



**THERMAX LIMITED**  
**ANNUAL REPORT**  
**OF SUBSIDIARY**  
**COMPANIES**  
**2012-2013**

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# **SUBSIDIARIES**

## **WHOLLY OWNED SUBSIDIARIES**

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# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Board of Directors

M. S. Unnikrishnan  
Gopal Mahadevan  
Hemant Mohgaonkar

## Registered Office

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

## Auditors

B. K. Khare & Co.  
Chartered Accountants  
Hotel Swaroop, 4th Floor,  
Lane No. 10, Prabhat Road,  
Pune 411 004.

## Company Secretary

Anoop Deshpande

## Bankers

Canara Bank

## Directors' Report

Dear Shareholder,

Your directors have pleasure in presenting the Twenty-fifth Annual Report of the company together with audited accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS

(Rs. in lakh)

Particulars	2012-13	2011-12
Total Income	409.04	34.19
Profit before depreciation	(39.46)	(291.67)
Depreciation	12.71	9.26
Profit / (Loss) before tax	(52.17)	(300.93)
Provision for taxation including deferred tax	0.00	0.00
Prior year tax adjustment	0.00	0.00
Profit / (Loss) after tax	(52.17)	(300.93)

### PERFORMANCE

During the year, the company has included twenty seven projects in the Program of Activities (PoA) – Promotion of Biomass Based Heat Generation Systems in India –under the Clean Development Mechanism (CDM). The PoA has been registered with the United Nations Framework Convention on Climate Change (UNFCCC). By registering and monitoring the clients' projects the company shall enable clients to claim carbon credits from UNFCCC.

During the year, the company monitored all the registered projects under CDM-PoA and applied for issuance of 9591 Certified Emission Reductions (CERs) from UNFCCC. The CERs were subsequently issued in the name of the company.

However, overall outlook for the business is not encouraging due to the very low prices of CERs in the global market. If the situation continues, it would adversely affect the viability of the business and hence the company is looking out for business alternatives.

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

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

#### 1. Particulars of Employees

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

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

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

#### 3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange outgo, under Section 217 (1) (e) of the Companies Act, 1956 is set out in note no. 3 (vi) of Note 19 – Notes to Accounts.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) the financial statements have been prepared on a going concern basis.

### DIRECTORS

Mr. Shishir Joshipura resigned as the director of your company with effect from January 15, 2013. Your Board places on record its appreciation for his significant contributions during his tenure in the company.

In accordance with the provisions of the Companies Act, 1956, Mr. Hemant Mohgaonkar, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

### COMPANY SECRETARY

In accordance with the provisions of Section 383A of the Companies Act, 1956, Mr. Anoop Deshpande who holds the prescribed qualification, has been appointed as the Company Secretary effective July 13, 2012.

### AUDIT COMMITTEE

The committee comprises 3 (three) members, all being non-executive directors. The chairman, Gopal Mahadevan is a Chartered Accountant and Company Secretary by qualification. The other members of the committee are M. S. Unnikrishnan and Hemant Mohgaonkar. Mr. Unnikrishnan has been appointed on the committee in place of Mr. Joshipura.

The committee met 3 (Three) times during the financial year 2012-13 on the following dates i.e. July 13, 2012, October 18, 2012 and January 17, 2013. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Pune

Date : April 30, 2013

**Hemant Mohgaonkar**

Director

**Gopal Mahadevan**

Director

**Auditors' Report**

To the Members of Thermax Sustainable Energy Solutions Ltd.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Thermax Sustainable Energy Solutions Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the loss for the year ended on that date; and

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

**Report on Other Legal and Regulatory Requirements**

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Chartered Accountants

Firm's Registration Number: 105102W

**Prasad V. Paranjape**

Partner

Membership Number: 047296

Place: Pune

Date: April 30, 2013

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year
- (ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of Inventories are not, on facts, applicable to the Company and hence no comments have been offered thereunder.
- (iii) The Company has neither taken nor granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) As at 31st March 2013, according to the records of the Company and the information and explanation given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty and Cess matters that have not been deposited.
- (x) The Company's accumulated losses at the end of the financial year 2013, have exceeded fifty per cent of its net worth. The company has incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company had no dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, neither noticed or reported during the year, nor have we been informed of such case by the Management.

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

Chartered Accountants

Firm registration number: 105102W

**Prasad V. Paranjape**

Partner

Membership Number: 047296

Place: Pune

Date: April 30, 2013

# ANNUAL REPORT 2012-2013

## Balance Sheet as at March 31, 2013

Particulars	Note No	Rs Lacs As at March 31, 2013	Rs Lac As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a. Share capital	1	875.00	475.00
b. Reserves and surplus	2	(715.64)	(663.47)
		<u>159.36</u>	<u>(188.47)</u>
<b>2. Share application money pending allotment</b>		-	400.00
<b>3. Non-current liabilities</b>			
a. Long-term borrowings	3	309.25	294.66
b. Long-term provisions	4	3.52	3.79
		<u>312.77</u>	<u>298.45</u>
<b>4. Current liabilities</b>			
a. Trade payables	5	123.22	70.22
b. Other current liabilities	6	87.17	159.95
		<u>210.39</u>	<u>230.17</u>
<b>TOTAL</b>		<u><u>682.52</u></u>	<u><u>740.15</u></u>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets	7		
i. Tangible assets		0.48	3.56
ii. Intangible assets		51.87	59.29
iii. Capital work-in-progress		-	10.99
b. Long-term loans and advances	8	233.94	210.32
		<u>286.29</u>	<u>284.16</u>
<b>2. Current assets</b>			
a. Inventories	9	5.26	-
b. Trade receivables	10	10.80	0.70
c. Cash and cash equivalents	11	294.80	403.37
d. Short-term loans and advances	12	33.38	8.54
e. Other current assets	13	51.99	43.38
		<u>396.23</u>	<u>455.99</u>
<b>TOTAL</b>		<u><u>682.52</u></u>	<u><u>740.15</u></u>

Notes to the financial statements 19  
The accompanying notes are an integral part of the financial statements.

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Rs Lacs Current Year	Rs Lacs Previous Year
<b>I Revenues from operations</b>	14	363.38	16.40
<b>II Other income</b>	15	45.66	17.79
<b>III Total Revenue (I+II)</b>		<u>409.04</u>	<u>34.19</u>
<b>IV Expenses :</b>			
Purchases of Stock-in-Trade		59.52	8.28
Employee benefits	16	177.09	133.19
Finance costs	17	16.21	16.27
Depreciation and amortisation		12.71	9.26
Other expenses	18	195.68	168.12
<b>Total Expenses</b>		<u>461.21</u>	<u>335.12</u>
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		(52.17)	(300.93)
<b>VI Exceptional items</b>		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		(52.17)	(300.93)
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit before tax (VII- VIII)</b>		<u>(52.17)</u>	<u>(300.93)</u>
<b>X Tax expense:</b>			
1. Current tax		-	-
2. Deferred tax		-	-
<b>XI Profit / (loss) for the period from continuing operations (VII-VIII)</b>		(52.17)	(300.93)
<b>XII Profit / (loss) from discontinuing operations</b>		-	-
<b>XIII Tax expense of discontinuing operations</b>		-	-
<b>XIV Profit / (loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit (Loss) for the period (XI + XIV)</b>		<u>(52.17)</u>	<u>(300.93)</u>
<b>XVI Earning per equity share:</b>			
(Refer Note no 3 (ix) of Note 19)			
1. Basic and Diluted		(1.10)	(6.34)
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 19  
The accompanying notes are an integral part of the financial statements.

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Prasad V. Paranjape**  
Partner  
Membership No.047296

Place : Pune  
Date : 30th April, 2013

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**Hemant Mohgaonkar**  
Director

**Anoop Deshpande**  
Company Secretary

Place : Pune  
Date : 30th April, 2013

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Notes to Financial Statements

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 1</b>		
<b>Share capital</b>		
Authorised		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
4000000 (Previous Year : 4000000) Preference Shares of 10/- each	400.00	400.00
Issued		
4750000 (Previous Year : 4750000) Equity Shares of 10/- each	475.00	475.00
4000000 (Previous Year : 'NIL') Preference Shares of 10/- each	400.00	-
	<b>875.00</b>	<b>475.00</b>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.				
<b>Equity Shares</b>	March-13		March-12	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	4750000	475.00	4750000	475.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	4750000	475.00	4750000	475.00
<b>Preference Shares</b>				
At the beginning of the period	-	-	-	-
Issued during the period	4000000	400.00	-	-
Outstanding at the end of the period	4000000	400.00	-	-

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Term/rights attached to Preference shares

The 6% Cumulative Preference shares issued on 12/04/2012 shall be redeemed in one or more tranches not later than a period of six years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

d) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity as well preference shares are held by its holding company, Thermax Limited.

e) Details of Share holding more than 5% shares in the Company.

