any material foreseeable losses.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S R B C & CO LLP	**For B. K. Khare & Co.**
Chartered Accountants	Chartered Accountants
ICAI Firm Reg No.324982E/E300003	ICAI Firm Reg No.105102W
per Tridevlal Khandelwal	**per H. P. Mahajani**
Partner	Partner
Membership No. 501160	Membership No. 030168
Place: Pune	Place: Pune
Date: May 25, 2016	Date: May 25, 2016

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Thermax Limited (the "Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of 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) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order 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, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, are applicable. Therefore, Clause 3(v) of the Order is not applicable to the Company.

(vi) 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 148(1) of the Act, related to the manufacture of chemicals, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, 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.

(vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any 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 Crores)
Central Excise Act, 1944	Excise Duty	Appeal Pending at CESTAT	2001-15, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2012-13, 2014-15, 2015-16	1,266.63
Central Sales Tax Act and Local Sales tax (including Works Contract)	Sales Tax	Appellate Authority up to Commissioner level	1992-93, 1996-97, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2014-15	6.86

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 Crores)
		High Court	2000-01, 2001-02, 2010-11	0.31
		Tribunal	2006-07, 2008-09	1.25
Income Tax Act, 1961	Income Tax	Appellate Authority up to Commissioner level	2003-04, 2004-05 to 2008-09, 2006-07 to 2013-14	6.70
Service Tax (Finance Act, 1994)	Service Tax	CESTAT	2012-13, 2015-16	0.91
Customs Act, 1962	Custom Duty	CESTAT	2005-06	0.49

*Net of amount deposited under protest.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank. The Company has no loan / dues towards any financial institution, debenture holders or from the government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments) and hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

ANNEXURE 2 REFERRED TO IN PARAGRAPH 2(g) UNDER THE HEADING "REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Thermax Limited

We have audited the internal financial controls over financial reporting of Thermax Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

Balance Sheet as at March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	23.83	23.83
Reserves and surplus	4	2,463.29	2,242.99
		2,487.12	**2,266.82**
Non-current liabilities			
Long-term borrowings	5	0.55	0.72
Other long-term liabilities	8	62.08	46.16
Long-term provisions	6	3.51	4.61
		66.14	**51.49**
Current Liabilities			
Short-term borrowings	7	90.75	104.21
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	8	105.50	87.75
- total outstanding dues of creditors other than micro enterprises and small enterprises	8	721.38	784.17
Other current liabilities	8	1,195.96	1,371.75
Short-term provisions	6	292.30	344.89
		2,405.89	**2,692.77**
Total		**4,959.15**	**5,011.08**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	563.72	583.80
Intangible assets	10	21.88	25.51
Capital work-in-progress		26.71	13.90
Intangible assets under development		32.21	25.27
Non-current investments	11	667.18	474.19
Deferred tax assets (net)	12	54.56	17.76
Loans and advances	13	217.81	211.81
Trade receivables		63.17	93.07
Other non-current assets	18	0.16	0.17
		1,647.40	**1,445.48**
Current Assets			
Current investments	15	838.69	783.07
Inventories	16	224.77	315.95
Trade receivables	14	1,390.93	1,538.72
Cash and bank balances	17	178.36	257.21
Loans and advances	13	175.14	191.05
Other current assets	18	503.86	479.60
		3,311.75	**3,565.60**
Total		**4,959.15**	**5,011.08**
Summary of significant accounting policies	2.1		

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

As per our report of even date		For and on behalf of the Board of Directors of Thermax Limited	
For S R B C & CO LLP	**For B. K. Khare & Co.**	**Meher Pudumjee**	**M. S. Unnikrishnan**
Chartered Accountants	Chartered Accountants	Chairperson	Managing Director & CEO
ICAI Firm Reg No.324982E/ E300003	ICAI Firm Reg No.105102W	DIN: 00019581	DIN: 01460245
per Tridevlal Khandelwal	**per H. P. Mahajani**	**Amitabha Mukhopadhyay**	**Amit Atre**
Partner	Partner	Executive Vice President and Group Chief Financial Officer	Company Secretary
Membership No. 501160	Membership No. 030168		
Place: Pune	Place: Pune	Place: Pune	
Date: May 25, 2016	Date: May 25, 2016	Date: May 25, 2016	

Statement of profit and loss for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Note No	March 31,2016	March 31, 2015
Income			
Revenue from operations (gross)		4,472.42	4,750.49
Less : excise duty		120.64	147.78
Revenue from operations (net)	19	**4,351.78**	**4,602.71**
Other income	20	109.85	116.62
Total Income (I)		**4,461.63**	**4,719.33**
Expenses			
Cost of raw materials and components consumed	21	2,604.75	2,730.78
Purchases of traded goods	22	65.18	69.85
Increase in inventories of work-in-progress, finished goods and traded goods	23	(6.39)	(24.74)
Employee benefits expense	24	454.24	450.28
Finance costs	25	0.61	19.69
Depreciation and amortisation expense	26	60.90	64.12
Other expenses	27	845.43	912.31
Total Expenses (II)		**4,024.72**	**4,222.29**
Profit before tax (I-II)		**436.91**	**497.04**
Tax Expense			
Current tax	46	168.18	191.55
Deferred tax	12 and 46	(36.79)	(30.45)
Total tax expense		**131.39**	**161.10**
Profit after tax		**305.52**	**335.94**
Basic and diluted earnings per equity share [nominal value Rs. 2 (Previous year: Rs. 2)] Computed on the basis of total profit for the year	34	**25.64**	**28.19**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/
E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

For and on behalf of the Board of Directors of Thermax Limited

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director & CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and
Group Chief Financial Officer
Place: Pune
Date: May 25, 2016

Amit Atre
Company Secretary

Cash flow statement for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

	March 31, 2016	March 31, 2015
Cash flow from operating activities		
Profit before tax	**436.91**	**497.04**
Adjustment to reconcile profit before tax to net cash flow		
Depreciation/ amortization expenses	60.90	64.12
Loss on sale / discard of assets (net)	3.79	0.53
Unrealized foreign exchange loss	(1.87)	8.14
Net gain/loss on sale of investments	(5.07)	(35.78)
Provision for doubtful debts	52.74	44.32
Provision for warranties	1.39	7.75
Provision for liquidated damages	1.47	6.19
Interest expense	0.61	19.69
Interest income	(24.03)	(27.12)
Dividend income	(35.70)	(18.67)
Reversal of provision for diminution in value of investments	-	(4.10)
Operating profit before working capital changes	**491.14**	**562.11**
Movements in working capital :		
(Decrease) in trade payables	(25.97)	(35.74)
(Decrease)/ increase in provisions	(8.07)	8.12
(Decrease) in other liabilities	(175.79)	(58.63)
Decrease/(increase) in trade receivables	127.52	(252.23)
(Increase)/decrease in inventories	91.18	(61.47)
(Increase)/decrease in loans and advances and other assets	(59.19)	251.72
Cash generated from operations	**440.82**	**413.88**
Direct taxes paid (net of refunds)	(151.64)	(119.79)
Net cash flow from operating activities (A)	**289.18**	**294.09**
Cash flows from / (used in) investing activities		
Purchase of fixed assets, including CWIP and capital advances	(72.66)	(48.81)
Proceeds from sale of fixed assets	0.19	0.15
Sale of investments	1,539.95	1,809.66
Investment in subsidiaries	(113.66)	(8.01)
Purchase of investments	(1,669.83)	(1,927.61)
Investment in bank deposits (having original maturity of more than three months)	(184.00)	(208.39)
Maturity of fixed deposits (having original maturity of more than three months)	281.60	312.33
Interest received	26.86	35.80
Dividend received	35.70	18.67
Net cash flow (used in) investing activities (B)	**(155.85)**	**(16.21)**
Cash flows from / (used in) financing activities		
Repayment of borrowings	(13.57)	(133.58)
Interest paid	(0.60)	(19.68)
Dividend paid (including tax thereon)	(100.42)	(83.62)
Net cash flow (used in) financing activities (C)	**(114.59)**	**(236.88)**
Net increase in cash and cash equivalents (A + B + C)	**18.74**	**41.00**
Cash and cash equivalents at the beginning of the year	48.82	7.82
Cash and cash equivalents at the end of the year	**67.56**	**48.82**

Cash Flow Statement for the year ended March 31, 2016 (Contd.)

		March 31, 2016	March 31, 2015
Components of cash and cash equivalents			
Balances with banks		51.93	37.89
Cheques, drafts on hand		15.49	10.70
Cash on hand		0.14	0.23
Total cash and cash equivalents (note 17)		**67.56**	**48.82**
Summary of significant accounting policies	2.1		

As per our report of even date

For and on behalf of the Board of Directors of Thermax Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 25, 2016

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director & CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and Group Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: May 25, 2016

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

1. Corporate information

Thermax Limited (the "Company") is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is engaged in the business of manufacture and sale of boilers, heating and cooling equipment, industrial chemicals and water and waste management equipment. The Company also undertakes turnkey contracts for power plants and provides operation and maintenance services for the same. The Company caters to both domestic and international markets. The CIN of the Company is L29299PN1980PLC022787.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with notified Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on accrual basis under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of products and services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

Starting from April 1, 2016 Indian Accounting Standards ("Ind As") as prescribed by Ministry of Corporate Affairs have become applicable to the Company and hence the accounting policies would undergo necessary changes.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

c) Depreciation on fixed assets

Leasehold land is amortized on a straight line basis over the agreed period of lease ranging upto 99 years.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28	30
Other buildings	58	60
Plant and equipment	5 to 25	15 to 20
Roads	5 to 30	5 to 10
Office equipment	15	15
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	10	8

The management has estimated, supported by independent assessment by professionals, the useful lives of the above classes of assets.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. All intangible assets (including not yet available for use) are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset

- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life subject to a maximum of ten years. Amortization is recognized in the Statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization rates applied to the Company's intangible assets is as below:

Asset category	Life (years)
Technical know how	3 to 6
Computer software	3 to 5

e) Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

Where the Company is lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of profit and loss.

f) Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

h) Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.

i) Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, consumables, tools, stores and spares is arrived at on the basis of weighted average cost.

Finished goods and work in progress are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the funds. The Company recognizes contribution payable to the funds as expenditure when an employee renders the related service. If the contribution payable to the schemes for services received before the Balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the Balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit plan, viz. gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each year end using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the Statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

The Company presents the leave as a current liability in the Balance sheet as it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

k) Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

m) Revenue recognition

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

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Sale of products

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed on to buyer, usually on delivery of goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Contract revenue

Contract 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 more than one accounting periods is recognized on the basis of percentage of completion method, measured by reference to the percentage of cost incurred upto the reporting date to estimated total cost for each contract.

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 expected costs to completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

Supply of spare parts and services are accounted for on 'as billed' basis.

Revenue in respect of operation and maintenance contracts is recognised on the basis of time proportion.

Export Incentive

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

Dividend

Dividend income is recognized when the Company's right to receive is established by the reporting date.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of profit and loss.

n) Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs in connection with the arrangement of borrowings. Borrowing costs attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

o) Foreign currency translation

Forward currency transactions and balances

i. Initial recognition

Transactions in foreign currencies are recorded in reporting currency by applying to the foreign currency amount the exchange rates between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

iv. Translation of integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their Statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the Statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

p) Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as, foreign currency forward contracts to hedge its risk arising from future transactions in respect of which firm commitments are made and are highly probable forecast transactions.

The Company designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified as:

1. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

2. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the Statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the Statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

q) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961 enacted in India and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

r) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter-segment transfers

The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution / manpower strength of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

s) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares

t) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

3. Share capital

	March 31, 2016	March 31, 2015
Authorized shares (Nos)	75.00	75.00
37,50,00,000 (Previous year 37,50,00,000) equity shares of Rs. 2/- each.	**75.00**	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
11,91,56,300 (Previous year 11,91,56,300) equity shares of Rs. 2/- each.	23.83	23.83
Total issued, subscribed and fully paid-up share capital	**23.83**	**23.83**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	**Rs.**	**No. of Shares**	**Rs.**
Shares outstanding at the beginning of the year	11,91,56,300	23.83	11,91,56,300	23.83
Shares outstanding at the end of the year	11,91,56,300	23.83	11,91,56,300	23.83

(b) Terms/ rights attached to 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 ultimate holding / holding company

	March 31, 2016	March 31, 2015
Ultimate holding company		
ARA Trusteeship Company Private Limited, India (Holding shares in trust)	1.90	1.90
95,20,805 (Previous year: 95,20,805) equity shares of Rs. 2/- each fully paid		
Holding company		
RDA Holding and Trading Private Limited, India	12.87	12.87
6,43,28,500 (Previous year: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

(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, 2016		As at March 31, 2015	
	%	**No. of Shares**	**%**	**No. of Shares**
RDA Holding and Trading Private Limited	53.99	6,43,28,500	53.99	6,43,28,500
ARA Trusteeship Company Private Limited	7.99	95,20,805	7.99	95,20,805

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

(e) The Company has several trusts set up for welfare of employees (including ESOP trust). Such trusts together hold 65,41,440 (Previous year 65,41,440) equity shares representing 5.49% (Previous year 5.49%) of equity share in the Company.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

4. Reserves and surplus

		March 31, 2016	March 31, 2015
Capital redemption reserve	(A)	50.34	50.34
Securities premium account	(B)	61.13	61.13
Capital reserve	(C)	1.92	1.92
Hedging reserve			
Balance as per last financial statement		12.75	4.61
Add: Arising during the year		0.82	8.14
Closing balance	(D)	**13.57**	**12.75**
General reserve			
Balance as per last financial statement		429.14	431.00
Less: Impact of change in rate of depreciation [net of tax Rs. Nil (Previous year Rs. 0.95)]		-	(1.86)
Closing balance	(E)	**429.14**	**429.14**
Surplus in statement of profit and loss			
Balance as per last financial statement		1,687.71	1,452.16
Add: Profit for the year		305.52	335.94
		1,993.23	**1,788.10**
Less: Appropriations			
- Proposed equity dividend		71.49	83.41
- Tax on dividend		14.55	16.98
Total appropriations	(F)	**86.04**	**100.39**
Net surplus in the Statement of profit and loss		**1,907.19**	**1,687.71**
Total	**(A+B+C+D+E+F)**	**2,463.29**	**2,242.99**

5. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Term loans (other than banks)				
a. Secured loans	0.13	0.18	0.05	0.05
b. Unsecured loans	0.42	0.54	0.12	0.06
Total	**0.55**	**0.72**	**0.17**	**0.11**
The above amount includes				
Amount disclosed under the head "Other current liabilities" (note 8)	-	-	0.17	0.11
Net amount	**0.55**	**0.72**	**-**	**-**

a. Secured loan represents loan from Department of Bio Technology. The loan is repayable in ten half yearly installments commencing from December 2014. The loan is secured by hypothecation of R&D equipments purchased out of these funds.

b. Unsecured loan represents loan from Indo-German Science & Technology Centre. The loan is repayable in ten half yearly installments commencing from November 2015.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

6. Provisions

	Long term		Short-term	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Provision for employee benefits				
Provision for leave encashment	-	-	39.78	45.89
	-	**-**	**39.78**	**45.89**
Other provisions				
Proposed equity dividend	-	-	71.49	83.41
Provision for tax on dividend	-	-	14.55	16.98
Provision for income tax	-	-	48.38	82.51
Provision for onerous contracts (note 35)	-	-	2.92	4.88
Provision for warranties (note 35)	3.51	4.61	78.66	76.17
Provision for liquidated damages	-	-	36.52	35.05
	3.51	**4.61**	**252.52**	**299.00**
Total	**3.51**	**4.61**	**292.30**	**344.89**

7. Short-term borrowings

	March 31, 2016	**March 31, 2015**
Secured :		
From Banks	90.75	104.21
Total	**90.75**	**104.21**

a. Post shipment credit of Rs. 7.64 (Previous year Rs. 6.78) due for repayment on various dates ranging upto 180 days.

b. Acceptances for bill discounted by suppliers amounting to Rs. 83.11 (Previous year Rs. 97.43) are repayable within 60 to 120 days of the invoice date.