	March 31, 2013	March 31, 2012
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	100%	100%
Preference Shares of Rs. 10 each fully paid up		
Thermax Limited	100%	-

**Particulars**

**Note 2**  
**Reserves and Surplus**

General Reserve		
Per Last Balance Sheet	162.52	162.52
Transferred from Surplus	-	-
	<b>162.52</b>	<b>162.52</b>
Surplus		
Per Last Balance Sheet	(825.99)	(525.06)
Profit and loss statement balance	(52.17)	(300.93)
Transfer to General Reserve	-	-
	<b>(715.64)</b>	<b>(663.47)</b>

**Note 3**

**Long-Term Borrowings**

Loans and advances from related parties	309.25	294.66
(Repayable within 24 months.		
Applicable rate of interest @ 8%)		
	<b>309.25</b>	<b>294.66</b>

**Note 4**

**Long-Term Provisions**

Employee Benefits (Gratuity)	3.52	3.79
	<b>3.52</b>	<b>3.79</b>

**Note 5**

**Trade payables**

Trade payables	123.22	70.22
(Ref Note No. 3 (x) of Note 19)		
	<b>123.22</b>	<b>70.22</b>

**Note 6**

**Other current liabilities**

Customer Advances	86.77	149.00
Other Liabilities	0.40	10.95
	<b>87.17</b>	<b>159.95</b>

**Note 7**

**FIXED ASSETS**

**Rs. Lacs**

Particulars	Gross Block				Depreciation				Net Block	
	Cost As On 1.4.2012	Additions during the Year	Deductions during the Year	Total Cost as on 31.03.2013	Upto 31st March 2012	Deductions during the Year	Provision for the Year	Total As On 31.03.2013	As on 31st March 2013	As on 31 st March 2012
<b>Tangible Assets</b>										
Office Equip, Computer	11.46	10.99	17.37	5.08	7.90	8.59	5.29	4.60	0.48	3.56
<b>Intangible Assets</b>										
Technical Knowhow	66.30			66.30	8.29		6.63	14.92	51.38	58.01
Software	2.39			2.39	1.11		0.79	1.90	0.49	1.28
<b>Total</b>	<b>80.15</b>	<b>10.99</b>	<b>17.37</b>	<b>73.77</b>	<b>17.30</b>	<b>8.59</b>	<b>12.71</b>	<b>21.42</b>	<b>52.35</b>	<b>62.85</b>
<b>Previous Year</b>	77.98	2.17		80.15	8.04	-	9.26	17.30	-	-
Capital Work in Progress									-	10.99



## Notes to Financial Statements

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 8</b>		
<b>Long-term loans and advances</b>		
Advances to Staff and Workers	-	0.33
Other loans and advances	-	0.50
Advance Payment of Income Tax and Wealth Tax	233.94	209.49
[(Net of Provision Rs. 430.70 Lacs (Previous Year : Rs. 430.70 Lacs)]		
	<u>233.94</u>	<u>210.32</u>

**Note 9****Inventories**

Monitoring Equipments	5.26	-
	<u>5.26</u>	<u>-</u>

**Note 10****Trade Receivables**

Unsecured trade receivable outstanding for a period exceeding six month

Considered good	-	-
Considered doubtful	-	-
Less : Provided for	-	-
Other trade receivable	10.80	0.70
	<u>10.80</u>	<u>0.70</u>

**Note 11****Cash and cash equivalents**

Balances with banks		
Deposit with more than 12 month in maturity	-	-
Deposit others	258.75	3.06
Balance for unpaid dividend	-	-
Cheques, drafts on hand	-	-
Cash on hand	-	-
Balances in current accounts	36.05	400.31
	<u>294.80</u>	<u>403.37</u>

**Note 12****Short-term loans and advances**

Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	33.38	5.65
Advances to Staff and Workers	-	0.43
Loans and advances to related parties	-	2.46
	<u>33.38</u>	<u>8.54</u>

**Note 13****Other current assets**

Balance in Central Excise & Customs Accounts	51.74	42.28
Other current assets	0.25	1.10
	<u>51.99</u>	<u>43.38</u>

**Particulars****Note 14****Revenue from operations**

A. Sale of products		
(i) Domestic	110.41	16.36
(ii) Exports	-	-
(i) + (ii)	<u>110.41</u>	<u>16.36</u>
B. Sale of services	252.54	-
C. Other operating revenues		
Interest Income	0.43	0.04
Miscellaneous Income	-	-
	<u>0.43</u>	<u>0.04</u>
D. Less: Excise duty	-	-
(A + B + C - D)	<u>363.38</u>	<u>16.40</u>

**Note 15****Other income**

Interest Income	32.54	0.27
Dividend Income		
Current Investment	-	7.94
Other non-operating income	13.12	9.58
	<u>45.66</u>	<u>17.79</u>

**Note 16****Employee Benefits Expense**

Salaries and wages	162.61	120.37
Contribution to provident and other funds	14.48	12.66
Staff welfare expenses	-	0.16
	<u>177.09</u>	<u>133.19</u>

**Note 17****Finance Costs**

Interest on Loan	16.21	16.21
Interest Others	-	0.06
	<u>16.21</u>	<u>16.27</u>

**Note 18****Other Expenses**

Power and Fuel	3.77	3.22
Site Expenses and Contract Labour Charges	36.87	16.44
Rent and Service Charges	9.61	6.90
Insurance	0.02	0.21
Repairs and Maintenance:	-	-
Building	-	-
Plant and Machinery	-	-
Others	3.10	1.55
Communication	2.60	2.53
Traveling and Conveyance	25.53	32.85
Advertising and Exhibition Expenses	-	4.64
Commission	1.11	1.59
Other Selling and Distribution Expenses	0.36	1.37
Bank Charges	0.17	0.12
Legal & Professional Charges	101.33	88.99
Printing and Stationery	0.42	0.77
Net gain or loss on foreign currency transaction	0.08	0.51
Security Expenses	1.84	1.81
Auditors Fees (Refer Note no 3 (iv) of Note 19)	0.70	0.41
Software Expenses	1.03	0.74
Allocation of Regional Expenses	4.67	2.02
Directors Sitting Fees	1.00	0.80
Recruitment Expenses	0.29	0.22
Miscellaneous Expenses	1.19	0.43
	<u>195.68</u>	<u>168.12</u>

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Notes to Financial Statements

### Note 19

#### 1. Significant Accounting Policies

##### 1.1. Basis of Preparation of Financial Statements

a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

##### 1.2. Use of Estimates

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

##### 1.3. Fixed Assets & Depreciation

- The fixed assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- Depreciation on Computers has been provided by the straight line method at higher rate of 33.33% as compared to 16.21% provided in Schedule XIV to the Companies Act 1956.
- Intangible assets are amortised by straight line method over the estimated useful life of such asset. The useful life is estimated based on the evaluation of future economic benefits expected of such assets.

##### 1.4. Investments

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

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

##### 1.5. Employee Benefits

Post-Employment Benefits

Defined Benefit Obligations

Contributions made / due to approved superannuation & provident funds are charged to profit and loss account in the year of incurrence.

Unfunded Gratuity and leave encashment liabilities have been provided for on actual basis as if all the employees were to retire on balance sheet date.

##### 1.6. Provisions and Contingent Liabilities

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

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

##### 1.7. Revenue Recognition.

- Income from CDM Consultancy and other related Services is recognized based on the work accomplishment, when no significant uncertainty exists regarding the amount that will be derived from the rendering of the services and it is also not unreasonable to expect ultimate collection thereof.
- Income from trading of Monitoring and verification supplies is recognized on accrual basis.
- Dividend from investments is recognized when the company's right to receive is established.
- Interest income is accounted on time proportion basis.

#### h) Foreign Currency Transactions

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

Exchange difference on settlement of transactions in foreign currencies is recognized in the profit & loss account.

Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognized in the profit & loss account.

- During the year, the Company has successfully included twenty seven projects in Clean Development Mechanism Programme of Activities (CDM-PoA) - "Promotion of Biomass Based Heat Generation Systems in India" which was registered with the United Nations Framework Convention on Climate Change (UNFCCC). By registering and monitoring the client's projects, company shall enable clients to claim carbon credits from UNFCCC.

During the year, the Company has monitored all the registered projects under CDM-PoA. The Company has applied for issuance of 9591 CERs from UNFCCC which are generated from 11 registered projects. Subsequently, UNFCCC has issued those CERs in the name of Company.

#### 3. Notes to Accounts

##### i) Contingent Liabilities not provided for :-

- Demands disputed in appellate proceedings Rs 191.17 Lacs (Previous Year : Rs. 191.17 Lacs)
- Appeals preferred by Income Tax department in respect to which, should the ultimate decision be unfavorable to the company, the liability is estimated to be Rs. 138.09 Lacs (Previous Year : Rs. 138.09 Lacs)
- Dividend payable @ 6% on preference share capital Rs. 24 Lacs (Previous Year : 'Nil')

##### ii) Tax Provision

In absence of taxable income computed in accordance with the provisions of the Income tax Act, 1961 (including u/s 115JB (MAT)), no provision for Current Tax has been made for the year. As in the past, on consideration of prudence, no deferred tax asset has been recognised in respect of accumulated loss and other timing differences.

##### iii) Employee benefit consists of deputation charges for employees deputed by the parent company.

##### iv) Other Expenses include:

	Current Year Rs. Lacs	Previous Year Rs. Lacs
a) Audit Fees	0.35	0.30
b) Tax Audit Fees	0.15	0.12
c) VAT audit & Consultancy	0.20	-

Amounts are exclusive of service tax.

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

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

Particulars	2012-13 (Rs. Lacs)	2011-12 (Rs. Lacs)
Legal and Professional charges	-	78.14

##### vii) Segment Reporting

###### Primary Segment

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

###### Secondary Segment

The Company caters mainly to the needs of Indian markets; hence there are no reportable geographical segments.

**Notes to Financial Statements**

## viii) Related Party Disclosures

## a) Name of related parties &amp; description of relationship

Sr No	Relationship	Name of Related Parties
1	Ultimate Holding Company	RDA Holdings Pvt. Ltd. (RDA)
2	Holding Company	Thermax Limited (TL)
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Engineering & Construction Company Ltd., (TECCL) Thermax Instrumentation Ltd., (TIL) Thermax Onsite Energy Solutions Ltd., (TOESL) Thermax Europe Ltd., (TEL) Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Limited Thermax Babcock & Wilcox Energy Solutions Pvt Ltd Thermax Denmark ApS Thermax Netherlands B.V. Danstoker A/S Omnicell Kessel- und Apparatebau GmbH Ejendomsanpartsselskabet Industrivej Nord 13 Rifox-Hans Richter GmbH, Thermax Malaysia SBN. BHD

## b) Transactions with the Related parties

Sr No	Particulars	2012-13 Rs. Lacs	2011-12 Rs. Lacs
1	Reimbursement of expenses incurred by the (TL)	203.23	151.96
2	Reimbursement of expenses from (TL) (TOESL)	10.27 9.99	9.58 9.27
3	Sales made to (TL) Capital Assets Other	9.21 0.30	- -
4	Purchases made from (TL)	2.01	-
5	Interest on loan taken from the (TL)	16.21	16.21
6	Outstanding Balances as at 31st March 2013 Receivable - (TOESL) Receivable - (TL) Payable - (TL) Loan and accrued interest payable - (TL)	2.31 10.01 117.21 309.25	2.46 - 47.13 294.66
7	Share Application money received from (TL) Preference Shares issued to (TL)	- 400.00	400.00 -

## ix) Earning per Share (EPS)

The earning per share calculated in accordance with Accounting standard – 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India :

Particulars	As at 31st March 2013	As at 31st March 2012
Net profit as per Profit & Loss Account (in Rs. Lacs)	(52.17)	(300.93)
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	47,50,000	47,50,000
Face Value of Equity Shares (in Rupees)	10	10
Basic earning per share (in Rupees)	(1.10)	(6.34)
Diluted earning per share (in Rupees)	(1.10)	(6.34)

- x) The company has not received any intimation, from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid / payable as required under the said Act have not been given.

Rs. Lacs

Sr. No.	Particulars	2012-13			2011-12		
		Principal	Interest	Total	Principal	Interest	Total
a	Total outstanding dues to micro small and Medium enterprises	Nil	Nil	Nil	Nil	Nil	Nil
b	Principal amount and interest due thereon remaining unpaid as at end of the year	Nil	Nil	Nil	Nil	Nil	Nil
c	Amount of interest paid in terms of section 16 of MSMED Act alongwith the amount of the payment made to supplier beyond appointed day	Nil	Nil	Nil	Nil	Nil	Nil
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	Nil	Nil	Nil	Nil	Nil	Nil
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	Nil	Nil	Nil	Nil	Nil	Nil

- xi) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Prasad V. Paranjape**  
Partner  
Membership No.047296

Place : Pune  
Date : 30th April, 2013

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**Hemant Mohgaonkar**  
Director

**Anoop Deshpande**  
Company Secretary

Place : Pune  
Date : 30th April, 2013

# THERMAX SUSTAINABLE ENERGY SOLUTIONS LIMITED

## Cash Flow Statement

	Rs Laacs	Rs Laacs
Particulars	Year ended March 31, 2013	Year ended March 31, 2012
<b>A. Cash Flow from Operating Activities</b>		
Profit before taxation	(52.17)	(300.93)
Adjustment for :		
Depreciation	12.71	9.26
Interest income	(32.54)	(0.27)
Dividend income	-	7.94
Interest Expenditure	(16.21)	(16.27)
<b>Operating profit before working capital changes</b>	<b>(88.21)</b>	<b>(300.27)</b>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	53.00	7.83
Increase / (Decrease) in provisions	-	0.86
Increase / (Decrease) in other current liabilities	(72.78)	86.23
Increase / (Decrease) in other long term liabilities	14.59	14.59
Increase / (Decrease) in other long term provisions	(0.27)	
Increase / (Decrease) in trade receivables	(10.10)	1.05
Increase / (Decrease) in inventories	(5.26)	-
Increase / (Decrease) in loans & advances	(24.84)	1.57
Increase / (Decrease) in other current assets	(8.61)	(27.62)
Increase / (Decrease) in other non-current assets	(23.62)	0.28
<b>Net Cash generated from operating activities</b>	<b>(166.10)</b>	<b>(215.48)</b>
<b>B. Cash flow from Investing Activities</b>		
Sale of tangible / intangible assets	8.76	-
Purchase of tangible / intangible assets	-	(13.16)
Sale of current investments	-	140.93
Interest received	32.54	0.27
Dividends received	-	7.94
<b>Net cash from investing activities</b>	<b>41.30</b>	<b>135.98</b>
<b>C. Cash flow from Financing Activities</b>		
Interest paid	16.21	16.27
Share Application Money received	-	400.00
<b>Net Cash used in financing activities</b>	<b>16.21</b>	<b>416.27</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>(108.57)</b>	<b>336.77</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>403.37</b>	<b>66.60</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>294.80</b>	<b>403.37</b>
Cash and Cash equivalents comprise of :		
Cash on Hand	-	-
Cheques on Hand	-	-
Balances with Banks	294.80	403.37
<b>Total</b>	<b>294.80</b>	<b>403.37</b>

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

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Prasad V. Paranjape**  
Partner  
Membership No.047296

Place : Pune  
Date : 30th April, 2013

**M. S. Unnikrishnan**  
Director

**Hemant Mohgaonkar**  
Director

Place : Pune  
Date : 30th April, 2013

**Gopal Mahadevan**  
Director

**Anoop Deshpande**  
Company Secretary

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Board of Directors

Ravinder Advani  
Gopal Mahadevan  
R. V. Ramani  
Rajan Nair

## Registered Office

Thermax House,  
14, Mumbai - Pune Road,  
Wakdewadi,  
Pune - 411003

## Auditors

B. K. Khare & Co.  
Chartered Accountants  
Hotel Swaroop, 4th Floor,  
Lane No. 10, Prabhat Road, Pune 411004

## Head Office

Energy House, D-II Block,  
Plot No. 38&39, MIDC Area,  
Chinchwad, Pune 411019

## Bankers

Union Bank of India  
HDFC Bank Limited  
State Bank of India  
Corporation Bank  
Oriental Bank of Commerce

## Directors' Report

Dear Shareholder,

Your directors take pleasure in presenting the Twenty-second Annual Report and the audited accounts of your company for the year ended March 31, 2013.

### FINANCIAL RESULTS

(Rs. in lakh)

Particulars	2012-13	2011-12
Total Income	19172.00	17,096.99
Profit before depreciation	763.53	1144.14
Depreciation	93.53	92.86
Profit before tax	670.00	1051.28
Provision for taxation including deferred tax	223.89	343.31
Prior year tax adjustment	0.00	0.00
Profit after tax	446.11	707.97

### PERFORMANCE

For the year under review, your company's total income is Rs. 19172 lakh compared to Rs. 17097 lakh in the previous year. The company's total income has been higher owing to increased scale of operations. Your company has achieved profit before tax of Rs. 670 lakh (previous year, Rs. 1051 lakh) and profit after tax of Rs. 446 lakh (previous year, Rs. 708 lakh). The dip in profit before tax is the result of increased direct cost and decrease in other income in the current year.

During the year, your company has erected about 64,900 tons (previous year, 55,800 tons) of boiler equipment.

The company's year-end order balance is Rs. 15,147.30 lakh, lower than the previous year's balance of Rs 21,129.58 lakh. The general slowdown in the capital goods sector has impacted order booking for the company.

While margin pressures continue, the company's management is focusing on increasing efficiency at sites and on controlling costs.

The company has initiated 'Project Ascent' with the help of an external agency to enhance its project management capabilities.

### DIVIDEND

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

### SAFETY

Special focus on safety in operations has resulted in improvement in overall safety at project sites.

### PARTICULARS UNDER SECTION 217

Information pertaining to conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956, is not applicable to your company. However, information pertaining to foreign exchange outgo is set out in note no. 7 of Note 15 – Notes to Financial Statements.

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

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

### DIRECTORS

Rajan Nair has been inducted on the Board of your company as an Additional Director with effect from July 16, 2012. He holds the office till the ensuing Annual General Meeting (AGM) in accordance with the provisions of Section 260 of the Companies Act,

1956 (the Act). The requisite notice, with necessary deposit has been received pursuant to Section 257 of the Act, proposing him as the director of the company. Necessary resolution appointing Rajan Nair as director has been set out in the Notice of the ensuing AGM for the approval of the shareholders.

In accordance with the provisions of the Companies Act, 1956, and the company's Articles of Association, Gopal Mahadevan retires by rotation at the AGM and is eligible for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the financial statements have been prepared on a going concern basis.

### AUDIT COMMITTEE

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

The committee met four times during the financial year 2012-13 on the following dates i.e. April 30, 2012, July 16, 2012, October 18, 2012 and January 17, 2013. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

### COMPLIANCE CERTIFICATE

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

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Pune  
Date : April 30, 2013

Rajan Nair  
Director

Gopal Mahadevan  
Director

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Compliance Certificate

[SEE RULE 3]

Registration No. of the Company : U29246MH1991PLC062959  
Nominal Capital : Rs. 10,00,00,000/-  
Paid Up Capital : Rs. 4,50,00,000/-

To,  
The Members,  
**THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED**  
Pune.

I have examined the registers, records, books and papers of Thermax Engineering Construction Company Limited as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company no comments are required.
4. The Board of Directors duly met Four (4) times on 30.04.2012, 16.07.2012, 18.10.2012 and 17.01.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 13th July, 2012 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company:
  - (i) has not made any allotment nor effected any transfer/transmission of securities during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) has not posted warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as no amount has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund and there is no amount lying with the Company.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors have been duly made, however there was no appointment of alternate directors or director to fill in casual vacancy.
15. The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As informed to me there was no prosecution initiated against the Company, or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any provident fund for its employees and therefore was not required to deposit any money as required in Section 418 of the Act.