These loans are secured by hypothecation of present and future stock of raw materials, stock in process; semi-finished and finished goods, stores and spares not relating to plant and machinery, consumables and book debts.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

8. Trade Payables and other liabilities

	Long term		Short-term	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Trade payables				
a. total outstanding dues of micro enterprises and small enterprises (note 38 for details of dues to micro and small enterprises)	-	-	105.50	87.75
b. total outstanding dues of creditors other than micro enterprises and small enterprises	25.10	8.40	721.38	784.17
	25.10	**8.40**	**826.88**	**871.92**
Other liabilities				
Current maturities of long-tem borrowings (note 5)	-	-	0.17	0.11
Unearned revenue (note 29)	-	-	469.58	353.40
Interest accrued but not due on loans	-	-	0.05	0.04
Book overdraft	-	-	79.01	59.26
Customer advances	35.51	36.29	570.30	885.71
Employee related payables	-	-	58.31	56.90
Investor education and protection fund				
- Unpaid dividend	-	-	0.72	0.75
Statutory dues and other liabilities*	-	-	13.47	10.43
Payables for tangible and intangible assets	-	-	3.59	4.41
Other payables **	1.47	1.47	0.76	0.74
	36.98	**37.76**	**1,195.96**	**1,371.75**
Total	**62.08**	**46.16**	**2,022.84**	**2,243.67**

* mainly includes tax deducted at source, provident fund, ESIC, etc

** represents dealer deposits, security deposits, etc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

9 Tangible assets

Particulars	Land - freehold	Land - leasehold	Buildings	Plant and equipment	Office equipments	Computers	Furniture and fixtures	Vehicles	Total
Cost									
At April 1, 2014	**7.36**	**27.22**	**301.48**	**456.92**	**25.09**	**51.69**	**36.33**	**16.70**	**922.79**
Additions	-	7.93	3.15	10.85	3.41	4.78	1.43	1.61	33.16
Disposals/Adjustments	-	-	(0.20)	(3.76)	-	(1.51)	(0.02)	(2.55)	(8.04)
At March 31, 2015	**7.36**	**35.15**	**304.43**	**464.01**	**28.50**	**54.96**	**37.74**	**15.76**	**947.91**
Additions	-	2.21	6.70	15.04	2.24	4.07	1.41	1.40	33.07
Disposals/Adjustments	-	(0.10)	(2.44)	(2.25)	(1.33)	(7.51)	(3.84)	(3.07)	(20.54)
At March 31, 2016	**7.36**	**37.26**	**308.69**	**476.80**	**29.41**	**51.52**	**35.31**	**14.09**	**960.44**
Depreciation									
At April 1, 2014	**-**	**0.67**	**42.48**	**193.57**	**8.17**	**44.44**	**14.91**	**8.70**	**312.94**
Charge for the year	-	0.36	9.29	33.62	2.12	3.10	2.60	2.15	53.24
Disposals/Adjustments	-	-	(0.11)	0.88	-	(1.25)	(0.01)	(1.58)	(2.07)
At March 31, 2015	**-**	**1.03**	**51.66**	**228.07**	**10.29**	**46.29**	**17.50**	**9.27**	**364.11**
Charge for the year	-	0.58	9.56	29.23	2.02	2.12	2.77	1.92	48.20
Disposals/ Adjustments	-	-	(0.79)	(1.77)	(0.99)	(7.07)	(2.61)	(2.36)	(15.59)
At March 31, 2016	**-**	**1.61**	**60.43**	**255.53**	**11.32**	**41.34**	**17.66**	**8.83**	**396.72**
Net block									
At March 31, 2015	**7.36**	**34.12**	**252.77**	**235.94**	**18.21**	**8.67**	**20.24**	**6.49**	**583.80**
At March 31, 2016	**7.36**	**35.65**	**248.26**	**221.27**	**18.09**	**10.18**	**17.65**	**5.26**	**563.72**

Note:

The above assets include the immovable properties constructed on leasehold land. The value of the assets are as given below:

Gross block Rs. 243.95 (Previous year Rs. 237.13)

Depreciation for the year Rs. 8.62 (Previous year Rs. 9.04)

Accumulated depreciation Rs. 71.92 (Previous year Rs. 63.30)

Net book value Rs. 172.03 (Previous year Rs. 173.83)

10 Intangible Assets

Particulars	Computer software	Technical know-how	Total
Gross block			
At April 1, 2014	**40.89**	**44.43**	**85.32**
Additions	2.57	3.26	5.83
Disposals	-	-	-
At March 31, 2015	**43.46**	**47.69**	**91.15**
Additions	3.27	5.80	9.07
Disposals	-	-	-
At March 31, 2016	**46.73**	**53.49**	**100.22**
Amortization			
At April 1, 2014	**34.80**	**19.96**	**54.76**
Charge for the year	3.36	7.52	10.88
Disposals	-	-	-
At March 31, 2015	**38.16**	**27.48**	**65.64**
Charge for the year	3.08	9.62	12.70
Disposals	-	-	-
At March 31, 2016	**41.24**	**37.10**	**78.34**
Net block			
At March 31, 2015	**5.30**	**20.21**	**25.51**
At March 31, 2016	**5.49**	**16.39**	**21.88**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

11. Non-current Investments

	Face value Per Share	Number of shares		Amount	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Trade Investments:					
Unquoted:					
A. Investments in equity instruments in :					
Wholly-owned Subsidiaries(fully paid up)					
Thermax Sustainable Energy Solutions Limited	Rs. 10	4,750,000	4,750,000	4.45	4.45
Thermax Engineering Construction Company Limited	Rs. 10	4,500,000	4,500,000	4.50	4.50
Thermax Instrumentation Limited	Rs. 10	9,000,000	9,000,000	4.59	4.59
Thermax Onsite Energy Solutions Limited	Rs. 10	18,650,000	18,650,000	18.65	18.65
Thermax Europe Limited	GBP 1	200,000	200,000	1.17	1.17
Thermax International Limited	USD 1	1,695,000	1,695,000	8.22	8.22
Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.	USD 1	13,470,000	13,470,000	58.17	58.17
Thermax do Brasil - Energia e Equipamentos Ltda.	Real 1	1,087,130	1,087,130	1.88	1.88
Thermax Hongkong Limited	HKD 1	5,983,833	5,983,833	3.52	3.52
Thermax Netherlands B.V	Eur 1	20,500,000	20,500,000	134.82	134.82
Rifox-Hans Richter GmBH Spezialarmaturen	Eur 1	716,469	716,469	12.04	12.04
Thermax SDN. BHD	RM 1	500,002	500,002	0.87	0.87
Thermax Engineering Singapore Pte Ltd.	USD 1	8,400,000	1,100,001	69.44	6.78
Subsidiaries - Others (fully paid up)					
Thermax SPX Energy Technologies Limited	Rs. 10	10,200,000	10,200,000	10.20	10.20
Thermax Babcock & Wilcox Energy Solutions Private Limited**	Rs. 10	247,350,000	196,350,000	247.35	196.35
Associate company (fully paid up)					
First Energy Private Limited	Rs. 10	4,488,340	-	19.33	-
B. Investment in preference shares in :					
Wholly-owned Subsidiaries (fully paid up, redeemable)					
Thermax International Ltd., Mauritius (6% Redeemable with conversion option)	USD 1	1,747,300	1,747,300	7.81	7.81
Thermax Sustainable Energy Solutions Limited (6%, Cumulative)	Rs. 10	4,000,000	4,000,000	4.00	4.00
Thermax Instrumentation Limited (1%, Non-cumulative)	Rs. 10	10,000,000	10,000,000	10.00	10.00
Total Trade investments				**621.01**	**488.02**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

	Face value Per Share	Number of shares		Amount	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Non Trade Investments:					
A. Investments in equity instruments :					
Quoted (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	*	*
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.03	0.03
Quoted (partly paid up)					
Parasrampuria Synthetics Limited (paid up Rs. 2.50 per share)	Rs. 10	125,000	125,000	0.06	0.06
Unquoted (fully paid up)					
Cosmos Co-operative Bank Limited	Rs. 20	1,375	1,375	*	*
GSL (India) Limited	Rs. 10	17,539	17,539	*	*
Sicom Limited	Rs. 10	10,000	10,000	0.07	0.07
B. Investment in preference shares :					
Unquoted (fully paid up, redeemable)					
Indian Food Fermentation Limited (18%, cumulative)	Rs. 10	21,800	21,800	0.02	0.02
C. Investments in mutual funds :					
Unquoted					
SBI Debt Fund Series B – 26 (1100 Days)	Rs. 10	10,000,000	-	10.00	-
BSL Fixed Term Plan Series MY (1107 days)	Rs. 10	25,000,000	-	25.00	-
HDFC FMP 1167D January 2016 (1167 days)	Rs. 10	25,000,000	-	25.00	-
Total Non Trade investments				**60.18**	**0.18**
Total Non Current Investments (Trade and Non Trade)				**681.19**	**488.20**
Provision for diminution in value of investments (refer note 44)				**14.01**	**14.01**
Total Non Current Investments				**667.18**	**474.19**

Particulars	**March 31, 2016**		**March 31, 2015**	
	Cost	**Market Value**	**Cost**	**Market Value**
Aggregate amount of quoted investments	0.09	0.47	0.09	0.44
Aggregate amount of unquoted investments	681.10		488.11	
Aggregate provision for diminution in value of investments	14.01		14.01	

* represents amount less than a lakh

** subsequent to the year-end, the Company has further invested Rs. 179.02 as part of its share in the right issue by the subsidiaries.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

12. Deferred Tax Assets (net)

	March 31, 2016	March 31, 2015
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	63.39	61.97
Others	3.75	4.76
	67.14	**66.73**
Deferred tax assets		
Impact of expenditure charged to the Statement of profit and loss in the current year but allowed for tax purposes on payment basis	7.82	8.49
Provision for doubtful debts and advances	98.21	57.77
Others	15.67	18.23
	121.70	**84.49**
Deferred tax assets (net)	**54.56**	**17.76**

13. Loans and advances

	Long term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good				
Capital advances	12.23	1.32	-	-
Security deposits^	10.14	9.67	10.88	7.26
Loans and advances to related parties (refer note 32 and 36)	-	-	21.89	10.47
Advances recoverable in cash or kind	7.19	0.31	66.98	67.29
	29.56	**11.30**	**99.75**	**85.02**
Other loans and advances				
Advance income-tax (net of provision)	54.52	103.64	24.18	25.73
Prepaid expenses	-	-	3.66	4.89
Sales tax recoverable (net of provision)	115.48	90.46	-	12.72
Balance with excise and customs authorities	15.31	3.71	40.84	56.84
Advances to staff and workers	2.94	2.70	6.71	5.85
	188.25	**200.51**	**75.39**	**106.03**
Total	**217.81**	**211.81**	**175.14**	**191.05**

^ includes security deposit given to directors of Rs. 0.53 (Previous year Rs. 0.58).

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

14. Trade receivable

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	122.15	137.13
Doubtful	211.46	159.02
	333.61	**296.15**
Less: Provision for doubtful receivables	(211.46)	(159.02)
	122.15	**137.13**
Other receivables		
Secured, considered good	171.24	34.67
Unsecured, considered good	1,097.54	1,366.92
Doubtful	4.68	4.38
	1,273.46	**1,405.97**
Less: Provision for doubtful receivables	(4.68)	(4.38)
	1,268.78	**1,401.59**
Total	**1,390.93**	**1,538.72**

15. Current investments

	Face value per unit	Number of units		Amount	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Non Trade investments					
Unquoted					
Investments in mutual funds :					
Axis Banking Debt Fund	Rs. 1,000	100,125	79,166	10.06	10.00
Birla SL FRF-Short Term Plan	Rs. 100	12,394,660	14,702,943	123.97	147.06
DSP Blackrock Liquidity Fund	Rs. 1,000	114,832	645,883	11.49	64.61
DSPBR Strategic Bond Fund	Rs. 1,000	265,414	-	47.00	-
HDFC Gilt Fund	Rs. 10	8,290,087	-	25.00	-
HDFC Income Fund	Rs. 10	6,230,973	-	21.00	-
HDFC Liquid Fund	Rs. 10	258,666	-	26.38	-
ICICI Pru Money Market Fund	Rs. 100	14,699,096	11,977,945	147.18	119.93
IDFC Cash Fund of IDFC Mutual Fund	Rs. 1,000	481,234	311,040	48.15	31.12
Kotak Banking PSU Debt Fund	Rs. 10	-	1,622,476	-	5.00
Kotak Liquid Fund	Rs. 1,000	698,112	590,979	85.37	72.27
Reliance Liquidity Fund	Rs. 1,000	54,868	52,059	5.49	5.21
SBI Magna Insta Cash Fund	Rs. 1,000	-	42,137	-	10.00
SBI Premier Liquid	Rs. 1,000	469,390	1,275,093	47.09	127.92
Tata Liquid Fund	Rs. 1,000	52,640	224,865	5.87	25.06
Tata Money Market Fund	Rs. 1,000	1,255,567	521,795	125.75	52.26
UTI Liquid Fund	Rs. 1,000	1,068,222	1,104,803	108.90	112.63
Total Current Investments (unquoted)				**838.69**	**783.07**

Particulars	March 31, 2016		March 31, 2015	
	Cost	Market Value	Cost	Market Value
Aggregates amount of unquoted investments	838.69	838.69	783.07	783.07

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

16. Inventories (valued at lower of cost and net realizable value)

	March 31, 2016	March 31, 2015
Raw materials, components and bought-outs	140.73	238.28
[includes goods in transit amounting to Rs. 3.19 (Previous year Rs. 2.30)]		
[includes stock lying with third parties amounting to Rs. 14.80 (Previous year Rs. 7.87)]		
Work-in-progress	54.57	51.53
Finished goods	17.65	10.77
Stores and spares	2.42	2.44
Traded goods	9.40	12.93
Total	**224.77**	**315.95**

17. Cash and bank balances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks				
- on current accounts	-	-	50.95	35.14
- on unpaid dividend account	-	-	0.72	0.75
- on deposits with original maturity of less than three months	-	-	0.26	2.00
Cheques, drafts on hand	-	-	15.49	10.70
Cash on hand	-	-	0.14	0.23
	-	**-**	**67.56**	**48.82**
Other bank balances				
- on deposits with remaining maturity of more than 12 months#	0.16	0.17	-	-
- on deposits with remaining maturity more than 3 months but upto 12 months	-	-	110.80	208.39
	0.16	**0.17**	**110.80**	**208.39**
Less: Amounts disclosed under non-current assets (note 18)	(0.16)	(0.17)	-	-
Total	**-**	**-**	**178.36**	**257.21**

Pertains to Rs. 0.16 (Previous year: Rs. 0.17) pledged as margin money deposit.

18. Other assets

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Non-current bank balance (note 17)	0.16	0.17	-	-
Unbilled revenue (note 29)	-	-	414.58	395.09
Interest accrued on fixed deposits and others	-	-	1.01	3.84
Prepaid employee benefits (gratuity)	-	-	4.97	9.02
Forward contract receivable	-	-	13.57	12.75
Others ##	-	-	69.73	58.90
Total	**0.16**	**0.17**	**503.86**	**479.60**

Includes export incentive receivable, rebate balances, other excise balances, etc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

19. Revenue from operations (net)

	March 31, 2016	March 31, 2015
Sale of products and services		
Sale of products#	3,908.75	4,155.26
Sale of services#	377.96	388.92
Other operating revenue		
Export incentives	44.49	16.35
Sale of scrap	12.34	12.37
Commission income	1.85	1.68
Exchange fluctuation gain	3.64	25.16
Royalty income	2.75	2.97
Total	**65.07**	**58.53**
Total	**4,351.78**	**4,602.71**

The above includes revenue from construction contracts of Rs. 3,244.96 (Previous year Rs. 3,191.39). Also refer note 29.