Place: Pune  
Date: 24.04.2013

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

### ANNEXURE A

Registers as maintained by the Company

1. Register of Members under Section 150
2. Register of Transfers
3. Books of Accounts under Section 209
4. Register of Contracts in which Directors are interested under Section 301
5. Register of Directors, Managing Director, Manager and Secretary under Section 303
6. Register of Directors Shareholdings under Section 307
7. Register of Directors attendance.



**ANNEXURE B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2013.

Sr. No.	Form No. / Return	Filed under section	Event Date	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form-32	303(2)	30.04.2012	17.05.2012	Yes	NA
2.	Form-32	303(2)	16.07.2012	13.08.2012	Yes	NA
3.	Form-20B	159	13.07.2012	12.09.2012	Yes	NA
4.	Form-23AC & 23ACA XBRL	220	13.07.2012	10.12.2012	Yes	NA

Place: Pune  
Date: 24.04.2013

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

**Auditors' Report****To the Members of Thermax Engineering Construction Company Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Thermax Engineering Construction Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and

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

**Report on Other Legal and Regulatory Requirements**

- As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - 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;
  - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Chartered Accountants

Firm registration number: 105102W

**Prasad Paranjape**

Partner

Membership No.: 047296

Place: Pune

Date: April 30, 2013

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year
- (ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of 'Inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) The Company has neither taken nor granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services Further, during the course of our audit, we have neither come across nor have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Sr. No.	Name of the Statute	Nature of Dues	Amount under dispute not deposited (Rs Lacs)	Period to which amount relates	Forum where dispute is pending
1	West Bengal Sales Tax	Sales Tax	38.15	2007-08 to 2008-09	Appellate Authority
2	Andhra Pradesh Sales Tax	Sales Tax	182.32	2007-08 to 2008-09	Appellate Authority
3	Service Tax	Service Tax	2422.40	2006-07 to 2010-11	Appellate Authority
4	Income Tax	Income Tax	35.81	2009-10	Commissioner of Income Tax (A) III, Pune

- (x) The Company has no accumulated losses at 31st March 2013, neither it has incurred cash loss during current year or immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company had no dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, either noticed or reported during the year, nor have we been informed of such case by the Management.

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

Chartered Accountants

Firm registration number: 105102W

**Prasad Paranjape**

Partner

Place: Pune

Date: April 30, 2013

Membership No.: 047296



# ANNUAL REPORT 2012-2013

## Balance Sheet as at March 31, 2013

Particulars	Note No	Rs in Lakh As at 31 March, 2013	Rs in Lakh As at 31 March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a. Share capital	1	450.00	450.00
b. Reserves and surplus	2	2,750.51	2,304.41
<b>2. Non-current liabilities</b>			
a. Other Long-term liabilities	3	677.72	792.77
<b>4. Current liabilities</b>			
a. Trade payables	4	3,177.60	2,497.58
b. Other current liabilities	5	2,966.93	3,078.83
c. Short-term provisions	6	313.85	234.17
<b>TOTAL</b>		<b>10,336.61</b>	<b>9,357.76</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets	7		
i Tangible assets		260.79	277.85
ii Intangible assets		-	-
iii Capital work-in-progress		0.03	3.04
b. Other non-current assets	8	132.41	188.06
c. Deferred tax Asset (Net)	9	275.47	127.38
<b>2. Current assets</b>			
a. Current investments	10	111.92	167.39
c. Trade receivables	11	4,262.92	3,985.63
d. Cash and cash equivalents	12	1,082.79	1,029.69
e. Short-term loans and advances	13	961.03	942.97
f. Other current assets	14	3,249.25	2,635.75
<b>TOTAL</b>		<b>10,336.61</b>	<b>9,357.76</b>

Notes to the financial statements 15  
The accompanying notes are an integral part of the financial statements.

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

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

Pune, 30th April, 2013

For and on behalf of the Board

**Rajan Nair**                      **Gopal Mahadevan**  
Director                              Director

Pune, 30th April, 2013

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Rs in Lakh Current Year	Rs in Lakh Previous Year
<b>I</b> Revenues from operations	16	19,126.99	16,936.90
<b>II</b> Other income	17	45.01	160.09
<b>III Total Revenue (I+II)</b>		<b>19,172.00</b>	<b>17,096.99</b>
<b>IV Expenses :</b>			
Employee benefits	18	2,032.85	1,792.37
Finance costs	19	0.19	-
Depreciation and amortisation		93.53	92.86
Other expenses	20	16,375.42	14,160.48
<b>Total Expenses</b>		<b>18,501.99</b>	<b>16,045.71</b>
<b>V</b> Profit before exceptional and extraordinary items and tax (III-IV)		670.01	1,051.28
<b>VI</b> Exceptional items		-	-
<b>VII.</b> Profit before extraordinary items and tax (V - VI)		670.01	1,051.28
<b>VIII</b> Extraordinary Items		-	-
<b>IX</b> Profit before tax (VII- VIII)		670.01	1,051.28
<b>X</b> Tax expense:			
1. Current tax		372.00	373.00
2. Deferred tax		(148.09)	(29.69)
<b>XI</b> Profit / (loss) for the period from continuing operations (VII-VIII)		446.10	707.97
<b>XII</b> Profit / (Loss) for the period		446.10	707.97
<b>XIII</b> Earning per equity share (Refer Note no. 12 of Note 15)			
1. Basic and Diluted		9.91	15.73
2. Face Value per share Rs 10/- each			

Notes to the financial statements 15  
The accompanying notes are an integral part of the financial statements.

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

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

Pune, 30th April, 2013

For and on behalf of the Board

**Rajan Nair**                      **Gopal Mahadevan**  
Director                              Director

Pune, 30th April, 2013

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Notes to financial statements

Particulars	Rs in Lakh As at 31 March, 2013	Rs in Lakh As at 31 March, 2012
<b>Note 1</b>		
<b>Share capital</b>		
Equity Share Capital		
Authorised : 10,00,00,000	1000.00	1000.00
(Previous Year : 0,00,00,000)		
Equity Shares of Rs 10/- each		
Issued		
45,00,000 (Previous Year : 45,00,000)	450.00	450.00
Equity Shares of Rs 10/- each		
	<u>450.00</u>	<u>450.00</u>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.

Equity Shares	March-13		March-12	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	45,00,000	450.00	45,00,000	450.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	45,00,000	450.00	45,00,000	450.00

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity shares are held by its holding company, Thermax Limited.

d) Details of Share holding more than 5% shares in the Company.

	March 31, 2013	March 31, 2012
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	100%	100%

**Note 7**

**FIXED ASSETS**

**Rs. Lacs**

Particulars	Gross Block				Depreciation				Net Block	
	As on 1st April, 2012	Additions / Adjustments during the year	Deductions / Adjustments during the year	As on 31st March, 2013	As on 1st April, 2012	On deductions during the year	For the year	As on 31st March, 2013	As on 31st March, 2013	As on 31st March, 2012
<b>Tangible Assets</b>										
Plant & Machinery	478.46	51.94	23.23	507.17	274.84	21.36	58.29	311.77	195.40	203.62
Office Equipments	88.25	4.93	9.84	83.34	69.65	9.72	11.55	71.48	11.86	18.60
Vehicles	108.61	21.58	12.79	117.39	52.98	12.81	23.69	63.86	53.53	55.63
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
Total	675.32	78.45	45.86	707.90	397.47	43.89	93.53	447.11	260.79	277.85
Previous Year	635.17	55.95	15.80	675.32	316.90	12.29	92.86	397.47		
Capital Work-in Progress									0.03	3.04
								Total	260.82	280.89

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 2</b>		
<b>Reserves and Surplus</b>		
General Reserve		
Per Last Balance Sheet	425.21	325.21
Transferred from Surplus	100.00	100.00
	<u>525.21</u>	<u>425.21</u>
Surplus		
Per Last Balance Sheet	1,879.20	1,271.23
Profit and loss statement balance	446.10	707.97
Transfer to General Reserve	(100.00)	(100.00)
	<u>2,225.30</u>	<u>1,879.20</u>
	<u>2,750.51</u>	<u>2,304.41</u>

**Note 3**

**Other Long-term liabilities**

Trade payables	677.72	792.77
(Refer Note no 4 of Note 15)		
	<u>677.72</u>	<u>792.77</u>

**Note 4**

**Trade payables**

Trade payables (Refer Note no. 4 of Note 15)	3,177.60	2,497.58
	<u>3,177.60</u>	<u>2,497.58</u>

**Note 5**

**Other current liabilities**

Contracts in Progress (Refer Note No. 8 of Note 15)	1,255.85	1,088.34
Customer Advances (Refer Note no. 8 of Note 15)	1,471.12	1,844.07
Other Liabilities	239.96	146.42
	<u>2,966.93</u>	<u>3,078.83</u>

**Note 6**

**Short-term provisions**

Short Term Employee Benefits	313.61	233.91
Others	0.24	0.26
	<u>313.85</u>	<u>234.17</u>

# ANNUAL REPORT 2012-2013

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 8</b>		
<b>Other non-current assets</b>		
<b>(Unsecured and considered good)</b>		
Long Term Trade Receivables	111.65	178.52
Long Term Employee Benefits (Gratuity / Net Plan Asset)	20.76	9.54
(Refer Note No. 2 of Note 15)		
	<u>132.41</u>	<u>188.06</u>

<b>Note 9</b>		
<b>Deferred Tax Asset</b>		
Deferred Tax Liabilities		
Gratuity (net plan asset)	(6.74)	(3.24)
	(6.74)	(3.24)
Deferred Tax Assets		
Depreciation	42.55	35.01
Provision for doubtful debt	208.83	89.99
Others	30.83	5.62
	<u>282.21</u>	<u>130.62</u>
Deferred Tax Asset (Net)	<u>275.47</u>	<u>127.38</u>

<b>Note 10</b>		
<b>Current Investments</b>		
Non trade - Quoted but not listed		
Investments in Mutual Funds	111.92	167.39
	<u>111.92</u>	<u>167.39</u>

## As at 31st March 2013

Name of Investment	Units	in NAV Rs Lakh
Birla Sunlife Ultra Short Term Fund - Institutional - Dividend Scheme - Reinvestment	19 182	19.19
Tata Liquid Super High Investment Fund - Daily Dividend	8 320	92.73
<b>Total</b>		<u>111.92</u>
Birla Sunlife Ultra Short Term Fund - Institutional - Dividend Scheme - Reinvestment	16 652	16.66
Tata Liquid Super High Investment Fund - Daily Dividend	13 524	150.73
<b>Total</b>		<u>167.39</u>

<b>Note 11</b>		
<b>Trade Receivables</b>		
Unsecured trade receivable outstanding for a period exceeding six month		
Considered good	1,541.95	1,032.11
Considered doubtful	643.74	266.58
Less : Provision for Doubtful Debts	643.74	266.58
	-	-
Other Trade Receivable	2,720.97	2,953.52
	<u>4,262.92</u>	<u>3,985.63</u>

<b>Note 12</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
Deposit others	-	700.00
Fixed Deposits - deposited as security with Statutory Authorities	1.96	1.96
Cheques, drafts on hand	673.08	-
Cash on hand	0.93	1.36
Balances in Current Accounts	406.82	326.37
	<u>1,082.79</u>	<u>1,029.69</u>

<b>Note 13</b>		
<b>Short-term loans and advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	864.35	827.17
Security Deposits	23.50	31.32
Advances to Staff and Workers		
Considered good	73.18	84.48
Considered doubtful	0.45	0.45
Less : Provision for doubtful advances	(0.45)	(0.45)
	<u>961.03</u>	<u>942.97</u>

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 14</b>		
<b>Other current assets</b>		
Contracts in Progress (Ref Note 8 of Note 15)	2,723.39	2,255.14
Advance Payment of Income Tax	425.39	232.08
[Net of Provision Rs 1290.00 lakh (Previous Year : Rs 918.00 lakh)]		
Advance Payment of Fringe Benefit Tax	4.45	4.45
[Net of Provision Rs 88.80 lakh (Previous Year : Rs 88.80 lakh)]		
Other current assets	3.16	37.96
Dues from Sales Tax Authorities		
Considered good	92.86	106.12
Considered doubtful	28.48	28.48
Less : Provision for doubtful dues	(28.48)	(28.48)
	<u>3,249.25</u>	<u>2,635.75</u>

	Rs in Lakh Current Year	Rs in Lakh Previous Year
<b>Note 16</b>		
<b>Revenue from operations</b>		
<b>A. Sale of services</b>		
(Erection, Commissioning and Supervision contracts)		
(i) Domestic	18,787.10	15,390.90
Add : Closing Contracts in Progress	1,467.54	1,166.80
Less : Opening Contracts in Progress	1,166.80	(308.27)
	<u>19,087.84</u>	<u>16,865.97</u>
<b>B. Other operating revenues</b>		
Profit on Sale of Assets	4.62	0.21
Miscellaneous Income	34.53	70.72
	<u>39.15</u>	<u>70.93</u>
(A + B )	<u>19,126.99</u>	<u>16,936.90</u>

<b>Note 17</b>		
<b>Other income</b>		
Interest Income	36.66	81.35
Dividend Income		
Current Investment	7.35	48.48
Net gain/loss on sale of investments		
Long Term Investment	-	15.09
Current Investment	0.01	11.68
Exchange Difference Income (Net)	0.99	3.49
	<u>45.01</u>	<u>160.09</u>

<b>Note 18</b>		
<b>Employee Benefits Expense</b>		
Salaries and wages	1,896.58	1,669.77
Contribution to provident and other funds	114.39	101.63
Staff welfare expenses	5.54	6.10
Gratuity (Refer Note no. 2 of Note 15)	16.34	14.87
	<u>2,032.85</u>	<u>1,792.37</u>

<b>Note 19</b>		
<b>Finance Costs</b>		
Interest expense	0.19	-
	<u>0.19</u>	<u>-</u>

<b>Note 20</b>		
<b>OTHER EXPENSES</b>		
Site Expenses and Contract Labour Charges	637.43	493.29
Erection, Fabrication Charges (including Consumables and Safety materials)	14,561.09	12,697.87
Rent and Service Charges	63.40	63.14
Rates and Taxes	0.24	0.26
Insurance	39.38	42.76
Repairs & Maintenance		
- Buildings	-	1.07
- Others	28.33	22.95
Communication	41.01	44.66
Travelling & Conveyance	404.11	449.93
Bank Charges	11.55	4.86
Legal & Professional charges	19.82	14.67
Printing & Stationery	6.51	9.21
Bad Debts Written Off	76.66	9.48
Provision for Doubtful Debts/Customer Claims	377.16	64.73
Liquidated Damages	14.52	150.75
Loss on sale of Assets	0.06	0.73
Balances Written Off	2.05	1.59
Miscellaneous Expenses (Refer Note no.5 of Note 15)	79.92	75.60
Interest (other than interest on borrowings)	12.18	12.93
(Inclusive of Prior Period expenses - refer Note no. 6 of Note 15)	<u>16,375.42</u>	<u>14,160.48</u>

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## Note 15

### 1. Significant Accounting Policies

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

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

#### b) Use of Estimates

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

#### c) Fixed Assets – Tangible Assets

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

#### d) Depreciation

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

Sr. No.	CLASS OF ASSET	ITEM	DEPRECIATION RATE as applied	DEPRECIATION RATE % P.A. (As per Schedule XIV to The Companies Act)
1	Plant & Machinery	a. Cranes (10Ton & above) b. Containers	14.29	4.75
		c. Cranes (Upto 10Ton) including Hydras d. Tractors & Trailers e. Precision Tools, Electrical Winches	20.00	4.75 (for Tractor 11.31)
		f. Generator Set	25.00	4.75
		g. Grinding, Drilling, Welding, cutting m/c. & Wire Ropes, slings etc.	50.00	4.75
		h. Pipe Chamfering, Hydraulic Tube Expanding m/c., Rigging & Lifting Tools, Drying Oven etc.	33.33	4.75
		I. Calibration Equipments and E&I tools	100.00	4.75
2	Furniture & Fixture	a. At Site	50.00	6.33
3	Office Equipments	a. Refrigerators, Television and other office equipments at Site	50.00	16.21
		b. Computers, Printer & Software at H.O. and Site c. Photocopying m/c., Air Conditioners, Water / Air Coolers at Site	33.33	16.21
4	Vehicles	a. Motor Cars used at Site	33.33	9.50
		b. Motor Cars for Officers (Grade - M1 & M2)	13.45	9.50
		c. Motor Cars for Officers (Grade - M3 & M4)	15.00	9.50

#### e) Asset Impairment

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

#### f) Investments

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

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

#### g) Employee Benefits

##### Long-Term Benefits

##### **Provident Fund**

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

##### **Superannuation Fund**

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

##### **Gratuity**

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

##### Short-Term Benefits

##### **Leave Encashment**

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

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

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

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

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

#### d) Provisions and Contingent Liabilities

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

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

#### e) Revenue Recognition

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

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

Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

Provision for expected loss is recognized immediately when it is probable that the total estimated contract cost will exceed total contract revenue.

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

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

Interest income is recognized on time proportion basis.

## f) Foreign Currency Transactions

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

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

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

## g) Taxes on Income

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

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

## 2. Employee Benefits

### a) Defined Benefit Plans for Employees (AS 15)

		Rs in Lakh	Rs in Lakh
		2012-13	2011-12
i	Components of Employer expense		
a	Current Service Cost	14.27	12.29
b	Interest Cost	7.07	5.78
c	Expected Return on Plan Assets	-9.38	-7.39
d	Actuarial (Gain)/Loss	4.38	4.20
e	Past Service Cost	0	0
f	Total expense recognised in the Profit and Loss Account	16.34	14.87
ii	Net Assets/(Liability) recognised in Balance Sheet as at 31st March		
a	Present Value of Obligation	111.19	93.12
b	Fair Value of Plan Assets	-131.95	-102.66
c	(Asset)/Liability recognised in the Balance Sheet	-20.76	-9.54
iii	Change in Gratuity Obligation during the year		
a	Present Value of Obligation as at 31st March	93.12	74.09
b	Current Service Cost	14.27	12.29
c	Interest Cost	7.07	5.78
d	Actuarial (Gain)/Loss	6.26	4.68
e	Benefit Paid	-9.53	-3.72
f	Present Value of Obligation as at 31st March	111.19	93.12
iv	Changes in the Fair Value of Plan Assets		
a	Present Value of Plan Assets as 31st March	102.66	82.17
b	Expected Return on Plan Assets	9.38	7.39
c	Actual Company Contribution	21.42	12.61
d	Benefits Paid	-3.39	0
e	Actuarial Gain/(Loss)	1.87	0.48
f	Present Value of Plan Assets as 31st March	131.95	102.66
v	Actual Return on Plan Assets	11.25	7.87
vi	Actuarial Assumptions		
a	Discount Rate	8% p.a.	8% p.a.
b	Expected Rate of Return	8% p.a.	8% p.a.