Excise duty on sales amounting to Rs. 120.64 (Previous year: Rs. 147.78) has been reduced from sales in the Statement of profit and loss and excise duty on increase in stock amounting to Rs. 0.56 (Previous year: Rs. 0.14) has been considered as expense in note 27 of financial statements.

Details of sale of products

	March 31, 2016	March 31, 2015
Boilers, heaters and chillers	2,081.05	2,802.12
Power plants	780.45	391.28
Air pollution control, water and water treatment plants and systems	534.69	499.11
Ion exchange resigns and chemicals	253.59	266.55
Goods traded in, accessories, spares, etc.	258.97	196.20
Total	**3,908.75**	**4,155.26**

Details of sale of services

	March 31, 2016	March 31, 2015
Operations and maintenance	215.76	222.39
Erection and commissioning	140.53	142.29
Other services	21.67	24.24
Total	**377.96**	**388.92**

Notes to financial statements for the year ended March 31, 2016
(All amounts in Rupees crores, unless otherwise stated)

20. Other income

	March 31, 2016	March 31, 2015
Interest income		
Bank deposits	17.34	16.71
Others	6.69	10.41
Dividend income		
Current investment	35.70	18.67
Net gain on sale of investments		
Long-term	-	35.77
Current	5.07	0.01
Reversal of provision for diminution in value of investments	-	4.10
Government grants	4.40	4.59
Liabilities no longer required written back	12.12	9.84
Miscellaneous income **	28.53	16.52
Total	**109.85**	**116.62**

**Includes rent income Rs. 2.40 (Previous year Rs. 1.79). Also refer note 33.

21. Cost of raw material and components consumed

	March 31, 2016	March 31, 2015
Inventories at the beginning of the year	238.28	246.97
Add: Purchases	2,507.20	2,725.43
	2,745.48	**2,972.40**
Less: Inventories at the end of the year	140.73	238.28
	2,604.75	**2,734.12**
Less: capitalised during the year (note 45)	-	(3.34)
Total	**2,604.75**	**2,730.78**

Details of raw material and components consumed

	March 31, 2016	March 31, 2015
Ferrous sheets, plates	69.44	141.46
Ferrous tubes	75.70	111.35
Fabricated items	512.13	554.91
Chemicals	126.92	141.86
Bought out items and other materials	1,820.56	1,781.20
Total	**2,604.75**	**2,730.78**

22. Details of purchase of traded goods

	March 31, 2016	March 31, 2015
Spare parts	58.33	66.56
Chemicals and other items	6.85	3.29
Total	**65.18**	**69.85**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

23. Increase in inventories

	March 31, 2016	March 31, 2015	(Increase)/ decrease
Inventories at the beginning of the year			
Work-in-progress	51.53	20.57	(30.96)
Finished goods	10.77	13.88	3.11
Traded goods	12.93	16.04	3.11
	75.23	**50.49**	**(24.74)**
Less: inventories at the end of the year			
Work-in-progress	54.57	51.53	(3.04)
Finished goods	17.65	10.77	(6.88)
Traded goods	9.40	12.93	3.53
	81.62	**75.23**	**(6.39)**
	(6.39)	**(24.74)**	

24. Employee benefits expense

	March 31, 2016	March 31, 2015
Salaries and wages	400.65	395.76
Contribution to provident and other funds	29.18	30.41
Gratuity expense (note 30)	6.64	7.78
Staff welfare expenses	19.82	19.12
	456.29	453.07
Less: capitalised during the year (note 45)	(2.05)	(2.79)
Total	**454.24**	**450.28**

25. Finance costs

	March 31, 2016	March 31, 2015
Interest expense	0.61	19.69
Total	**0.61**	**19.69**

26. Depreciation and amortization expense

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	48.20	53.24
Amortization of intangible assets	12.70	10.88
Total	**60.90**	**64.12**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

27. Other expenses

	March 31, 2016	March 31, 2015
Consumption of stores and spare parts	47.86	54.31
Power and fuel	27.50	30.17
Excise duty on increase in inventory (note 19)	0.56	0.14
Freight and forwarding charges (net)	63.77	43.55
Site expenses	156.12	211.55
Contract labour charges	114.12	121.90
Drawing, design and technical service charges	16.27	13.42
Sales commission	37.81	51.04
Advertisement and sales promotion	20.10	26.85
Rent (note 33)	19.60	19.40
Rates and taxes	12.17	23.05
Insurance	4.20	4.23
Repairs and maintenance		
Plant and machinery	13.91	13.18
Buildings	7.43	6.59
Others	18.11	19.39
Travelling and conveyance	65.35	61.25
Legal and professional fees	44.17	50.94
Director sitting fees	0.47	0.37
Payment to auditor (refer details below)	1.54	1.20
Liquidated damages	13.50	14.67
Bad debts/ advances written off	33.86	7.88
Provision for doubtful debts (net)	52.74	44.37
Warranty expenses (net) (note 35)	18.52	46.19
Loss on sale / discard of assets (net)	3.79	0.53
CSR expenditure (note 43)	9.00	10.02
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	44.96	41.71
	847.43	917.90
Less: capitalised during the year (note 45)	(2.00)	(5.59)
Total	**845.43**	**912.31**

Payment to auditors

	March 31, 2016	March 31, 2015
As auditor :		
Audit and limited review fee	0.78	0.70
Tax audit fee	0.15	0.15
In other capacity :		
Taxation matters	0.53	0.25
Other services	0.02	0.08
Reimbursement of expenses	0.06	0.02
Total	**1.54**	**1.20**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

28. Contingent liabilities and capital commitments

A. Contingent liabilities

i. Taxes

a. During the year, the Commissioner of Central Excise, upon adjudication of the show cause-cum-demand notices issued by the Department from time to time for the periods ending March 31, 2015 (referred to in the notes to the financial statements for the financial year 2014-15) has passed orders raising demands of Rs. 1,263.24 (including penalty but excluding interest not presently quantified) This demand is of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the company's factory. The Company has filed an appeal against the initial order received before CESTAT, Mumbai, and is in the process of filing an appeal against the subsequent order. Based on an independent legal advice, the Company is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary by the Company in this regard as also for the period thereafter till March 31, 2016.

Further, for the period April 2015 to September 2015 show cause notice of Rs. 61.27 has been received for the similar matter which is pending adjudication.

b. Disputed demands in respect of excise, customs duty and service tax Rs. 6.58 (Previous year Rs. 10.42), sales tax Rs. 24.39 (Previous year Rs. 20.72) and other statutes Rs. 0.23 (Previous year Rs. 0.15).

c. Income tax demands disputed in appellate proceedings Rs. 41.57 (Previous year Rs. 47.53).

d. 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. 44.32 (Previous year Rs. 53.01)

With respect to item (b), (c) and (d), based on advice received by the management from legal experts and solicitors, the management is confident of getting the aforesaid claim set aside and accordingly no provision has been considered necessary in this regards.

ii. The Company has given counter corporate guarantees of Rs. 19.87 (Previous year 46.12) to banks on behalf of group companies. For further details refer note 36.

iii. The Company has issued indemnity bonds, letter of support/ comfort and corporate guarantees of Rs 308.36 (Previous year 297.10) on behalf of group companies. For further details refer note 36.

iv. There are certain law suits, disputes, etc., including commercial matters that arise from time to time in the ordinary course of business for which the amounts are currently not quantifiable by the management. However, based on the management's assessment under AS 29 "Provisions, Contingent Liabilities and Contingent Assets", that the claims against the Company are not tenable/ probability of final outcome against the Company is low and therefore not disclosed as contingent liability.

v. Others

Particulars	March 31, 2016	March 31, 2015
Claims against the Company not acknowledged as debts	19.66	18.90
Bills of exchange discounted with banks	-	16.79
Liability for export obligations	27.37	32.46
Total	**47.03**	**68.15**

B. Capital and other commitments

i. Liability in respect of partly paid shares Rs. 0.19 (Previous year Rs. 0.19)

ii. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 69.11 (Previous year Rs. 6.92)

iii. Pursuant to the agreement between the Company, First Energy Private Limited (FEPL) and the shareholders of FEPL, the Company has a call option to increase its equity holding in FEPL upto 76% and counter party has corresponding put option. This commitment and the related consideration is subject to certain pre-conditions, including conditions linked to future performance, and timelines, which are not disclosed due to sensitivity of the information.

iv. For lease commitment, refer note 33.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

29. Disclosure pursuant to Accounting Standard (AS) -7

Particulars	March 31, 2016	March 31, 2015
Contract revenue recognised during the year	3,244.96	3,191.39
In respect of contracts in progress as on March 31:		
a. Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	13,304.70	13,140.93
b. Customer advance outstanding for contract in progress	499.90	749.75
c. Retention money due from customers for contracts in progress	617.38	558.80
d. Gross amount due from customers [disclosed as unbilled revenue (refer note 18)]	414.58	395.09
e. Gross amount due to customers [disclosed as unearned revenue (refer note 8)]	469.58	353.40

30. Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the Balance sheet.

Statement of profit and loss

i. Net employee benefit expense recognized in the employee cost

Particulars	March 31, 2016	March 31, 2015
Current service cost	3.72	3.59
Interest cost on benefit obligation	5.55	5.17
Expected return on plan assets	(6.67)	(6.70)
Net actuarial loss / (Gain)	4.03	5.72
Net benefit expense	6.64	7.78
Actual return on plan assets	7.19	7.50

ii. Changes in fair value of plan assets and obligation

Particulars	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	77.63	75.03
Less: Fair value of plan assets	(82.60)	(84.05)
Plan (Asset)/ Liability	**(4.97)**	**(9.02)**

iii. Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2016	March 31, 2015
Opening defined benefit obligation	75.03	69.38
Interest cost	5.55	5.17
Current service cost	3.72	3.59
Benefits paid	(11.22)	(9.62)
Actuarial losses on obligation	4.55	6.51
Closing defined benefit obligation	**77.63**	**75.03**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

iv. Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2016	March 31, 2015
Opening fair value of plan assets	84.05	83.48
Expected return	6.67	6.70
Actuarial gains	0.52	0.79
Contributions by employer	0.81	0.83
Benefits paid	(9.45)	(7.75)
Closing fair value of plan assets	**82.60**	**84.05**

The Company expects to contribute Rs. 1 to the gratuity fund in the next year (Previous year Rs 1.)

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

Particulars	March 31, 2016	March 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	March 31, 2016	March 31, 2015
Discount rate	8%	8%
Expected rate of return on assets	8%	8%
Normal retirement age	60 years	60 years
Salary escalation rate	7% p.a.	7% p.a.
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	5% to 10%	5% to 10%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the interest rate prevailing in the market on that date, applicable to the period over which the obligation is to be settled.

vi. Amounts for the current year and previous four years are as follows:

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	77.63	75.03	69.38	65.69	63.08
Plan (assets)/ Liabilities	(82.60)	(84.05)	(83.48)	(76.48)	(64.29)
(Surplus)/ deficit	(4.97)	(9.02)	(14.10)	(10.79)	(1.21)
Experience adjustments on plan liabilities	4.54	6.51	3.14	2.42	11.04
Experience adjustments on plan assets	0.52	0.79	0.54	1.02	0.68

31. Segment information

In accordance with paragraph 4 of notified Accounting Standard – 17 "Segment Reporting", the Company has disclosed segment information on the basis of consolidated financial statements.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

32. Related party disclosures

A. Names of related parties and related party relationship:

Related parties where control exists

Ultimate holding company	ARA Trusteeship Company Private Limited, India (holding shares in Trust)
Holding company	RDA Holdings Private Limited, India

Related parties under AS 18 with whom transactions have taken place during the year

i. Subsidiaries

In India

Thermax Sustainable Energy Solutions Limited

Thermax Engineering Construction Co. Limited

Thermax Instrumentation Limited

Thermax Onsite Energy Solutions Limited

Thermax Babcock & Wilcox Energy Solutions Pvt. Limited

(Joint venture with Babcock& Wilcox India Holdings Inc.)

Thermax SPX Energy Technologies Limited

(Joint venture with SPX Netherlands BV)

Outside India

Thermax do Brazil Energia-e Equipamentos Ltda., Brazil

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

Thermax Denmark ApS, Denmark

Boilerworks A/S, Denmark

Ejendomsanpartsselskabet Industrivej Nord 13 Denmark

Danstoker A/S, Denmark

Boilerworks Properties ApS, Denmark

Omnical Kessel & Apparatebau GmbH, Germany

(Up to September 8, 2014)

Rifox-Hans Richter GmbH Spezialarmaturen, Germany

Thermax Hong Kong Limited., Hong Kong

PT Thermax International, Indonesia

Thermax SDN. BHD, Malaysia

Thermax International Limited., Mauritius

Thermax Netherlands BV., Netherlands

Thermax Engineering Singapore Pte. Ltd., Singapore

Thermax Senegal SARL co., Senegal

Thermax Europe Limited., U.K

Thermax Inc., USA

ii. Associate

First Energy Private Limited, India (From July 15, 2015) [Refer Note 11 and 28B(iii)]

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

Mrs. Meher Pudumjee – Chairperson

Mrs. Anu Aga – Director

Mr. Pheroz Pudumjee – Director

iv. Enterprise, over which control is exercised by individuals listed in ‘C’ above:

Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation)

KRA Holdings Private Limited, India

Shuffle Realtors Private Limited, India (up to April 30, 2014)

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

v. **Key Management Personnel:**

Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer

B. **Transactions with Related parties:**

	Subsidiary Companies		Associate		Enterprises over which control is exercised by Individuals having Significant influence over the company.		Key Management Personnel and Individuals mentioned in C above		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a. Transactions during the year										
Sales of products and services	103.40	129.35	0.01	-	-	-	-	-	103.41	129.35
Other operating revenue	0.86	1.82	-	-	-	-	-	-	0.86	1.82
Miscellaenous Income	1.10	1.19	-	-	-	-	-	-	1.10	1.19
Interest Income on intercorporate loan	0.11	0.16	-	-	-	-	-	-	0.11	0.16
Recovery of expenses from related parties	10.10	5.08	-	-	-	-	-	-	10.10	5.08
Purchase of raw material and components and services	146.88	171.42	-	-	-	-	-	-	146.88	171.42
Reimbursement of expenses to related parties	11.38	9.66	-	-	-	-	-	-	11.38	9.66
Remuneration to key management personnel*	-	-	-	-	-	-	3.59	3.31	3.59	3.31
Donation	-	-	-	-	9.00	9.96	-	-	9.00	9.96
Purchase of equity shares	113.66	8.02	-	-	-	-	-	-	113.66	8.02
Director's sitting fees	-	-	-	-	-	-	0.20	0.17	0.20	0.17
Commission paid	-	-	-	-	-	-	0.64	0.63	0.64	0.63
Rent paid	-	-	-	-	-	-	0.39	0.36	0.39	0.36
b. Balances as at the year end										
Trade receivables	35.20	46.86	-	-	-	-	-	-	35.20	46.86
Interest Accrued on intercorporate loan	0.11	-	-	-	-	-	-	-	0.11	-
Loans and advances	21.89	13.36	-	-	-	-	0.53	0.58	22.42	13.94
Trade payables and other liabilities	46.25	43.29	-	-	-	-	-	-	46.25	43.29
Guarantee /letter of comfort given on behalf of subsidiaries	308.36	297.10	-	-	-	-	-	-	308.36	297.10

* Does not include gratuity and leave encashment since the same is calculated for all employees of the Company a whole.