		Rs in Lakh	Rs in Lakh
		2012-13	2011-12
c	Mortality	LIC 2006-08 ULTIMATE	LIC 1994-96 ULTIMATE
d	Future Salary Increases	7% p.a	7% p.a
e	Disability	Nil	Nil
f	Attrition	7% p.a	2% p.a
g	Retirement	60 years	60 ears

### vii) Amounts recognised in current year and previous four years

Particulars	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Gratuity					
Defined Benefit Obligation	111.19	93.12	74.09	50.88	40.37
Plan Asset	131.95	102.66	82.17	61.83	44.87
(Surplus) / Deficit	(20.76)	(9.54)	(8.08)	(10.95)	(4.49)
Experience adjustments in plan liabilities	6.26	4.68	10.66	0.13	1.51
Experience adjustments in plan assets	1.87	0.48	0.55	1.41	(0.12)
Classified as Non-Current	-	-	-	-	-
Classified as Current	(20.76)	(9.54)	(8.08)	(10.95)	(4.49)
Total	(20.76)	(9.54)	(8.08)	(10.95)	(4.49)

### viii) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

Particulars	2012-13	2011-12
Provident and other funds paid	114.39	101.63

### ix) Major Category of Plan Assets as a % of total Plan Assets

Particulars	2012-13	2011-12
Government Securities (Central and State)	100%	100%
Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Fixed Deposits under Special	-	-
Deposits Schemes of Central Government	-	-
Public Sector Unit Bonds	-	-
Total %	100%	100%

### x) Expected Contribution to funds in next year

Sr No.	Particulars	FY 13-14	FY 12-13
1	Gratuity	24.82	21.42
2	Provident Fund	122.40	114.39

## 3. Contingent Liabilities not provided for (Rs in Lakh)

- Income tax demands disputed in Appellate proceedings Rs. 349.51 ( Previous Year Rs. 92.33)
- Sales tax demands disputed in Appellate proceedings Rs. 22.98 (Previous Year Rs. 71.65)
- Bank Guarantees for advance payments and performance Rs. 881.18 (Previous Year Rs. 1,425.81). Bank guarantees issued to statutory authorities Rs 15.93 (Previous Year Rs 4.75).
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 9.51 (Previous Year Rs. 9.32)
- Disputed demand in respect of Service Tax Rs. 210.18 (inclusive of interest) is under Appeal (Previous Year Rs 186.98, inclusive of interest).

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## 4. Micro & Small Scale Enterprises

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

Rs in Lakh				
Sr. No.	Particulars	Principal Amount	Interest	Total
A	Total Outstandings to MSMED vendors	Nil	Nil	Nil
B	Principal amount and Interest due thereon to MSMED parties BOTH remaining unpaid as on 31st March 2013	Nil	Nil	Nil
C	Amount of Interest paid in terms of Sec 16 of MSMED Act alongwith the RELATED principal amount paid during the Year	Nil	Nil	Nil
D	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on 31st March 2013)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2013 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

## 5. Miscellaneous Expenses include:

Rs in Lakh		
	2012-13	2011-12
Auditors' Remuneration		
(I) Audit Fees	2.25	1.10
(ii) Tax Audit Fees	0.60	0.40
(iii) VAT Audit Fees	0.40	0.30
(iv) Reimbursement of expenses	0.11	0.15

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

Rs in Lakh		
	2012-13	2011-12
Expenses		
Erection charges	65.33	59.62
Expenses	2.79	0.76

## 7. Expenditure in Foreign Currency:

Rs in Lakh		
	2012-13	2011-12
(I) Travelling Expenses	68.61	157.62

The details of Foreign Travel expenses given above are on accrual basis.

## 8. In respect of contracts in progress:

Rs in Lakh		
Particulars	2012-13	2011-12
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	19087.84	16865.97
b) Amount of Customer Advances received (Unadjusted as on 31st March)	1471.12	1844.07
c) Amount of Retentions	1846.39	1451.37
d) Gross amount due from customers for contract work (Positive CIP)	2723.39	2255.14
e) Gross amount due to customers for contract work (Negative CIP)	1255.85	1088.34
f) In respect of contracts in progress as on 31 st March 2013 :		
Aggregate amt of Costs incurred and recognised profits (less recognised losses)	44654.39	29886.02
Less: Running Bills	43186.85	(28719.22)
Closing Contracts in Progress	1467.54	1166.80

9. In cases where letters of confirmation have been received from parties, book balances have been generally reconciled and adjusted. In other cases, balances in accounts of trade receivables, trade payables and advances or deposits have been taken as per books of account.

## 10. Segment Reporting:

### Primary Segment

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

### Secondary Segment

The Company caters mainly to the needs of Indian markets. Hence there are no reportable geographical segments.

## 11. Related Party Disclosures

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

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

#### Parties where control exists:

RDA Holdings Pvt. Ltd.	- Ultimate Holding Company
Thermax Limited	- Holding Company

#### Fellow Domestic Subsidiary

1	Thermax Instrumentation Limited	India
2	Thermax Sustainable Energy Solutions Limited	India
3	Thermax Onsite Energy Solutions Limited	India

#### Fellow Overseas Subsidiary

1	Thermax International Limited	Mauritius
2	Thermax Hong Kong Limited	Hong Kong
3	Thermax Europe Limited	U.K
4	Thermax Inc.	U.S.A
5	Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited	China
6	Thermax do Brasil Energia e Equipamentos Ltda.	Brazil
7	Thermax Netherlands B.V.	Netherlands
8	Thermax Denmark ApS	Denmark
9	Danstoker A/S	Denmark
10	Omnical Kessel- und Apparatebau GmbH	Germany
11	Ejendomsanpartsselskabet Industrivej Nord 13	Netherlands
12	Rifox – Hans Richter GmbH	Germany
13	Thermax SDN.BHD	Malaysia

#### Fellow Joint Venture Subsidiary

1	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	India
2	Thermax SPX Energy Technologies Ltd	India

### b) Transactions with the Related Parties

Rs in Lakh		
Particulars	2012-13	2011-12
Sales (including recovery of expenses)		
Thermax Ltd	7096.54	4,922.05
Thermax SPX Energy Tech. Ltd	0.00	0.36
Project Execution Expenditure		
Thermax Ltd	68.13	134.52
Receiving of Services		
Thermax Ltd	170.17	150.15
Management Contracts including for deputation of employees		
Thermax Ltd	25.21	26.35
Guarantees and Collaterals		
Thermax Ltd	3200.00	3,200.00
Outstanding Balances		
Receivables – Thermax Ltd	778.60	848.71
Payables – Thermax Ltd	24.85	20.71
Advances received – Thermax Ltd	463.91	5.70



## 12. Earning Per Share (EPS)

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

Particulars	2012-13	2011-12
Net profit available for Shareholders (Rs. In Lakh)	446.11	707.97
Weighted average number of Equity Shares of Rs. 10 each	45,00,000	45,00,000
Basic and Diluted earning per share (Rs.)	9.91	15.73
Face Value per share of Rs 10/- each		

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

As per our Report of even date <b>For B.K.Khare &amp; Co.</b> Chartered Accountants	For and on behalf of the Board	
<b>Prasad Paranjape</b> (Partner) Membership No.- 047296	<b>Rajan Nair</b> Director	<b>Gopal Mahadevan</b> Director
Pune, 30th April 2013	Pune, 30th April 2013	

## Cash Flow Statement

Particulars	Rs in Lakh Year ended 31 March, 2013	Rs in Lakh Year ended 31 March, 2012
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit before taxation</b>	670.01	1,051.28
Adjustment for :		
Depreciation	93.53	92.86
Loss on sale of tangible assets (net)	(4.56)	0.52
Profit on sale of investments (net)	(0.01)	(26.77)
Provision for Doubtful Debts	377.16	64.73
Dividend / Brokerage Income	(7.35)	(48.48)
Interest Income	(36.66)	(81.35)
<b>Operating profit before working capital changes</b>	<b>1,092.12</b>	<b>1,052.79</b>
<b>Changes in Working Capital:</b>		
Increase / (Decrease) in trade payables	(115.05)	33.99
Increase / (Decrease) in Current trade payables	680.02	1,275.75
Increase / (Decrease) in provisions	79.68	(42.38)
Increase / (Decrease) in other current liabilities	(111.90)	(410.09)
(Increase) / Decrease in trade receivables	(654.45)	(862.67)
(Increase) / Decrease in loans & advances	(18.06)	(343.46)
(Increase) / Decrease in other current assets	(420.19)	(1,465.26)
(Increase) / Decrease in Non-current assets	55.65	(95.13)
<b>Cash Generated from Operations</b>	<b>587.82</b>	<b>(856.45)</b>
Taxes paid (net of refunds)	(565.31)	(0.29)
<b>Net Cash generated from operating activities</b>	<b>22.51</b>	<b>(856.75)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of tangible assets	(75.44)	(43.85)
Sale of tangible assets	6.53	2.99
Sale of current investments	55.49	893.97
Interest received	36.66	81.35
Dividends received	7.35	48.48
<b>Net cash from investing activities</b>	<b>30.59</b>	<b>982.94</b>
<b>Net increase in Cash and Cash equivalents (A + B)</b>	<b>53.10</b>	<b>126.19</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,029.69</b>	<b>903.50</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,082.79</b>	<b>1,029.69</b>
<b>Cash and Cash equivalents comprise of :</b>		
Cash on Hand	0.93	1.36
Cheques on Hand	673.08	-
Balances with Banks in Current and Deposit Accounts	408.78	1,028.33
<b>Total</b>	<b>1,082.79</b>	<b>1,029.69</b>