Note: Divided paid to ultimate holding company ARA Trusteeship Company Private Limited, India during f. y. 2015-16 is 5.71 (privacy year 6.66) and to holding company RDA Holdings Private United, India is 38.60 (Previous year 45.03)

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

C. Related party transactions include transactions pertaining to the following parties with whom the percentage of the transactions are 10 % or more of the total of the above:

Particulars	March 31, 2016	March 31, 2015
Transactions during the year		
Sale of product and services		
Thermax Inc., USA	56.33	51.64
Thermax Europe Limited., U.K	35.08	62.55
Other operating revenue		
Thermax Engineering Construction Company Limited, India	0.27	1.82
Thermax Instrumentation Limited, India	0.58	-
Miscellaenous Income		
Thermax Engineering Construction Company Limited, India	0.61	0.61
Thermax SPX Energy Technologies Limited, India	0.46	0.55
Interest Income on intercorporate loan		
Thermax Engineering Construction Company Limited, India	0.11	-
Thermax Sustainable Energy Solutions Limited, India	-	0.16
Recovery of expenses from related parties		
Thermax Engineering Construction Company Limited, India	2.43	2.90
Thermax Instrumentation Limited, India	3.29	-
Thermax Senegal S.A.R.L, Senegal	1.80	1.27
Thermax Onsite Energy Solutions Limited, India	1.23	0.25
Purchase of raw material and components and services		
Thermax Babcock & Wilcox Energy Solutions Pvt. Limited, India	0.69	32.68
Thermax Engineering Construction Company Limited, India	73.84	83.59
Thermax Instrumentation Limited, India	24.40	46.69
Thermax SPX Energy Technologies Limited, India	34.07	0.32
Reimbursement of expenses to related parties		
Thermax Engineering Construction Company Limited, India	1.24	1.14
Thermax Babcock & Wilcox Energy Solutions Pvt. Limited, India	1.75	0.02
Thermax Instrumentation Limited, India	3.45	1.81
Thermax Europe Limited., U.K	2.74	1.90
Thermax SDN. BHD, Malaysia	1.81	-
Thermax Sustainable Energy Solutions Limited, India	0.12	3.51

Notes to financial statements for the year ended March 31, 2016
(All amounts in Rupees crores, unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
Remuneration to key management personnel		
M. S. Unnikrishnan	3.59	3.31
Donation		
Thermax Foundation	9.00	9.96
Purchase of equity		
Thermax Babcock Wilcox Energy Solutions Pvt. Ltd., India	51.00	-
Thermax Engineering Singapore Pte. Ltd., Singapore	62.66	6.78
Thermax International Limited, Mauritius	-	1.24
Directors sitting fees		
Mrs. Meher Pudumjee	0.07	0.05
Mrs. Anu Aga	0.04	0.04
Mr. Pheroz Pudumjee	0.09	0.08
Commission paid		
Mrs. Meher Pudumjee	0.35	0.35
Mrs. Anu Aga	0.14	0.13
Mr. Pheroz Pudumjee	0.15	0.15
Rent paid		
Mrs. Meher Pudumjee	0.12	0.05
Mrs. Anu Aga	0.15	0.11
Mr. Pheroz Pudumjee	0.12	0.20
Balances as at the year end		
Trade receivables		
Thermax Inc., USA	24.26	15.92
Thermax Europe Limited., U.K	4.49	21.60
Interest accrued on intercorporate loan		
Thermax Engineering Construction Company Limited, India	0.11	-
Loans and advances		
Thermax Engineering Construction Company Limited, India	14.00	2.60
Thermax Instrumentation Limited, India	4.04	6.77
Thermax SPX Energy Technologies Limited, India	3.85	3.70

(All amounts in Rupees crores, unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
Trade payables and other liabilities		
Thermax Engineering Construction Company Limited, India	8.56	19.01
Thermax Instrumentation Limited, India	6.74	13.52
Thermax Inc., USA	5.46	1.10
Thermax SPX Energy Technologies Limited, India	15.89	0.64
Thermax (Zhejiang) Cooling & Heating Engineering Co. Limited., China	6.22	6.23
Advances received		
Thermax Onsite Energy Solutions Limited, India	1.57	-
Guarantee /letter of comfort given on behalf of subsidiaries		
Thermax Instrumentation Limited, India	30.00	30.00
Thermax Engineering Construction Company Limited, India	90.00	90.00
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited, China	39.75	37.52
Thermax Babcock & Wilcox Energy Solutions Private Limited, India	66.30	66.30
Thermax Denmark ApS, Denmark	75.38	67.11

33. Leases

a. Operating lease: Company as lessee

The Company has taken office buildings, office equipment and other movable assets on operating lease. The tenure of such leases range from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the Company has an option to terminate the agreement or extend the term by giving notice in writing.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

Particulars	March 31, 2016	March 31, 2015
Lease payments for the year	19.60	19.40
Within one year	2.06	0.77
After one year but not more than five years	1.89	1.40
More than five years	-	-

b. Operating lease: Company as lessor

The Company has leased certain parts of its surplus office and manufacturing buildings. The tenure of such lease agreements ranges from 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	March 31, 2016	March 31, 2015
Lease received for the year	2.40	1.79
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

34. Earnings Per Share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2016	March 31, 2015
Net profit for calculation of basic and diluted EPS	305.52	335.94
Weighted average number of equity shares	11,91,56,300	11,91,56,300
Basic and diluted EPS (Rs.)	25.64	28.19
Nominal value of shares (Rs.)	2	2

35. Disclosure as required by AS - 29 (Contingent liabilities and provisions):

Particulars	Provision for warranty		Provision for onerous contracts	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
At the beginning of the year	80.78	73.03	4.88	6.61
Arising during the year	38.28	50.73	8.42	9.46
Utilised / reversed during the year	(36.89)	(42.98)	(10.38)	(11.19)
At the end of the year	**82.17**	**80.78**	**2.92**	**4.88**
Current portion	78.66	76.17	2.92	4.88
Non-current portion	3.51	4.61	-	-

Provision for warranty:

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material cost, servicing cost and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contracted warranty period.

Provision for onerous contracts:

A provision for expected loss on construction contracts is recognized when it is probable that the contracts costs will exceed total contract revenue. For all other contracts onerous contract provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

36. Disclosure required under Section 186 (4) of Companies Act, 2013

a. Included in loans and advance to related parties is a loan given to a subsidiary the particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013

Name of the party	Rate of Interest	Due date and amount payable	March 31, 2016	March 31, 2015	Purpose
Thermax Engineering Construction Company Limited	9.3%	August 20, 2016 (Rs. 6) September 9, 2016 (Rs. 8)	14.00	-	The loan has been granted to the subsidiary for working capital requirements. The loan is repayable on demand.
Total			**14.00**	**-**	

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

b. The Company has issued corporate guarantees on behalf of subsidiaries to banks. Details as below

Particulars	March 31, 2016		March 31, 2015		Purpose
	Foreign currency (million)	Amount	Foreign currency (million)	Amount	
Thermax Instrumentation Limited	-	16.66	-	41.03	Bank guarantees issued favouring end customer
Thermax Instrumentation Limited	USD 0.10	0.63	USD 0.33	2.08	
Thermax Onsite Energy Solutions Limited	-	2.18	-	1.43	
Thermax SPX Energy Technologies Limited	-	-	-	0.68	
Thermax Senegal S.A.R.L.	USD 0.06	0.40	USD 0.15	0.90	
Total		**19.87**		**46.12**	

c. The Company has issued indemnity bonds, letter of support/ comfort and corporate guarantees counter corporate guarantees on behalf of subsidiaries. Details as below:

Particulars	March 31, 2016		March 31, 2015		Purpose
	Foreign currency (million)	Amount	Foreign currency (million)	Amount	
Thermax Instrumentation Limited	-	30.00	-	30.00	Guarantee issued against working capital facility (Fund based and non fund based)
Thermax Engineering Construction Company Limited	-	90.00	-	90.00	
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited	USD 6	39.75	USD 6	37.52	
Thermax Babcock & Wilcox Energy Solutions Private Limited	-	66.30	-	66.30	Guarantee issued against working capital facility and term loan
Rifox-Hans Richter GmbH	EUR 0.92	6.93	EUR 0.92	6.17	Guarantee issued against credit facility
Thermax Denmark ApS	EUR 10	75.38	EUR 10	67.11	Guarantee issued against term loan
Total		**308.36**		**297.10**	

37. Derivative instruments and unhedged foreign currency exposure

a. Derivatives as at reporting date:

Particulars	March 31, 2016	March 31, 2015
Forward contract for Hedge of highly probable foreign currency sales	594.84	1,056.56
Forward contract for Hedge of highly probable foreign currency purchases	45.71	49.62
Total	**640.55**	**1,106.18**

b. Details of un-hedged foreign currency as at the reporting date:

Particulars	March 31, 2016	March 31, 2015
Trade receivables and other current assets*	166.14	110.45
Trade payables and other liabilities	44.84	49.18
Short Term-borrowings	7.64	6.78
Cash and bank balances	4.89	3.79

*The above calculation does not include import orders to be raised against certain export orders booked, which provides a natural hedge to the overall foreign currency exposure.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

38. Details of dues to micro and small enterprises as defined under The Micro, Small and medium enterprises Development (MSMED) Act 2006

Particulars	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount outstanding (whether due or not) to micro and small enterprises	105.41	87.70
Interest due thereon	0.09	0.05
The amount of interest paid by the Company in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.08	0.06
The amount of payment made to the supplier beyond the appointed day during the year	9.12	7.54
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	0.05
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.13	0.10
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

39. Imported and indigenous raw materials, components and spare parts consumed

a. Raw materials and components

Particulars	March 31, 2016		March 31, 2015	
	% of total consumption	Value	% of total consumption	Value
Imported	9.03	235.09	9.48	258.88
Indigenous	90.97	2,369.66	90.52	2471.90
Total	**100.00**	**2604.75**	**100.00**	**2730.78**

b. Stores and spare parts

Particulars	March 31, 2016		March 31, 2015	
	% of total consumption	Value	% of total consumption	Value
Imported	7.95	3.81	7.89	4.32
Indigenous	92.05	44.05	92.11	49.99
Total	**100.00**	**47.86**	**100.00**	**54.31**

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

40. Value of imports calculated on CIF basis

Particulars	March 31, 2016	March 31, 2015
Raw materials	101.63	167.08
Components and spare parts	126.41	109.18
Consumables	7.23	5.91
Capital goods	3.09	2.87
Total	**238.36**	**285.04**

41. Earnings in foreign currency (on accrual basis)

Particulars	March 31, 2016	March 31, 2015
Exports at F.O.B. Value	1414.12	993.09
Others (includes royalty and recovery for freight and insurance expenses)	23.26	33.00
Total	**1437.38**	**1026.09**

42. Expenditure in foreign currency (on accrual basis)

Particulars	March 31, 2016	March 31, 2015
Sales commission	25.69	25.45
Royalty	20.01	21.38
Travelling and conveyance	9.93	4.39
Foreign branch office expenses (clubbed under respective accounts)	13.19	15.76
Others (includes legal and professional fees, freight and forwarding charges, etc)	20.39	36.83
Total	**89.21**	**103.81**

43. Corporate Social Responsibility (CSR)

Particulars	March 31, 2016	March 31, 2015
Gross amount required to be spent by the Company during the year	8.97	9.96
Total	**8.97**	**9.96**

Amount spent during the year	In cash		Yet to be paid in cash		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a. Construction/ acquisition of any asset	-	-	-	-	-	-
b. On purposes other than (a) above	9.00	10.02	-	-	9.00	10.02
Total	**9.00**	**10.02**	**-**	**-**	**9.00**	**10.02**

The amount is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India (refer note 32)

44. i) The Company has reviewed the overall outlook of the business of Thermax Sustainable Energy Solutions Ltd. In view of very low prices of Certified Emission Reduction (CERs), the viability of this business is severely affected. The Company has provided for Rs. Nil (Previous year Rs. 8.00) towards diminution in value of its entire investment in this subsidiary and also provided for the loan extended to it.

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

ii) During the previous year ended March 31, 2015, the Company had written back the provision for diminution in value of its investment in Thermax International Limited (Mauritius) of Rs. 12.10, as it was evident from the performance of its step-down subsidiaries that such provision is no longer required. The Company has no further unprovided exposure.

45. Capitalisation of expenses

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed asset (tangible / intangible). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	March 31, 2016	March 31, 2015
Salaries and wages	2.05	2.79
Raw material and components	-	3.34
Stores and spares	0.94	1.86
Contract labour charges	0.09	2.09
Others	0.97	1.64
Total	**4.05**	**11.72**

46. During the previous year ended March 31, 2015, tax expense and finance cost (net) included Rs. 4.41 and Rs. 9.56 respectively, being provision made for estimated additional liability likely to arise upon settlement of the case in accordance with the provisions of Income Tax Act, 1961. Consequently, deferred tax credit of Rs. 8.93 was also recognized in that year.

The amount of tax for the current year is net off write back of provision of Rs. 8.85 for previous years.

47. Expenditure on research and development

The Company has incurred expenses on its research and development centre at research and development facilities approved and recognized by the Ministry of Science and Technology, Government of India.

Particulars	March 31, 2016	March 31, 2015
Revenue expenditure - charged to Statement of profit and loss	9.05	14.64
Revenue expenditure – capitalised	2.02	12.26
Capital expenditure	0.17	2.82
Total	**11.24**	**29.72**

48. Previous year's figures have been regrouped/ reclassified where necessary to conform to this year's classification.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/ E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

For and on behalf of the Board of Directors of Thermax Limited

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director & CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and Group Chief Financial Officer
Place: Pune
Date: May 25, 2016

Amit Atre
Company Secretary

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INDEPENDENT AUDITORS' REPORT

To the Members of Thermax Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Thermax Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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.

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 judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 of the consolidated state of affairs of the Group and its associate entity as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 28(A)(i)(a) to the consolidated financial statements, relating to the demand order on the Group for Rs. 1,324.51 crores (including penalty of Rs. 319.16 crores and excluding interest not presently quantified) by the Commissioner of Excise, Pune. The demand is in relation to excise duty for the period July 2000 to March 2015 and the show cause notice for the period April 2015 to September 2015 after inclusion of cost of components directly supplied by the Group's vendor to the Group's customer for turnkey contracts executed by the Group. The Group has filed an appeal against the said order. Based on advice of external legal counsel, no provision has been considered necessary by the Group in this regard as also for similar liability for the subsequent period till March 31, 2016.

Our conclusion is not qualified in this respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company incorporated in India, none of the directors of the Group's companies and its associate company incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and associate company incorporated in India, refer to our separate report in "Annexure 1" to this report;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate – Refer Note 28 to the consolidated financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer (a) Note 38 to the consolidated financial statements in respect of such items as it relates to the Group and b) the Group's share of net loss in respect of its associate.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. The clause is not applicable to the subsidiaries and the associate company.

Other Matter

(a) The accompanying consolidated financial statements includes total assets of Rs.1,276.72 crores as at March 31, 2016 and total revenues of Rs. 1,149.7 crores for the year ended on that date and net cash outflows of Rs.111.49 crores for the year ended on that date, in respect of 23 subsidiaries which have been audited either by one of us or jointly by both of us or by other auditors, whose financial statements, other financial information and auditors reports have been furnished to us by the Management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based on the reports of such other auditors.

(b) The accompanying consolidated financial statements includes the Company's share of net loss of Rs. 1.57 crores for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of the associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S R B C & CO LLP**
ICAI Firm registration number:
324982E/ E300003
Chartered Accountants

per Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: May 25, 2016

For **B. K. Khare & Co**
ICAI Firm registration number:
105102W
Chartered Accountants

per H.P. Mahajani
Partner
Membership No.: 030168

Place: Pune
Date: May 25, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THERMAX LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Thermax Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Thermax Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 6 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, excludes reporting on an associate company whose financial statements have not been audited and which are not material to the Group.

For **S R B C & CO LLP**
ICAI Firm registration number:
324982E/ E300003
Chartered Accountants

per Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: May 25, 2016

For **B. K. Khare & Co**
ICAI Firm registration number:
105102W
Chartered Accountants

per H.P. Mahajani
Partner
Membership No.: 030168

Place: Pune
Date: May 25, 2016

Consolidated Balance Sheet as at March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	23.83	23.83
Reserves and surplus	4	2,331.24	2,122.58
		2,355.07	**2,146.41**
Minority Interest		**99.81**	**78.01**
Non-current liabilities			
Long-term borrowings	5	33.60	494.24
Other long-term liabilities	8	90.98	87.53
Long-term provisions	6	15.06	8.85
		139.64	**590.62**
Current Liabilities			
Short-term borrowings	7	139.99	127.47
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	8	115.28	87.94
- total outstanding dues of creditors other than micro enterprises and small enterprises	8	866.20	974.76
Other current liabilities	8	2,184.97	1,716.43
Short-term provisions	6	334.95	367.54
		3,641.39	**3,274.14**
Total		**6,235.91**	**6,089.18**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,270.03	1,278.47
Intangible assets	10	149.01	152.94
Capital work-in-progress		28.01	17.65
Intangible assets under development		32.21	25.27
Non-current investments	11	78.11	0.10
Deferred tax assets (net)	12	47.24	10.38
Loans and advances	13	332.30	295.23
Trade receivables		66.37	98.64
Other non-current assets	18	24.44	25.23
		2,027.72	**1,903.91**
Current Assets			
Current investments	15	901.15	821.66
Inventories	16	343.52	430.97
Trade receivables	14	1,519.96	1,775.74
Cash and bank balances	17	400.20	384.36
Loans and advances	13	204.47	238.20
Other current assets	18	838.89	534.34
		4,208.19	**4,185.27**
Total		**6,235.91**	**6,089.18**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168

Place: Pune
Date: May 25, 2016

For and on behalf of the Board of Directors of Thermax Limited

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and Group Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: May 25, 2016

Consolidated Statement of profit and loss for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Note No	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)		5,625.14	5,458.03
Less : excise duty		123.63	153.62
Revenue from operations (net)	19	**5,501.51**	**5,304.41**
Other income	20	134.61	123.04
Total Income (I)		**5,636.12**	**5,427.45**
Expenses			
Cost of raw materials and components consumed	21	2,849.99	2,763.66
Purchases of traded goods	22	111.06	78.74
(Increase)/ decrease in inventories of work-in-progress, finished goods and traded goods	23	(26.75)	23.28
Employee benefits expense	24	707.58	706.13
Finance costs (net)	25 and 39	63.44	81.95
Depreciation and amortisation expense	26	129.84	134.12
Other expenses	27	1,411.54	1,271.19
Total expenses (II)		**5,246.70**	**5,059.07**
Profit before tax (I-II)		**389.42**	**368.38**
Exceptional items	40	**-**	**49.42**
Tax Expense			
Current tax [net of MAT credit entitlement Rs. 0.42 (Previous year Rs. 0.57)]		183.69	208.51
Deferred tax	12 and 39	(36.86)	(37.68)
Total tax expense		**146.83**	**170.83**
Profit after tax		**242.59**	**148.13**
Add : Share in associate's profit/ (loss)		(1.57)	-
Less : Minority Interest		(34.34)	(61.64)
Profit for the year		**275.36**	**209.77**
Basic and diluted earnings per equity share [nominal value Rs. 2 (Previous year: Rs. 2)]			
Computed on the basis of total profit for the year		**23.11**	**17.60**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For and on behalf of the Board of Directors of Thermax Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and Group Chief Financial Officer
Place: Pune
Date: May 25, 2016

Amit Atre
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

	March 31, 2016	March 31, 2015
Cash flow from operating activities		
Profit before tax but after exceptional items	**389.42**	**318.96**
Adjustment to reconcile profit before tax to net cash flow		
Depreciation/ amortization expenses	129.84	134.12
Loss on sale / discard of assets (net)	3.92	0.79
Unrealized foreign exchange loss	26.41	(18.90)
Net gain/loss on sale of investments	(5.10)	(35.77)
Provision for doubtful debts	54.35	54.08
Provision for warranties	7.79	38.60
Provision for liquidated damages	18.44	6.19
Interest expense	63.44	81.95
Interest income	(32.20)	(59.09)
Dividend income	(40.28)	(22.07)
Operating profit before working capital changes	**616.03**	**498.86**
Movements in working capital :		
Increase/(decrease) in trade payables	(59.99)	89.82
(Decrease) in provisions	(4.93)	(8.05)
(Decrease)/ increase in other liabilities	51.75	(2.04)
Decrease/(increase) in trade receivables	234.99	(41.61)
(Increase)/Decrease in inventories	87.45	74.50
(Increase) in loans and advances	(342.91)	(160.70)
Cash generated from operations	**582.39**	**450.78**
Direct taxes paid (net of refunds)	(169.04)	(140.03)
Net cash flow from operating activities (A)	**413.35**	**310.75**
Cash flows from / (used in) investing activities		
Purchase of fixed assets, including CWIP and capital advances	(154.46)	(29.33)
Proceeds from sale of fixed assets	0.26	0.19
Sales of investments	1,578.01	1,809.66
Investment in associate company	(19.33)	-
Purchase of investments	(1,712.65)	(1,887.68)
Investment in bank deposits (having original maturity of more than three months)	(227.00)	(223.59)
Maturity of fixed deposits (having original maturity of more than three months)	341.37	329.21
Minority interest contribution	49.00	-
Interest received	33.87	59.09
Dividend received	40.28	22.07
Net cash flow from / (used in) investing activities (B)	**(70.65)**	**79.62**

Consolidated Cash Flow Statement for the year ended March 31, 2016 (Contd.)

	March 31, 2016	March 31, 2015
Cash flows from / (used in) from financing activities		
Proceeds from borrowings	30.21	-
Repayment of borrowings	(78.25)	(185.29)
Interest paid	(63.92)	(81.95)
Dividend paid (including tax thereon)	(100.53)	(83.99)
Net cash flow (used in) financing activities (C)	**(212.49)**	**(351.23)**
Net increase in cash and cash equivalents (A + B + C)	**130.21**	**39.14**
Cash and cash equivalents at the beginning of the year	116.19	77.05
Cash and cash equivalents at the end of the year	**246.40**	**116.19**
Components of cash and cash equivalents		
Balances with banks	218.04	96.74
Cheques, drafts on hand	15.98	10.70
Cash on hand	12.38	8.70
Total cash and cash equivalents (note 17)	**246.40**	**116.19**

Summary of significant accounting policies 2.1

As per our report of even date

For and on behalf of the Board of Directors of Thermax Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and
Group Chief Financial Officer
Place: Pune
Date: May 25, 2016

Amit Atre
Company Secretary

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

1. Corporate information

Thermax Limited (the "Company") is a public company domiciled in India. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and sale of boilers, heating and cooling equipment, industrial chemicals and water and waste management equipment. The Company also undertakes turnkey contracts for power plants and provides operation and maintenance services for the same. The Company caters to both domestic and international markets. The CIN of the Company is L29299PN1980PLC022787.

2. Basis of preparation

These consolidated financial statements comprise of the financial statements of the Company and its subsidiaries and associates (together referred to as 'the Group'). These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with notified accounting standards referred to in Section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules 2014. These consolidated financial statements have been prepared on accrual basis under the historical cost convention, except for derivative financial instruments which have been measured at fair value.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of products and services and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

Starting from April 1, 2016 Indian Accounting Standards ("Ind as") as prescribed by Ministry of Corporate Affairs have become applicable to the Company and hence the accounting policies would undergo necessary changes.

2.1 Summary of significant accounting policies

a) Principles of consolidation

These consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as notified.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its standalone financial statements.

The financial statements for all domestic and foreign subsidiaries and associates have been drawn for the year ended March 31, 2016. In respect of overseas subsidiaries, the financial statements are prepared under accounting principles accepted in their respective countries. The Group has converted these audited financial statements to accounting principles generally accepted in India, for the purpose of preparation of the Group's consolidated financial statements under accounting principles generally accepted in India.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to consolidate until the date that such control ceases to exist.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions. The unrealised profits or losses resulting from the intra-group transactions and intra-group balances have been eliminated in full. Unrealised losses resulting from intra-group transactions are also eliminated.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

The excess of cost to the Company for its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the consolidated financial statements as goodwill and is tested annually for impairment. The excess of Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority in the profit is adjusted against the income to arrive at the net income attributable to the shareholders of the parent company. Minority interest's share in net assets/liability is presented separately in the consolidated balance sheet.

Associates

The Group's investment in its associates is accounted for using the equity method. An associate is an entity in which the Group has a significant influence.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of profit and loss reflects the share of the results of operations of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates, such reduction being determined and made for each investment individually. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired.

(This space is intentionally kept blank).

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Sr. No	Name of the company	Country of incorporation	Parent Company's holdings	
			March 31, 2016	March 31, 2015
1	Thermax Engineering Construction Company Limited	India	100%	100%
2	Thermax Instrumentation Limited	India	100%	100%
3	Thermax Onsite Energy Solutions Limited	India	100%	100%
4	Thermax Sustainable Energy Solutions Limited	India	100%	100%
5	Thermax SPX Energy Technologies Limited	India	51%	51%
6	Thermax Babcock & Wilcox Energy Solutions Private Limited	India	51%	51%
7	Thermax International Limited and its wholly owned subsidiaries	Mauritius	100%	100%
	A. Thermax Inc.	USA	100%*	100%*
	B. Thermax Senegal S.A.R.L	Senegal	100%*	100%*
8.	Thermax Europe Limited	UK	100%	100%
9	Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	China	100%	100%
10	Thermax Netherlands BV and its wholly owned subsidiaries	Netherlands	100%	100%
	A. Thermax Denmark ApS and its wholly owned subsidiaries	Denmark	100%*	100%*
	i. Danstoker A/S and its wholly owned subsidiary	Denmark	100%*	100%*
	a) Boilerworks A/S	Denmark	100%*	100%*
	ii. Ejendomsanpartsselskabet IndustrivejNord 13 and its wholly owned subsidiary	Denmark	100%*	100%*
	a) Boilerworks Properties ApS	Denmark	100%*	100%*
11	Thermax do Brasil-Energia e Equipamentos Ltda.	Brazil	100%	100%
12	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%
13	Thermax Sdn.Bhd	Malaysia	100%	100%
14	Thermax Engineering Singapore Pte. Ltd. and its wholly owned subsidiary	Singapore	100%	100%
	A. PT Thermax International Indonesia	Indonesia	100%*	100%*

* held through subsidiaries

Thermax Hong Kong Ltd. (wholly owned subsidiary) has not been considered for consolidation as the same has become 'Dormant' company during the year 2009-10.

There were are no transaction in Thermax Nigeria Limited (step down subsidiary through Thermax International Limited) for the year ended on March 31, 2016.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Details of the Company's carrying amount of investment in associate, which have been included in the consolidation, are as follows:-

Name of Company	Year	Parent's Ultimate holding %	Original cost of investment	Goodwill	Accumulated profit/(loss) as at year end	Provision for diminution	Carrying amount of investment
First Energy Private Limited	March 31, 2016	33	19.33	19.10	(1.57)	-	17.76
	March 31, 2015	-	-	-	-	-	-

The Company has been consolidated on the basis of management accounts.

Disclosure of additional information pertaining to the parent company, and its subsidiaries:

Name of the Entity	Net Assets (Total assets-total liabilities)		Share in Profit and loss	
	As a % of consolidated net assets	Net assets	As a % of consolidated profit or loss	Profit/ (Loss)
Parent Company				
Thermax Limited	105.6%	2,487.12	111.0%	305.52
Indian subsidiaries				
Thermax Engineering Construction Co. Ltd.	1.7%	39.32	0.5%	1.41
Thermax Instrumentation Limited	0.5%	11.89	3.3%	8.99
Thermax Onsite Energy Solutions Limited	1.1%	26.78	0.8%	2.19
Thermax Sustainable Energy Solutions Limited	0.0%	-	0.0%	(0.06)
Thermax SPX Energy Technologies Limited	0.4%	9.55	0.0%	0.02
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	8.2%	194.14	(25.5)%	(70.10)
Foreign subsidiaries				
Thermax International Limited	0.2%	4.85	(0.1)%	(0.19)
Thermax Europe Limited	1.7%	40.70	1.7%	4.71
Thermax Inc.	1.1%	26.94	1.4%	3.77
Thermax do Brasil-Energia e Equipamentos Ltda.	0.0%	0.47	0.0%	0.01
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.	1.4%	31.99	(1.4)%	(3.79)
Thermax Netherlands B.V.	6.5%	153.02	(0.1)%	(0.20)
Thermax Denmark ApS	4.3%	102.32	(1.0)%	(2.85)
Rifox-Hans Richter GmbH Spezialarmaturen	0.2%	5.46	0.3%	0.92
Thermax Sdn.Bhd	0.0%	1.05	0.0%	0.10
PT Thermax International Indonesia	2.0%	47.16	(2.0)%	(5.59)
Thermax Engineering Singapore Pte. Ltd.	3.1%	71.94	0.2%	0.55
Thermax Senegal S.A.R.L	0.3%	6.22	1.2%	3.21
Add : Share in Associate's Loss			(0.6)%	(1.57)
Minority Interest in all subsidiaries	4.2%	99.81	12.5%	34.34
Consolidation Adjustments	(42.5)%	(1,005.66)	(2.2)%	(6.03)
Total	**100.0%**	**2,355.07**	**100.0%**	**275.36**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

d) Depreciation on fixed assets

Leasehold land is amortized on a straight line basis over the agreed period of lease ranging up to 99 years.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Group amortizes the intangible asset over the best estimate of its useful life. All intangible assets (including not yet available for use) are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life subject to a maximum of ten years. Amortization is recognized in the consolidated statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortization rates applied to the Group's intangible assets is as below:

Asset category	Life (years)
Technical know how	3 to 6
Computer software	3 to 5

f) Leases

Where the Company within the Group is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

Where the Company within the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the consolidated statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the consolidated statement of profit and loss.

g) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

h) Impairment of fixed assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

i) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of consolidated profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

j) Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the consolidated financial statements 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the consolidated statement of profit and loss.

k) Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, consumables, tools, stores and spares is arrived at on the basis of weighted average cost.

Finished goods and work in progress are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation are defined contribution schemes. The Company and Indian subsidiaries have no obligation other than the contribution payable to the funds. The Company and Indian subsidiaries recognize contribution payable to the funds as expenditure when an employee renders the related service. If the contribution payable to the schemes for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company and some of its subsidiaries operate a defined benefit plan, viz. gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each year end using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the consolidated statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

In case of overseas subsidiary companies, contributions are made as per the respective country laws and regulations. The same is charged to consolidated statement of profit and loss on accrual basis. There are no obligations beyond the company’s contribution.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

The Group presents the leave as a current liability in the consolidated balance sheet as it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

m) Provisions

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

o) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed on to buyer, usually on delivery of goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Contract revenue

Contract 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, measured by reference to the percentage of cost incurred upto the reporting date to estimated total cost for each contract.

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 expected costs to completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

Supply of spare parts and services are accounted for on 'as billed' basis.