# THERMAX INSTRUMENTATION LIMITED

## Board of Directors

Ravinder Advani  
Gopal Mahadevan  
R. V. Ramani

## Manager

M. L. Bindra

## Company Secretary

Sudhir Lale

## Registered Office

Thermax House,  
14, Mumbai - Pune Road,  
Wakdevadi,  
Pune - 411003

## Corporate Office

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

## Auditors

B. K. Khare & Co.  
Chartered Accountants  
Hotel Swaroop, 4th Floor,  
Lane No. 10, Prabhat Road,  
Pune 411004

## Bankers

Union Bank of India  
HDFC Bank Limited  
State Bank of India  
Corporation Bank  
ICICI Bank  
Citibank

## Directors' Report

Dear Shareholder,

Your Directors present the Seventeenth Annual Report together with the audited accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS

Particulars	2012-13	2011-12
Total Income	21,740.50	24,946.31
Profit/(Loss) before Depreciation	(1,706.10)	(1,084.61)
Depreciation	58.40	74.40
Profit/(Loss) before Tax	(1,764.50)	(1,159.01)
Provision for Taxation including Deferred Tax	232.57	(119.16)
Profit/(Loss) after tax	(1,997.07)	(1,039.85)

### PERFORMANCE

During the year, your company earned a total income of Rs. 21,740.50 lakh as against Rs. 24,946.31 lakh in the previous year. Loss before tax was Rs. 1,764.50 lakh as against previous year's loss before tax of Rs. 1,159.01 lakh and loss after tax was Rs. 1,997.07 lakh as against previous year's loss after tax of Rs. 1,039.85 lakh. During the year, the company commissioned power plants aggregating to more than 400 MW including the first unit of the 300 MW IPP in Andhra Pradesh. The current year's performance was impacted due to cost overruns/provisions on certain contracts.

The company is currently managing construction activities of over 900 MW of power generation which are under various stages of construction and commissioning across a number of sites. Due to the slowdown in the power sector resulting from the overall economic environment of the country, the year did not see many large order finalisations in the power sector. The situation continues to be challenging. Order booking in captive sector in current year (Rs 19,070 lakhs as against Rs. 10,011 in previous year) has put the company in a position with better order balance and the prospect of modest growth in FY 2013-14.

To overcome challenges and build a strong and sustainable operations improvement strategy, your company, along with the Power business group of Thermax Ltd. has engaged the services of outside consultant and has initiated a 'Project Transcend' to study the current situation, come up with recommendations and implement them.

The project covers all operations functions starting with tendering and proposals and includes engineering, procurement, planning, projects management, construction as well as operations and maintenance. It aims to improve processes at construction sites including leveraging automation opportunities to the extent possible.

### SAFETY

The company continues to focus on improving safety at sites, and its performance in this area was recognised by three of its large customers. The company has also bagged several awards for its safety practices at

- Grasim Industries Limited, Bharuch
- ONGC Mangalore Refineries
- JK Paper Mills, Raigad

A few safety officers, were appreciated for implementing safety practices at project sites.

More than eight sites have crossed 3 million or more safe man hours (without Loss Time Injury)

Various process improvements have suggested to the Power Division of the Parent Company such as:

- E learning for safety training.
- Video training for O&M and
- Contractor rating systems for large and medium power plant sites.

The suggestion have been implemented..

### RECLASSIFICATION AND INCREASE IN SHARE CAPITAL

Authorised Share Capital of the company was Rs. 20 Crore consisting of equity share capital only. Considering fund requirement the company has reclassified its unissued capital portion of Rs. 11 crore from Equity Shares to 1% Non-cumulative Redeemable Preference Shares.

During the year, the company has increased its authorised share capital to Rs. 24 crore divided into 90,00,000 (Ninety Lac) equity shares of Rs. 10/- each and 1.50 crore 1% Non-cumulative Redeemable Preference Shares of Rs. 10/- each.

### ISSUE OF NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES

The company has issued 1 (One) crore Non-cumulative Redeemable Preference Shares ('NCRPS') of face value of Rs. 10/- each aggregating to Rs. 10 crore on preferential basis to the parent company. Consequent upon the allotment which was made on March 29, 2013, the paid-up share capital stands increased to Rs. 19 crore divided into 90 lakh equity shares of Rs. 10 each and 1 crore NCRPS of Rs. 10/- each.

### DIVIDEND

In view of loss incurred during the year, the Directors do not recommend any dividend.

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

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

- Particulars of employees  
None of the employees is covered by the provisions contained in Section 217(2A) of the Companies Act, 1956, read with the rules framed there under, as amended.
- Conservation of energy and technology absorption  
Information pertaining to conservation of energy and technology absorption is not applicable to your company.
- Foreign exchange earnings and outgo  
Information pertaining to foreign exchange earnings and outgo, under Section 217(1)(e) of the Companies Act, 1956 is set out in point (j) of Note 25- Notes to Accounts.



## DIRECTORS

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the directors present the accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

## AUDIT COMMITTEE

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

The committee met four times during the financial year 2012-13 on April 25, 2012, July 17, 2012, October 18, 2012 and January 17, 2013. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

## AUDITORS

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

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

**R. V. Ramani**  
Director

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

Pune, May 09, 2013

# THERMAX INSTRUMENTATION LIMITED

## Auditors' Report

### To the Members of Thermax Instrumentation Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Instrumentation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Chartered Accountants

Firm's Registration Number: 105102W

**Prasad Paranjape**

Partner

Membership Number: 47296

Place: Pune

Date: May 09, 2013

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year
- (ii) (a) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of Inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) The company has neither taken nor granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4 (v) (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Sr. No.	Name of the Statute	Nature of Dues	Amount under dispute not deposited (Rs Lakhs)	Period to which amount relates	Forum where dispute is pending
1	West Bengal Sales Tax	Sales Tax	38.15	2007-08 to 2008-09	Appellate Authority
2	Andhra Pradesh Sales Tax	Sales Tax	182.32	2007-08 to 2008-09	Appellate Authority
3	Service Tax	Service Tax	2422.40	2006-07 to 2010-11	Appellate Authority
4	Income Tax	Income Tax	35.81	2009-10	Commissioner of Income Tax (A) III, Pune

- (x) The Company's accumulated losses at the end of the financial year 2013, have exceeded fifty per cent of its net worth. The company has incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on the information and explanations given to us, the Company had no dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, either noticed or reported during the year, nor have we been informed of such case by the Management.

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

Place: Pune  
Date: May 09, 2013

**Prasad Paranjape**  
Partner  
Membership Number: 47296

# THERMAX INSTRUMENTATION LIMITED

## Balance Sheet as at March 31, 2013

Particulars	Note No	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a. Share capital	1	1,900.00	900.00
b. Reserves and surplus	2	(1,725.28)	368.06
		<u>174.72</u>	<u>1,268.06</u>
<b>2. Non-current liabilities</b>			
a. Other Long-term liabilities	3	69.31	96.81
b. Long-term provisions	4	-	-
		<u>69.31</u>	<u>96.81</u>
<b>3. Current liabilities</b>			
a. Trade payables	5	3,147.67	3,015.14
b. Other current liabilities	6	9,865.68	11,748.76
c. Short-term provisions	7	291.77	223.47
		<u>13,305.12</u>	<u>14,987.37</u>
<b>TOTAL</b>		<u>13,549.15</u>	<u>16,352.24</u>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets	8		
i. Tangible assets		311.36	353.13
ii. Intangible assets		-	-
iii. Capital work-in-progress		-	-
b. Non-current investments	9	-	-
c. Long-term loans and advances	10	47.58	91.26
d. Other non-current assets	11	3,417.71	2,512.00
e. Deferred tax Asset (Net)	12	0.11	62.73
		<u>3,776.76</u>	<u>3,019.12</u>
<b>2. Current assets</b>			
a. Current investments	13	19.49	234.39
b. Inventories		-	-
c. Trade receivables	14	3,999.51	3,518.28
d. Cash and cash equivalents	15	1,140.49	5,050.09
e. Short-term loans and advances	16	1,099.37	1,274.27
f. Other current assets	17	3,513.53	3,256.10
		<u>9,772.39</u>	<u>13,333.13</u>
<b>TOTAL</b>		<u>13,549.15</u>	<u>16,352.24</u>

Notes to the financial statements 25  
The accompanying notes are an integral part of the financial statements.