Revenue in respect of operation and maintenance contracts is recognised on a time proportion basis.

Export Incentive

Export incentive are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Dividend

Dividend income is recognized when the Company's right to receive is established by the reporting date.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

p) Foreign currency translation

Forward currency transactions and balances

i. Initial recognition

Transactions in foreign currencies are recorded in reporting currency by applying to the foreign currency amount the exchange rates between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

iv. Translation of integral and non integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral" foreign operations.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their Statement of profit and loss are translated at exchange rules prevailing at the dates of transactions or weighted average weekly rates where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

q) Derivative instruments and hedge accounting

The Group uses derivative financial instruments, such as, foreign currency forward contracts to hedge its risk arising from future transactions in respect of which firm commitments are made and are highly probable forecast transactions. The Group designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified as:

1. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
2. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company and its subsidiaries formally designates and documents the hedge relationship to which the Company and its subsidiaries wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company and its subsidiary will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit and loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit and loss.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the consolidated statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the consolidated statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the consolidated statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

r) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where other entities of the Group operate. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specific period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternate Tax" under the Income Tax Act, 1961, or the respective tax jurisdiction wherever applicable, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT credit entitlement". The Group reviews the MAT credit entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specific period.

s) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Notes to consolidated financial statements for the year ended March 31, 2016
(All amounts in Rupees crores, unless otherwise stated)

3. Share capital

	March 31, 2016	March 31, 2015
Authorized shares (Nos)	75.00	75.00
37,50,00,000 (Previous year 37,50,00,000) equity shares of Rs. 2/- each.	**75.00**	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
11,91,56,300 (Previous year 11,91,56,300) equity shares of Rs. 2/- each.	23.83	23.83
Total issued, subscribed and fully paid-up share capital	**23.83**	**23.83**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	11,91,56,300	23.83	11,91,56,300	23.83
Shares outstanding at the end of the year	11,91,56,300	23.83	11,91,56,300	23.83

(b) Terms/ rights attached to 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 ultimate holding / holding company

	March 31, 2016	March 31, 2015
Ultimate holding company		
ARA Trusteeship Company Private Limited, India (Holding shares in trust)	1.90	1.90
95,20,805 (Previous year: 95,20,805) equity shares of Rs. 2/- each fully paid		
Holding company		
RDA Holding and Trading Private Limited, India	12.87	12.87
6,43,28,500 (Previous year: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

(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, 2016		As at March 31, 2015	
	%	No. of Shares	%	No. of Shares
RDA Holding and Trading Private Limited	53.99	6,43,28,500	53.99	6,43,28,500
ARA Trusteeship Company Private Limited	7.99	95,20,805	7.99	95,20,805

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

e. The Company has several trusts set up for welfare of employees (including ESOP trust). Such trusts together hold 65,41,440 (Previous year 65,41,440) equity shares representing 5.49% (Previous year 5.49%) of equity share in the Company.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

4. Reserves and surplus

		March 31, 2016	March 31, 2015
Capital redemption reserve	(A)	50.34	50.34
Securities premium account	(B)	61.13	61.13
Capital reserve	(C)	13.10	13.10
Capital Reserve on consolidation	(D)	4.71	4.71
Hedging reserve			
Balance as per last financial statement		20.70	7.43
Add: Arising during the year		10.43	13.27
Closing balance	(E)	**31.13**	**20.70**
General reserve			
Balance as per last financial statement		435.03	436.94
Less: Impact of change in rate of depreciation [net of tax Rs. Nil (Previous year Rs. 0.95)]		-	(1.91)
Closing balance	(F)	**435.03**	**435.03**
Foreign Currency Translation Reserve			
Balance as per last consolidated financial statement		15.57	28.09
Movement during the year		8.91	(12.52)
Closing balance	(G)	**24.48**	**15.57**
Surplus in consolidated statement of profit and loss			
Balance as per last consolidated financial statement		1,522.00	1,412.73
Add: Profit for the year		275.36	209.77
		1,797.36	**1,622.50**
Less: Appropriations			
- Proposed equity dividend		71.49	83.41
- Tax on dividend		14.55	17.09
Total appropriations		**86.04**	**100.50**
Net surplus in the Statement of profit and loss	(H)	**1,711.32**	**1,522.00**
Total	**(A+B+C+D+E+F+G+H)**	**2,331.24**	**2,122.58**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

5. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Secured :				
From Banks	33.05	493.52	465.89	65.87
From other than banks	0.13	0.18	0.05	0.05
Unsecured :				
From other than banks	0.42	0.54	0.12	0.06
Total	**33.60**	**494.24**	**466.06**	**65.98**
The above amount includes				
Amount disclosed under the head "Other liabilities" (note 8)	-	-	466.06	65.98
Net amount	**33.60**	**494.24**	**-**	**-**

a. Secured loans from Banks are secured by hypothecation of immovable property, plant and equipment, furniture fixture and other assets and interests of the company and second charge of inventory and debtors.

These loans include term loans of Rs. 442.98 (previous year 487.19) availed by Thermax Babcock & Wilcox Energy Solutions Private Limited, a subsidiary of the Company. The repayment of term loans was scheduled on quarterly basis over a period of six years. Subsequent to the end of the financial year, Thermax Babcock & Wilcox Energy Solutions Private Limited has pre-paid the term loan. Accordingly, the outstanding balance as at March 31, 2016 has been classified as 'current maturities of long term borrowings".

Other secured loans from Banks are repayable on monthly basis from April 2015 over a period of five years.

b. Secured loans from others include:

- lending from mortgage credit institutions which is secured by hypothecation of plant and equipment, fixture and fittings and other interests of the Company and;

- loan from Department of Bio Technology. The loan is being repaid in ten half yearly instalments starting from December 2014. Loan is secured by hypothecation of R&D equipments purchased out of these funds.

c. Unsecured loan represents loan from Indo-German Science & Technology Centre. The loan is being repaid in ten half yearly instalments starting from November 2015.

6. Provisions

	Long term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits				
Provision for gratuity and superannuation	0.27	0.79	1.96	0.05
Provision for leave encashment	-	-	44.47	50.79
	0.27	**0.79**	**46.43**	**50.84**
Other provisions				
Proposed equity dividend	-	-	71.49	83.41
Provision for tax on dividend	-	-	14.55	17.09
Provision for income tax	-	-	51.93	85.15
Provision for onerous contracts (note 35)	-	-	7.98	8.09
Provision for warranties (note 35)	14.79	8.06	81.72	80.55
Provision for liquidated damages	-	-	60.85	42.41
	14.79	**8.06**	**288.52**	**316.70**
Total	**15.06**	**8.85**	**334.95**	**367.54**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

7. Short-term borrowings

	March 31, 2016	March 31, 2015
Secured :		
From banks	137.64	122.88
From other than banks	0.30	0.28
Unsecured:		
From banks	-	-
From other than banks	2.05	4.31
	139.99	**127.47**

Secured loans from banks includes working capital facilities viz. post shipment credits and acceptances for bill discounted by supplies which are repayable in 60 to 180 days. Loans are secured by hypothecation of present and future stock of raw materials, stock in process; semi-finished and finished goods, stores and spares not relating to plant & machinery, consumables and book debts.

8. Trade Payables and other liabilities

	Long term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Trade payables				
a. total outstanding dues of micro enterprises and small enterprises	-	-	115.28	87.94
b. total outstanding dues of creditors other than micro enterprises and small enterprises	48.80	27.31	866.20	974.76
	48.80	27.31	981.48	1,062.70
Other liabilities				
Current maturities of long-tem borrowings (note 5)	-	-	466.06	65.98
Unearned revenue (note 29)	-	-	502.59	434.49
Interest accrued but not due on loans	-	-	0.15	0.63
Book overdraft	-		79.01	59.26
Customer advances	40.71	58.75	1,002.08	1,031.97
Employee related payables	-	-	67.82	68.40
Investor education and protection fund				
- Unpaid dividend	-	-	0.72	0.75
Statutory dues and other liabilities*	-	-	26.40	24.38
Payables for tangible and intangible assets	-	-	3.59	4.41
Other payables **	1.47	1.47	36.55	26.16
	42.18	60.22	2,184.97	1,716.43
Total	**90.98**	**87.53**	**3,166.45**	**2,779.13**

* mainly includes tax deducted at source, provident fund, ESIC, etc

** represents dealer deposits, security deposits, etc

Notes to financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

9 Tangible assets

Particulars	Land - freehold	Land - leasehold	Buildings	Plant and equipment	Office equipments	Computers	Furniture and fixtures	Vehicles	Total
Cost or valuation									
April 01, 2014	7.36	78.73	682.53	828.36	39.47	55.92	42.17	20.53	1,755.07
Additions	-	9.04	2.15	54.84	2.92	5.45	1.31	2.04	77.75
Disposals/ Adjustments	-	-	(33.75)	(7.20)	(1.27)	(1.71)	(1.52)	(3.22)	(48.67)
March 31, 2015	**7.36**	**87.77**	**650.93**	**876.00**	**41.12**	**59.66**	**41.96**	**19.35**	**1,784.15**
Additions	**-**	**42.13**	**11.27**	**30.89**	**3.29**	**4.91**	**1.90**	**1.87**	**96.26**
Disposals/ Adjustments	-	0.04	3.96	0.98	(1.03)	(7.69)	(3.81)	(3.60)	(11.15)
March 31, 2016	**7.36**	**129.94**	**666.16**	**907.27**	**43.38**	**56.88**	**40.05**	**17.62**	**1829.26**
Depreciation									
April 01, 2014	**-**	**2.41**	**81.04**	**244.61**	**15.90**	**47.66**	**18.57**	**10.43**	**420.62**
Charge for the year	-	0.98	20.95	75.13	3.74	3.36	3.44	2.61	110.21
Disposals/ Adjustments	-	0.85	(11.91)	(6.82)	(2.36)	(1.23)	(1.54)	(2.14)	(25.15)
March 31, 2015	**-**	**4.24**	**90.08**	**312.92**	**17.28**	**49.79**	**20.47**	**10.90**	**505.68**
Charge for the year	-	1.04	20.38	72.03	2.89	2.65	2.89	2.26	104.14
Disposals/ Adjustments	-	0.02	1.41	1.17	(0.74)	(7.26)	(2.58)	(2.61)	(10.59)
March 31, 2016	**-**	**5.30**	**111.87**	**386.12**	**19.43**	**45.18**	**20.78**	**10.55**	**599.23**
Net Block									
March 31, 2015	**7.36**	**83.53**	**560.85**	**563.08**	**23.84**	**9.87**	**21.49**	**8.45**	**1,278.47**
March 31, 2016	**7.36**	**124.64**	**554.29**	**521.75**	**23.95**	**11.70**	**19.27**	**7.07**	**1,270.03**

Note:

The above assets include the immovable properties constructed on leasehold land. The value of the assets are as given below:

Gross block Rs. 549.16 (Previous year Rs. 527.95)

Depreciation for the year Rs. 18.42 (Previous year Rs. 19.23)

Accumulated depreciation Rs. 104.28 (Previous year Rs. 86.06)

Net book value Rs. 444.88 (Previous year Rs. 451.89)

10 Intangible Assets

Particulars	Computer software	Technical know-how	Goodwill	Total
Gross block				
April 01, 2014	**44.76**	**83.58**	**160.74**	**289.08**
Additions	5.57	3.40	-	8.97
Disposals/ Adjustments	(1.40)	(0.22)	(29.34)	(30.96)
March 31, 2015	**48.93**	**86.76**	**131.40**	**267.09**
Additions	**3.60**	**5.80**	**0.01**	**9.41**
Disposals/ Adjustments	0.20	0.01	16.18	16.39
March 31, 2016	**52.73**	**92.57**	**147.59**	**292.89**
Amortization				
April 01, 2014	**38.28**	**32.13**	**27.31**	**97.72**
Charge for the year	3.88	11.90	8.13	23.91
Disposals/ Adjustments	(1.07)	(0.11)	(6.30)	(7.48)
March 31, 2015	**41.09**	**43.92**	**29.14**	**114.15**
Charge for the year	5.00	13.41	7.29	25.70
Disposals/ Adjustments	0.16	0.01	3.86	4.03
March 31, 2016	**46.25**	**57.34**	**40.29**	**143.88**
Net Block				
March 31, 2015	**7.84**	**42.84**	**102.26**	**152.94**
March 31, 2016	**6.48**	**35.23**	**107.30**	**149.01**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

11. Non-current Investments

	Face value per share	Number of shares		Amount	
		March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Trade Investments:					
Investments in unquoted equity instruments in :					
Wholly-owned subsidiaries (fully paid up)					
Thermax Hongkong Limited	HKD 1	5,983,833	5,983,833	3.52	3.52
Associate company (fully paid up)					
First Energy Private Limited #	Rs. 10	4,488,340	-	17.76	-
Total Trade investments				**21.28**	**3.52**

Includes Share of associate's loss Investment has been made in current year.

	Face value per share	Number of shares March 31, 2016	Number of shares March 31, 2015	Amount March 31, 2016	Amount March 31, 2015
Non Trade investments:					
A. Investments in equity instruments :					
Quoted (fully paid up)					
Metroglobal Limited	Rs. 10	2	2	*	*
Sanghvi Movers Limited	Rs. 2	16,453	16,453	0.03	0.03
Quoted (partly paid up)					
Parasrampuria Synthetics Limited (paid up Rs. 2.50 per share)	Rs. 10	125,000	125,000	0.06	0.06
Unquoted (fully paid up)					
Cosmos Co-operative Bank Limited	Rs. 20	1,375	1,375	*	*
GSL (India) Limited	Rs. 10	17,539	17,539	*	*
Sicom Limited	Rs. 10	10,000	10,000	0.07	0.07
B. Investment in preference shares :					
Unquoted (fully paid up, redeemable)					
Indian Food Fermentation Limited (18%, cumulative)	Rs. 10	21,800	21,800	0.02	0.02
C. Investments in mutual funds :					
Unquoted	Rs. 10	10,000,000	-	10.00	-
SBI Debt Fund Series B – 26 (1100 Days)	Rs. 10	25,000,000	-	25.00	-
BSL Fixed Term Plan Series MY (1107 days)	Rs. 10	25,000,000	-	25.00	-
HDFC FMP 1167D January 2016(1167 days)					
C. Investments in government securities :					
Unquoted					
Government securities in Philippines				0.32	0.07
Total Non Trade investments				**60.50**	**0.25**
Total Non current investments (Trade and Non Trade)				**81.78**	**3.77**
Provision for diminution in value of investments				(3.67)	(3.67)
Total Non current investments				**78.11**	**0.10**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	March 31, 2016		March 31, 2015	
	Cost	Market value	Cost	Market value
Aggregate amount of quoted investments	0.09	0.47	0.09	0.44
Aggregate amount of unquoted investments	81.69	-	3.68	-
Aggregate provision for diminution in value of investments	(3.67)	-	(3.67)	-

* represents amount less than a lakh

12. Deferred tax assets (net)

	March 31, 2016	March 31, 2015
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	63.39	61.97
Others	18.20	18.02
	81.59	79.99
Deferred tax assets		
Impact of expenditure charged to the consolidated statement of profit and loss in the current year but allowed for tax purposes on payment basis	7.82	8.49
Provision for doubtful debts and advances	98.21	57.77
Others	22.80	24.11
	128.83	90.37
Deferred tax assets (net)	**47.24**	**10.38**

13. Loans and advances

	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good				
Capital advances	16.02	1.34	-	-
Security deposits^	13.20	13.38	11.63	7.98
Advances recoverable in cash or kind	7.19	0.33	107.08	115.93
	36.41	**15.05**	**118.71**	**123.91**
Other loans and advances				
Advance income-tax (net of provision for taxation)	99.23	147.13	27.18	27.15
[including MAT credit entitlement Rs. 1.90 (previous year Rs. 1.48)]				
Prepaid expenses	-	-	6.28	6.52
Sales tax recoverable (net of provision)	141.20	107.38	2.16	13.90
Balance with excise and customs authorities	52.45	22.97	41.24	59.51
Advances to staff and workers	3.01	2.70	8.90	7.21
	295.89	**280.18**	**85.76**	**114.29**
Total	**332.30**	**295.23**	**204.47**	**238.20**

^ includes security deposit given to directors of Rs. 0.53 (previous year Rs. 0.58).

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

14. Trade receivable

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	181.95	196.05
Doubtful	226.21	170.75
	412.84	**366.80**
Less: Provision for doubtful receivables	(226.21)	(170.75)
	181.95	**196.05**
Other receivables		
Secured, considered good	9.61	3.31
Unsecured, considered good	1,328.40	1,576.38
Doubtful	7.71	8.82
	1,341.04	**1,588.51**
Less: Provision for doubtful receivables	(7.71)	(8.82)
	1,338.01	**1,579.69**
Total	**1,519.96**	**1,775.74**

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Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

15. Current Investments

	Face value per unit	Number of units		Amount	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Non Trade investments					
Unquoted					
Investments in mutual funds :					
Axis Banking Debt Fund	Rs. 1000	100,125	79,166	10.06	10.00
Axis Liquid Fund	Rs. 1000	202,461	-	20.25	-
Birla SL FRF-Short Term Plan	Rs. 100	12,463,749	15,607,556	124.66	156.11
DSP Blackrock Liquidity Fund	Rs. 1000	167,429	645,883	16.75	64.61
DSPBR Strategic Bond Fund	Rs. 1000	265,414	-	47.00	-
HDFC Gilt Fund	Rs. 10	8,290,087	-	25.00	-
HDFC Income Fund	Rs. 10	6,230,973	-	21.00	-
HDFC Liquid Fund	Rs. 10	363,650	-	37.09	-
ICICI Pru Money Market Fund	Rs. 100	15,558,490	12,371,344	155.78	123.87
ICICI Pru liquid	Rs. 100	-	56,095.00	-	0.56
ICICI Money Market Fund	Rs. 100	59,102	-	0.59	-
IDFC Cash Fund of IDFC Mutual Fund	Rs. 1000	481,234	311,040	48.15	31.12
Kotak Banking PSU Debt Fund	Rs. 10	-	1,622,476	-	5.00
Kotak Liquid Fund	Rs. 1000	698,112	631,118	85.37	72.27
Kotak Liquid Scheme Plan	Rs. 1000	114,187	31,015	13.96	3.79
Reliance Liquidity Fund	Rs. 1000	54,868	52,059	5.49	10.12
SBI Magna Insta Cash Fund	Rs. 1000	-	42,137	-	10.00
SBI Magnum Liquid Fund	Rs. 1000	-	39,826	-	4.02
SBI Premier Liquid	Rs. 1000	469,390	1,298,561	47.09	130.27
Tata Liquid Fund	Rs. 1000	52,640	224,865	5.87	25.06
Tata Money Market Fund	Rs. 1000	1,255,567	521,795	125.75	52.26
UTI Liquid Fund	Rs. 1000	1,068,222	1,104,803	108.90	112.63
UTI Liquid Cash Plan	Rs. 1000	23,403	27,818	2.39	2.84
UTI Floating Rate Fund	Rs. 1000	-	68,788	-	7.14
Total current investments (unquoted)				**901.15**	**821.66**

Particulars	March 31, 2016		March 31, 2015	
	Cost	Market Value	Cost	Market Value
Aggregates amount of unquoted investments	901.15	901.15	821.66	821.66

16. Inventories (valued at lower of cost and net realizable value)

	March 31, 2016	March 31, 2015
Raw materials, components and bought-outs	174.01	288.30
[includes goods in transit amounting to Rs. 22.77 (Previous year Rs. 16.60)]		
[includes stock lying with third parties amounting to Rs. 15.20 (Previous year Rs. 12.25)]		
Work-in-progress	96.80	85.17
Finished goods	28.61	9.45
Stores and spares	3.48	3.39
Traded goods	40.62	44.66
Total	**343.52**	**430.97**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

17. Cash and bank balances

	Non-current		Current	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Cash and cash equivalents				
Balances with banks				
- on current accounts	-	-	126.17	92.38
- on unpaid dividend account	-	-	0.72	0.75
- on deposits with original maturity of less than three months	-	-	91.15	3.66
Cheques, drafts on hand	-	-	15.98	10.70
Cash on hand	-	-	12.38	8.70
	-	**-**	**246.40**	**116.19**
Other bank balances				
- on deposits with remaining maturity of more than 12 months #	24.21	24.22	-	-
- on deposits with remaining maturity more than 3 months but upto 12 months	-	-	153.80	268.17
	24.21	**24.22**	**153.80**	**268.17**
Less: Amounts disclosed under non-current assets (note 18)	24.21	24.22	-	-
Total	-	-	**400.20**	**384.36**

Includes Rs. 0.16 (Previous year: Rs. 0.17) pledged as margin money deposit.

18. Other assets

	Non-current		Current	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Unsecured, considered good unless stated otherwise				
Non-current bank balance (note 17)	24.21	24.22	-	-
Unbilled revenue (note 29)	-	-	725.86	432.68
Interest accrued on fixed deposits and others	0.02	-	3.16	4.85
Prepaid employee benefits (gratuity) (note 30)	0.21	1.01	4.97	9.02
Forward contract receivable	-	-	29.49	18.80
Others ##	-	-	75.41	68.99
Total	**24.44**	**25.23**	**838.89**	**534.34**

Includes export incentive receivable, rebate balances, other excise balances, etc

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

19. Revenue from operations (net)

	March 31, 2016	March 31, 2015
Sale of products and services		
Sale of products#	4,571.69	4,486.78
Sale of services#	853.59	755.14
	5,425.28	**5,241.92**
Other operating revenue		
Export incentives	44.90	16.35
Sale of scrap	14.63	16.01
Commission income	1.85	1.81
Exchange fluctuation gain	11.03	25.66
Royalty income	3.82	2.66
	76.23	**62.49**
Total	**5,501.51**	**5,304.41**

The above includes revenue from construction contracts of Rs. 4,055.78 (Previous year Rs. 3535.92). Also refer note 29.

Excise duty on sales amounting to Rs. 123.63 (Previous year: Rs. 153.62) has been reduced from sales in the consolidated statement of profit and loss and excise duty on increase in stock amounting to Rs. 0.57 (Previous year: Rs. 0.14) has been considered as expense in note 27 of consolidated financial statements.

20. Other income

	March 31, 2016	March 31, 2015
Interest income		
Bank deposits	24.05	22.85
Others	8.15	10.49
Dividend income		
Current investment	40.28	22.07
Net gain on sale of investments		
Long-term	0.03	35.77
Current	5.07	0.01
Government grants	4.40	4.59
Liabilities no longer required written back	13.62	11.44
Miscellaneous income **	39.01	15.82
Total	**134.61**	**123.04**

**Includes rent income Rs. 3.01 (Previous year Rs. 1.81). Also refer note 33.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

21. Cost of raw material and components consumed

	March 31, 2016	March 31, 2015
Inventory at the beginning of the year	288.30	297.00
Add: Purchases	2,735.70	2,758.30
	3,024.00	**3,055.30**
Less: Inventory at the end of the year	174.01	288.30
	2,849.99	2,767.00
Less: capitalised during the year (note 36)	-	(3.34)
Total	**2,849.99**	**2,763.66**

22. Details of purchase of traded goods

	March 31, 2016	March 31, 2015
Spare parts	58.33	66.56
Chemicals and other items	52.73	12.18
Total	**111.06**	**78.74**

23. (Increase)/ decrease in inventories

	March 31, 2016	March 31, 2015	(Increase)/ decrease
Inventories at the beginning of the year			
Work-in-progress	85.17	112.95	27.78
Finished goods	9.45	2.97	(6.48)
Traded goods	44.66	46.64	1.98
	139.28	**162.56**	**23.28**
Less: inventories at the end of the year			
Work-in-progress	96.80	85.17	(11.63)
Finished goods	28.61	9.45	(19.16)
Traded goods	40.62	44.66	4.04
	166.03	**139.28**	**(26.75)**
	(26.75)	**23.28**	

24. Employee benefits expense

	March 31, 2016	March 31, 2015
Salaries and wages	637.46	637.13
Contribution to provident and other funds	35.09	35.52
Gratuity expense (note 30)	8.34	8.76
Staff welfare expenses	29.19	27.51
	710.08	**708.92**
Less: capitalised during the year (note 36)	(2.50)	(2.79)
Total	**707.58**	**706.13**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

25. Finance costs

	March 31, 2016	March 31, 2015
Interest expense	63.44	81.95
Total	**63.44**	**81.95**

26. Depreciation and amortization expense

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	104.14	110.21
Amortization of intangible assets	25.70	23.91
Total	**129.84**	**134.12**

27. Other expenses

	March 31, 2016	March 31, 2015
Consumption of stores and spare parts	63.85	65.39
Power and fuel	37.05	38.59
Excise duty on increase in inventory (note 19)	0.57	0.15
Freight and forwarding charges (net)	77.93	56.42
Site expenses	493.36	444.88
Contract labour charges	175.90	121.90
Drawing, design and technical service charges	24.79	22.97
Sales commission	37.91	53.64
Advertisement and sales promotion	23.69	29.14
Rent (note 33)	28.65	28.54
Rates and taxes	19.60	26.32
Insurance	8.92	10.28
Repairs and maintenance		
Plant and machinery	17.38	17.78
Buildings	9.49	7.69
Others	19.79	20.93
Traveling and conveyance	84.81	77.74
Legal and professional fees	56.92	63.18
Director sitting fees	0.79	0.37
Payment to auditor (refer details below)	2.80	2.71
Liquidated damages	13.78	14.72
Bad debts/ advances written off	35.54	6.83
Provision for bad and doubtful debts (net)	54.35	50.52
Warranty expenses (net) (note 35)	38.69	47.82
Loss on sale / discard of assets (net)	3.92	0.79
CSR expenditure (note 37)	9.10	10.14
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	74.04	57.34
	1,413.62	**1,276.78**
Less: capitalised during the year (note 36)	(2.08)	(5.59)
Total	**1,411.54**	**1,271.19**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Payment to auditors

	March 31, 2016	March 31, 2015
As auditor :		
Audit and limited review fee	1.75	1.63
Tax audit fee	0.22	0.22
In other capacity :		
Taxation matters	0.55	0.32
Other services	0.21	0.52
Reimbursement of expenses	0.07	0.02
Total	**2.80**	**2.71**

28. Contingent liabilities and capital commitments

A) Contingent liabilities

i. Taxes

a. During the year, the commissioner of Central Excise, upon adjudication of the show cause-cum-demand notices issued by the Department from time to time for the periods ending March 31, 2015 (referred to in the notes to the financial statements for the financial year 2014-15) has passed orders raising demands of Rs. 1,263.24 (including penalty but excluding interest not presently quantified) of the compare. This demand is of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the company's factory. The Company has filed an appeal against the initial order received before CESTAT, Mumbai, and is in the process of filing an appeal against the subsequent order. Based on an independent legal advice, the company is confident of the issue being ultimately decided in its favour and accordingly no provision has been considered necessary by the company in this regard as also for the period thereafter till March 31, 2016.

Further, for the period April 2015 to September 2015 show cause notice of Rs. 61.27 has been received for the similar matter which is pending adjudication.

b. Disputed demands in respect of excise, customs duty and service tax Rs. 15.91 (Previous year Rs. 39.13), sales tax Rs. 26.26 (Previous year Rs. 25.30) and other statutes Rs. 0.23 (Previous year Rs. 0.15).

c. Income tax demands disputed in appellate proceedings Rs. 49.71 (Previous year Rs. 51.96).

d. References / appeals preferred by Income Tax department in respect of which, should the ultimate decision be unfavourable, the liability is estimated to be Rs. 45.70 (Previous year Rs. 54.39)

With respect to item (b), (c) and (d) based on advice received by the management from legal experts and solicitors the management is confident of getting the aforesaid claim set aside and accordingly no provision has been considered necessary in this regards.

ii. There are certain law suits, disputes, etc., including commercial matters that arise from time to time in the ordinary course of business for which the amounts are currently not quantifiable by the management. However, based on the management's assessment under AS 29 "Provisions, Contingent Liabilities and Contingent Assets", that the claims against the Company are not tenable/ probability of final outcome against the Company is low and therefore not disclosed as contingent liability.

iii. **Others**

Particulars	March 31, 2016	March 31, 2015
Claims against the Company not acknowledged as debts	19.66	18.90
Bills of exchange discounted with banks	-	16.79
Liability for export obligations	47.30	68.60
Total	**66.96**	**104.29**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

B) Capital and other commitments

i. Liability in respect of partly paid shares Rs. 0.19 (Previous year Rs. 0.19).

ii. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 83.00 (Previous year Rs. 35.25).

iii. Pursuant to the agreement between the Company, First Energy Private Limited (FEPL) and the shareholders of FEPL, the Company has a call option to increase its equity holding in FEPL upto 76% and counter party has corresponding put option. This commitment and the related consideration is subject to certain pre-conditions, including conditions linked to future performance, and timelines, which are not disclosed due to sensitivity of the information.

iv. For lease commitment, refer note 33.

29. Disclosure pursuant to Accounting Standard (AS) -7

Particulars	**March 31, 2016**	**March 31, 2015**
Contract revenue recognised during the year	4055.78	3535.92
In respect of contracts in progress as on March 31:		
a. Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	15493.10	14659.11
b. Customer advance outstanding for contract in progress	926.91	1395.17
c. Retention money due from customers for contracts in progress	635.20	577.55
d. Gross amount due from customers [disclosed as unbilled revenue (refer note 18)]	725.86	432.68
e. Gross amount due to customers [disclosed as unearned revenue (refer note 8)]	502.59	434.49

30. Gratuity

The Parent Company and its Indian subsidiaries operate a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy. Overseas subsdiaries do not operate any defined benefit plans for employees.

The following tables summarize the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the balance sheet.

a. Net employee benefit expense recognized in the employee cost

Particulars	**March 31, 2016**	**March 31, 2015**
Current service cost	4.98	4.22
Interest cost on benefit obligation	5.96	5.46
Acquisition (Gain)/Loss	0.08	0.00
Expected return on plan assets	(7.13)	(7.10)
Net actuarial loss/(Gain)	4.45	6.17
Net benefit expense	8.34	8.76

b. Changes in fair value of plan assets and obligation

Particulars	**March 31, 2016**	**March 31, 2015**
Present value of defined benefit obligation	84.47	79.90
Less: Fair value of plan assets	88.48	89.49
Plan (Asset)/ Liability recognised in the balance sheet	**(4.01)**	**(9.59)**
As Current/Non current assets	**(5.18)**	**(10.03)**
As Current/Non current Provisions	**1.17**	**0.46**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

c. Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2016	March 31, 2015
Opening defined benefit obligation	79.90	73.23
Current service cost	4.98	4.22
Interest Cost	5.96	5.46
Actuarial losses/(Gains) on obligation	4.90	6.98
Acquisition Adjustment	0.37	0.00
Benefit Paid	(11.64)	(9.98
Closing defined benefit obligation	**84.47**	**79.90**

d. Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2016	March 31, 2015
Opening fair value of plan assets	89.50	87.77
Expected return	7.13	7.10
Actuarial gains	0.44	0.80
Contributions by employer	1.11	1.81
Benefits paid	(9.70)	(8.00)
Closing fair value of plan assets	**88.48**	**89.49**

The Group expects to contribute Rs. 2.00 to the gratuity fund in the next year. (Previous year Rs 1.55.)

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

Particulars	March 31, 2016	March 31, 2015
Investments with insurer (LIC OF INDIA)	100%	100%

f. The principal assumptions used in determining gratuity for the Parent Company and Indian subsidiaries' plan is shown below:

Particulars	March 31, 2016	March 31, 2015
Discount rate	8%	8%
Expected rate of return on assets	8-9%P.A.	8-9%P.A
Normal retirement age	60 years	60 years
Salary escalation rate	7% p.a.	7% p.a.
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Employee turnover	5% to 10%	5% to 10%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the interest rate prevailing in the market on that date, applicable to the period over which the obligation is to be settled.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

g. **Amounts for the current year and previous four years are as follows:**

Gratuity	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	84.47	79.90	74.60	68.92	65.83
Plan asset	88.48	89.49	88.88	80.17	65.94
(Surplus) / Deficit	(4.01)	(9.59)	(14.28)	(10.75)	(2.51)
Experience adjustments in plan liabilities	4.90	6.98	3.39	2.31	11.12
Experience adjustments in plan asset	0.45	0.80	0.54	1.27	0.68

31. Segment information

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

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

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

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.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2015-16				2014-15			
	Energy	Environ-ment	Others	Total	Energy	Environ-ment	Others	Total
Revenue :								
Gross revenue	4,545.83	1,044.08	-	5,589.91	4,383.62	1,070.84	-	5,454.46
Less : intersegment revenue	0.02	88.38	-	88.40	0.33	149.72	-	150.05
Net Revenue	**4,545.81**	**955.70**	**-**	**5,501.51**	**4,383.29**	**921.12**	**-**	**5,304.41**
Result :								
Segment result	369.27	71.74	(5.17)	435.84	320.05	79.29	(2.42)	396.92
Unallocated expenses net of unallocated income				(17.02)				(53.41)
Operating profit				452.86				450.33
Interest expenses				63.44				81.95
Extra-ordinary items of expenses				-				49.42
Taxation for the year				146.83				170.83
Net Profit (before minority interest and share of associate)				**242.59**				**148.13**
Other Information :								
Segment assets	3,879.50	786.68	25.36	4691.54	3,826.51	776.45	9.09	4,612.05
Unallocated corporate assets				1,544.37				1,477.17
Total Assets				**6,235.91**				**6,089.22**
Segment liabilities	2,497.63	432.52	0.80	2,930.95	2,472.73	449.61	(2.93)	2,919.41
Unallocated corporate Liabilities				850.08				945.39
Total Liabilities				**3,781.03**				**3,864.80**
Capital expenditure	98.49	37.95	-	136.44	11.66	16.91	-	28.57
Depreciation	114.71	15.10	0.03	129.84	119.80	13.91	0.41	134.12
Non-cash expenses other than depreciation	0.43	-	-	0.43	8.13	-	-	8.13

II) Information about secondary segments :

Particulars	2015-16	2014-15
Revenue		
India	3216.67	3711.01
Outside India	2284.84	1593.40
Total	**5501.51**	**5,304.41**
Carrying amount of segment assets :		
India	3867.57	3985.61
Outside India	823.97	626.44
Additions to fixed assets :		
India	90.84	23.65
Outside India	44.03	4.91

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

32. Related party disclosures

A. Names of related parties and relationship

a. Related parties where control exists :

Ultimate holding company	ARA Trusteeship Company Private Limited, India (holding shares in Trust)
Holding company	RDA Holdings Private Limited, India

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

Mrs. Meher Pudumjee – Chairperson

Mrs. Anu Aga – Director

Mr. Pheroz Pudumjee – Director

c. Enterprise, over which control is exercised by individuals listed in 'b' above:

Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation)

KRA Holdings Private Limited, India

Shuffle Realtors Private Limited, India (Upto April 30, 2014)

d. Key Management Personnel:

Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer

e. Associate:

First Energy Private Limited (From July 15, 2015) [(refer note 11 and 28 (B) (iii)]

Note: The related parties of subsidiaries, which are not related to the group, has been disclosed in the respective financial statements.

B. Transactions with related parties:

Particulars	March 31, 2016	March 31, 2015
Rent paid		
Mrs. Meher Pudumjee	0.12	0.05
Mrs. Anu Aga	0.15	0.11
Mr. Pheroz Pudumjee	0.12	0.20
Total	**0.39**	**0.36**
Managerial remuneration		
M. S. Unnikrishnan	3.59	3.31
Sitting fees		
Mrs. Meher Pudumjee	0.07	0.05
Mrs. Anu Aga	0.04	0.04
Mr. Pheroz Pudumjee	0.09	0.08
Total	**0.20**	**0.17**
Commission paid		
Mrs. Meher Pudumjee	0.35	0.35
Mrs. Anu Aga	0.14	0.13
Mr. Pheroz Pudumjee	0.15	0.15
Total	**0.64**	**0.63**
Dividend paid		
ARA Trusteeship Company Private Limited	5.71	6.66
RDA Holdings Private Limited	38.60	45.03
Total	**44.31**	**51.69**

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
Donation		
Thermax Foundation	9.10	10.08
Closing balances		
Deposits paid		
Mrs. Anu Aga	0.35	0.40
Mr. Pheroz Pudumjee	0.18	0.18
Total	**0.53**	**0.58**

33. Leases

a. Operating lease: Group as lessee

The Group has taken office buildings on operating lease. The tenure of such leases ranges from 1 years to 5 years. Lease rentals are charged to the consolidated statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the Group has an option to terminate the agreement or extend the term by giving notice in writing.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

Particulars	March 31, 2016	March 31, 2015
Lease payments for the year	28.65	28.54
Within one year	6.21	4.04
After one year but not more than five years	14.16	2.44
More than five years	1.09	0.34

b. Operating lease: Group as lessor

The Group has leased certain parts of its surplus office and manufacturing buildings. The tenure of such lease agreements ranges from 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum lease rental receivable under non-cancellable operating leases are as follows:

Particulars	March 31, 2016	March 31, 2015
Lease received for the year	3.01	1.81
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	0

34. Earnings Per Share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2016	March 31, 2015
Net profit for calculation of basic and diluted EPS	275.36	209.77
Weighted average number of equity shares	11,91,56,300	11,91,56,300
Basic and diluted EPS (Rs.)	23.11	17.60
Nominal value of shares (Rs.)	2.0	2.0

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

35. Disclosure as required by AS - 29 (Contingent liabilities and provisions):

Particulars	Provision for warranty		Provision for onerous contracts	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
At the beginning of the year	88.61	80.74	8.09	6.61
Arising during the year	47.83	53.88	11.42	12.67
Utilised / reversed during the year	(39.91)	(46.01)	(11.53)	(11.19)
At the end of the year	**96.51**	**88.61**	**7.98**	**8.09**
Current portion	81.72	80.55	7.98	8.09
Non-current portion	14.79	8.06	-	-

Provision for warranty:

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material cost, servicing cost and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contracted warranty period.

Provision for onerous contracts:

A provision for expected loss on construction contracts is recognized when it is probable that the contracts costs will exceed total contract revenue. For all other contracts onerous contract provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

36. Capitalisation of expenses

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed asset (tangible / intangible). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	March 31, 2016	March 31, 2015
Salaries and wages	2.50	2.79
Raw material and components	-	3.34
Stores and spares	0.94	1.86
Contract labour charges	0.09	2.09
Others	1.05	1.64
Total	**4.58**	**11.72**

37. Corporate Social Responsibility (CSR)

Particulars	March 31, 2016	March 31, 2015
Gross amount required to be spent by the Group during the year	9.07	10.08
Total	**9.07**	**10.08**

Amount spent during the year	In cash		Yet to be paid in cash		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
a. Construction/ acquisition of any asset	-	-	-	-	-	-
b. On purposes other than (a) above	9.10	10.14	-	-	9.10	10.14
Total	**9.10**	**10.14**	**-**	**-**	**9.10**	**10.14**

The amount is contributed to Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation, India (refer note 32.)

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts in Rupees crores, unless otherwise stated)

38. Derivative instruments and unhedged foreign currency exposure

a. Derivatives as at reporting date:

Particulars	March 31, 2016	March 31, 2015
Forward contract for hedge of highly probable foreign currency sales	770.73	1588.00
Forward contract for hedge of highly probable foreign currency purchases	66.22	63.28
Total	**836.95**	**1651.28**

b. Details of un-hedged foreign currency as at the reporting date:

Particulars	March 31, 2016	March 31, 2015
Trade receivables and other current assets	174.59	119.83
Trade payables and other liabilities	53.11	57.80
Loans and Advances	0.39	0.80
Short-term borrowings	7.64	6.78
Cash and bank balances	17.23	11.75

39. During the previous year ended March 31, 2015, tax expense and finance cost (net) included Rs. 4.41 and Rs. 9.56 respectively, being provision made for estimated additional liability likely to arise upon settlement of the case in accordance with the provisions of Income Tax Act, 1961. Consequently, deferred tax credit of Rs. 8.93 was also recognized in that year.

The amount of tax for the current year is net off write back of provision of Rs. 8.85 for previous years.

40. Exceptional Item

The exceptional item in previous year of Rs. 49.42 represents loss against investment in 'Omnical Kessel – Und Apparatebau GmbH' which is a German subsidiary of Danstoker A/S. The subsidiary has been placed under administration since September 9, 2014.

41. Previous year's figures have been regrouped/ reclassified where necessary to conform to this year's classification.

As per our report of even date

For and on behalf of the Board of Directors of Thermax Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

per Tridevlal Khandelwal
Partner
Membership No. 501160

per H. P. Mahajani
Partner
Membership No. 030168

Amitabha Mukhopadhyay
Executive Vice President and
Group Chief Financial Officer

Amit Atre
Company Secretary

Place: Pune
Date: May 25, 2016

Place: Pune
Date: May 25, 2016

Place: Pune
Date: May 25, 2016

FORM AOC - I

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(Rs. Crore)

Particulars	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover	Profit Before Tax	Provision for tax	Profit After Tax	Proposed Dividend	% of Share Holding	Reporting Currency	Exchange Rate as on 31st March 2016
Thermax Sustainable Energy Solutions Ltd.	8.75	(8.76)	3.89	3.90	0.00	0.00	(0.06)	0.00	(0.06)	0.00	100.00	INR	-
Thermax Engineering Construction Co. Ltd.	4.50	34.82	173.74	134.42	0.00	338.25	2.17	0.76	1.41	0.00	100.00	INR	-
Thermax Instrumentation Ltd.	19.00	(7.11)	110.01	98.12	3.19	131.58	16.98	7.99	8.99	0.00	100.00	INR	-
Thermax Onsite Energy Solutions Ltd.	18.65	8.13	55.23	28.45	0.00	52.27	3.54	1.35	2.19	0.00	100.00	INR	-
Thermax SPX Energy Technologies Ltd.@	20.00	(10.45)	34.55	25.00	1.21	42.17	0.02	0.00	0.02	0.00	51.00	INR	-
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.@	485.00	(290.86)	1,105.88	911.74	58.38	348.84	(70.10)	0.00	(70.10)	0.00	51.00	INR	-
Thermax International Ltd. (Mauritius)	22.81	(17.96)	4.91	0.06	4.61	0.00	(0.19)	0.00	(0.19)	0.00	100.00	USD	66.25
Thermax Europe Ltd. (U.K.)	1.90	38.80	48.24	7.54	0.00	58.51	5.78	1.24	4.54	0.00	100.00	GBP	95.12
Thermax Inc. (U.S.A.)	3.31	23.63	55.81	28.87	0.00	87.13	5.93	2.12	3.81	0.00	100.00	USD	66.25
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)	2.00	(1.54)	0.47	0.01	0.00	0.04	0.01	0.00	0.01	0.00	100.00	Brazilian Real	18.44
Thermax (zhejiang) Cooling & Heating Engineering Co. Ltd. (China)#	96.84	(67.24)	81.04	51.44	0.00	72.82	(3.13)	0.00	(3.13)	0.00	100.00	Yuan	10.19*
Thermax Denmark ApS.	75.89	26.43	144.74	42.42	141.52	0.00	(3.57)	0.59	(2.98)	0.00	100.00	DKK	10.12
Thermax Netherlands BV.	154.53	(1.50)	153.11	0.08	150.92	0.00	(0.21)	0.00	(0.21)	0.00	100.00	EUR	75.38
Danstoker A/S	10.12	18.51	90.61	61.98	2.56	172.88	3.20	0.10	3.10	0.00	100.00	DKK	10.12
Ejendomsanp-artsselskabet Industrivej Nord 13	0.20	9.81	33.41	23.40	3.18	0.00	3.50	0.49	3.01	0.00	100.00	DKK	10.12
Omnical Kessel & Apparatebau GmbH	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	EUR	75.38
Boilerworks A/S	0.51	2.06	26.89	24.32	0.00	96.00	0.07	(0.12)	0.19	0.00	100.00	DKK	10.12
Boilerworks Properties ApS	0.08	3.10	4.66	1.48	0.00	0.00	1.80	0.42	1.38	0.00	100.00	DKK	10.12
Rifox-Hans Richter GmbH Spezialarmaturen	5.40	0.05	10.85	5.40	0.00	28.13	0.96	0.00	0.96	0.00	100.00	EUR	75.38
Thermax SDN.BHD	0.85	0.19	1.11	0.07	0.00	1.78	0.14	0.05	0.09	0.00	100.00	Malaysian Ringet	16.99
Thermax Engineering Singapore Pte. Ltd	71.55	0.39	72.01	0.07	52.00	0.00	0.56	0.00	0.56	0.00	100.00	USD	66.25
PT Thermax International Indonesia	53.09	(5.93)	49.41	2.25	0.00	0.00	(5.79)	0.00	(5.79)	0.00	95.00	Indonesian Rupiah	0.005
Thermax Senegal S.A.R.L#	1.21	3.00	10.85	6.64	0.00	16.69	4.93	1.93	3.00	0.00	100.00	West African Franc	0.11*

Notes:

i) The reporting period of Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd. (China) and Thermax Senegal S.A.R.L is 2015, whereas the same for all other subsidiaries is 2015-16.

ii) 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.

iii) Figures of foreign subsidiaries are converted at an exchange rate prevailing on closing day of the financial year of the subsidiary for the purpose of this statement

iv) 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, 2015

* Exchange Rate as on December 31, 2015

@ These companies are joint ventures with 51% shareholding of Thermax Limited.Hence they have been treated as subsidiaries for all financial reporting purpose

Part "B" : Joint Venture

(Rs. Crore)

	Particulars	Name of the Associate / Joint Venture
1	Latest Audited Balance Sheet Date	Not Applicable
2	Shares of Joint Ventures held by the Company on the year end	
	i) Number	
	ii) Amount of Investment in Joint Venture	
	iii) Extent of Holding %	
3	Description of how there is significant influence	
4	Reason why the joint venture is not consolidated	
5	Net Worth attributable to shareholding as per latest Balance Sheet	
6	Loss for the year	
	i) Considered in Consolidation	
	ii) Not considered in Consolidation	

As per our report of even date

For and on behalf of the Board of Directors of Thermax Limited

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

per Tridevlal Khandelwal
Partner
Membership No. 501160
Place: Pune
Date: May 25, 2016

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

per H. P. Mahajani
Partner
Membership No. 030168
Place: Pune
Date: May 25, 2016

Meher Pudumjee
Chairperson
DIN: 00019581

M. S. Unnikrishnan
Managing Director and CEO
DIN: 01460245

Amitabha Mukhopadhyay
Executive Vice President and Group Chief Financial Officer
Place: Pune
Date: May 25, 2016

Amit Atre
Company Secretary

NOTES

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Sustainable Solutions
Energy & Environment