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Rs Lakh Year Ended March 31, 2013	Rs Lakh Year Ended March 31, 2012
<b>I</b> Revenues from operations	18	21,346.65	24,489.56
<b>II</b> Other income	19	393.85	456.75
<b>III Total Revenue (I+II)</b>		<u>21,740.50</u>	<u>24,946.31</u>
<b>IV Expenses :</b>			
Cost of materials consumed	20	2,858.99	4,531.53
Site Expenses and Contract Labour Charges	21	17,967.59	18,811.30
Employee benefits	22	1,688.14	1,690.79
Finance costs	23	6.84	3.51
Depreciation and amortisation		58.40	74.40
Other expenses	24	925.04	993.79
<b>Total Expenses</b>		<u>23,505.00</u>	<u>26,105.31</u>
<b>V</b> Profit before exceptional and extraordinary items and tax (III-IV)		(1,764.50)	(1,159.00)
<b>VI</b> Exceptional items		-	-
<b>VII</b> Profit before extraordinary items and tax (V - VI)		(1,764.50)	(1,159.00)
<b>VIII</b> Extraordinary Items		-	-
<b>IX</b> Profit before tax (VII- VIII)		<u>(1,764.50)</u>	<u>(1,159.00)</u>
<b>X</b> Tax expense:			
1. Current tax		169.95	50.88
Note : Branch Profit Remittance Tax paid in Philippines included above - Rs 134.75 Lakhs			
2. Mat Credit Entitlement (for earlier years)		-	(150.69)
3. Deferred tax		62.62	(19.35)
<b>XI</b> Profit / (loss) for the period from continuing operations (VII-VIII)		<u>(1,997.07)</u>	<u>(1,039.84)</u>
<b>XII</b> Profit / (loss) from discontinuing operations		-	-
<b>XIII</b> Tax expense of discontinuing operations		-	-
<b>XIV</b> Profit / (loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV</b> Profit (Loss) for the period (XI + XIV)		<u>(1,997.07)</u>	<u>(1,039.84)</u>
<b>XVI</b> Earning per equity share: (Refer Note No.21 of Note 25)			
1. Basic and Diluted		(22.19)	(11.55)
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 25  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

Pune, May 09, 2013

For and on behalf of the Board

**R. V. Ramani**  
Director

**M. L. Bindra**  
Manager

**Gopal Mahadevan**  
Director

**Sudhir Lale**  
Company Secretary

Pune, May 09, 2013

## Notes to Financial Statements

Particulars	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>Note 1</b>		
<b>Share capital</b>		
Share Capital	2,000.00	2,000.00
Authorised 2,40,00,000 (comprising of 90,00,000 equity shares of Rs 10/- each & 1,50,00,000 1% Non-cumulative Redeemable Preference shares of Rs 10/- each )		
(Previous Year : 20,00,00,000 Equity Share Capital - 2,00,00,000 equity shares of Rs 10/- each )		
Issued,	900.00	900.00
90,00,000 (Previous Year : 90,00,000)		
Equity Shares of Rs. 10/- each		
1,00,00,000 (Previous Year : Nil) 1%		
Non-cumulative Redeemable Preference Shares of Rs 10/- each	1,000.00	-
	1,900.00	900.00

## a) Reconciliation of the shares at the beginning and at the end of the reporting period.

Equity Shares	March-13		March- 12	
	Nos	Rs Lakh	Nos	Rs Lakh
At the beginning of the period	90000000	900	90000000	900
Issued during the period	-	-	-	-
Outstanding at the end of the period	90000000	900	90000000	900

Preference Shares	March-13		March- 12	
	Nos	Rs Lakh	Nos	Rs Lakh
At the beginning of the period	-	-	-	-
Issued during the period	10000000	1000	-	-
Outstanding at the end of the period	10000000	1000	-	-

## b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c) Term/rights attached to preference shares

The Non-cumulative Redeemable Preference Shares issued on 29/03/2013 shall be redeemed in one or more tranches not later than a period of Five years from the date of allotment at face value. No voting rights are attached to the said Preference shares.

## d) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity shares and preference shares are held by its holding company, Thermax Limited.

## e) Details of Share holding more than 5% shares in the Company.

	March-13	March-12
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	100%	100%
	Rs Lakh	Rs Lakh
	As at	As at
	March 31,	March 31,
	2013	2012

## Particulars

## Note 2

## Reserves and Surplus

Capital Reserves		
Per Last Balance Sheet	1,118.84	1,118.84
Forex Currency Translation reserve		
Per Last Balance Sheet	102.04	3.98
Adjusted to Profit and loss statement	(96.27)	98.06
	5.77	102.04
Surplus		
Per Last Balance Sheet	(852.82)	187.02
Profit and loss statement balance	(1,997.07)	(1,039.84)
	(2,849.89)	(852.82)
	(1,725.28)	368.06

## Note 3

## Other Long-term liabilities

Trade payables (Refer Note No. 2 c of Note 25)	69.31	83.10
Others	-	13.71
	69.31	96.81

## Note 4

## Long-term provisions

Long Term Employee Benefits	-	-
	-	-

## Note 5

## Trade payables

Trade payables	3,147.67	3,015.14
(Refer Note No. 2 c of Note 25)		
	3,147.67	3,015.14

## Note 6

## Other current liabilities

Contracts in Progress	2,015.90	2,467.20
(Refer Note No. 2 f of Note 25)		
Customer Advances for Contracting Services	7,149.01	8,823.37
(Refer Note No.2 f of Note 25)		
Other Customer Advances	84.40	75.12
Other Liabilities	616.37	383.07
	9,865.68	11,748.76

## Note 7

## Short-term provisions

Short Term Employee Benefits	291.77	214.40
Gratuity (Refer Note No. 2 a of Note 25)	84.40	9.07
	291.77	223.47

## Note 8

## Fixed Assets

Amount in Lakh

Particulars	Gross Block				Depreciation				Net Block	
	Cost As on 1.4.2012	Additions During the Year-12-13	Deductions During The Year 12-13	Total Cost as on 31.03.2013	Upto 31.03.2012	Deductions During the Year 12-13	Provisions During the Year 12-13	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>Tangible Assets</b>										
Land - Leasehold	12.22	-	-	12.22	2.55	-	0.18	2.73	9.49	9.67
Building	304.19	-	-	304.19	117.37	-	10.16	127.53	176.66	186.82
Plant & Machinery	150.33	-	-	150.33	63.35	-	7.14	70.49	79.84	86.98
Electrical Installation	37.38	-	-	37.38	37.38	-	-	37.38	-	-
Office Equip, Computer	273.56	16.82	26.04	264.34	227.72	25.84	37.39	239.27	25.07	45.84
Vehicles	37.11	-	-	37.11	13.29	-	3.53	16.82	20.29	23.82
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>814.79</b>	<b>16.82</b>	<b>26.04</b>	<b>805.57</b>	<b>461.66</b>	<b>25.84</b>	<b>58.40</b>	<b>494.21</b>	<b>311.36</b>	<b>353.13</b>
Previous Year	755.66	60.18	1.05	814.79	387.38	0.11	74.40	461.66		
Capital Work in Progress for Current Year and Previous Year is Nil	-	-	-	-	-	-	-	-		

# THERMAX INSTRUMENTATION LIMITED

## Notes to Financial Statements

	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>Note 9</b>		
<b>Non-current investments</b>		
Investments in Mutual Funds	-	-
	-	-
<b>Note 10</b>		
<b>Long-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Security Deposits	15.11	15.16
Advances recoverable in cash or in kind or for value to be received	32.47	76.10
	47.58	91.26
<b>Note 11</b>		
<b>Other non-current assets</b>		
Long Term Trade Receivables		
Unsecured Considered good	297.25	297.25
Fixed Deposit with more than 12 months maturity	1,077.53	107.08
Interest accrued on Fixed Deposit	-	2.16
Advance Payment of Income Tax, Wealth Tax and Fringe Benefit Tax	2,042.93	2,105.51
[Net of Provision for Taxes Rs 167.39 Lakh, (Previous Year Rs.167.39 Lakh)]		
	3,417.71	2,512.00

<b>Note 12</b>		
<b>Deferred tax Asset (net)</b>		
a) Deferred Tax Liabilities	-	-
b) Deferred Tax Assets		
Depreciation	-	6.92
Gratuity	-	2.94
Provision for doubtful debt	-	48.38
Others	0.11	4.49
Deferred tax Asset	0.11	62.73
Deferred tax Asset (net) (b - a)	0.11	62.73

<b>Note 13</b>		
<b>Current Investments</b>		
Non trade		
Investments in Mutual Funds	19.49	234.39
	19.49	234.39

<b>Note :</b>			
<b>Name of Investment</b>	<b>Units (in Lakh)</b>	<b>NAV (Rs)</b>	<b>Market Value, as shown above (Rs Lakh)</b>
<b>March - 13</b>			
Birla Sun Life Short Term Fund - Inst Daily Div - 1014868105	0.12	100.06	11.95
Birla Sun Life Short Term Fund - Inst Daily Div - 1015084020	-	-	-
TATA Liquid Fund Plan A - Daily Dividend - 1314385/89	0.01	1,114.52	7.54
TATA Liquid Fund High Inv - Daily Dividend - 1314385/89	0.00	1,114.34	0.00
<b>Total</b>			19.49
<b>March - 12</b>			
Birla Sun Life Short Term Fund - Inst Daily Div - 1014868105	0.01	100.06	1.25
Birla Sun Life Short Term Fund - Inst Daily Div - 1015084020	1.18	100.06	118.04
TATA Liquid Fund High Inv - Daily Dividend - 1314385/89	0.10	1,114.34	115.10
<b>Total</b>			234.39

	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>Note 14</b>		
<b>Trade Receivables</b>		
Unsecured trade receivable outstanding for a period exceeding six months		
Considered good	1,849.48	204.30
Considered doubtful	253.81	149.10
Less : Provision for doubtful debts	(253.81)	(149.10)
Other trade receivable	2,150.03	3,313.98
	3,999.51	3,518.28

<b>Note 15</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
Deposit with more than 12 months in maturity	1,077.53	107.08
Deposit others	-	2,638.90
Fixed Deposits - deposited as security with statutory Authorities and includes fixed deposit under lien	-	-
Cash on hand	0.03	1.58
Balances in current accounts	1,140.46	2,409.61
	2,218.02	5,157.17
Less : Deposit with more than 12 months maturity disclosed under Other non-current assets	1,077.53	107.08
	1,140.49	5,050.09

<b>Note 16</b>		
<b>Short-term loans and advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,024.24	1,169.47
Considered doubtful	1.63	1.63
Less : Provision for doubtful advances	(1.63)	(1.63)
Advances to Staff and Workers	75.13	104.80
	1,099.37	1,274.27

<b>Note 17</b>		
<b>Other current assets</b>		
Contracts in Progress	1,158.71	1,813.54
(Refer Note No.2 f of Note 25)		
Balance in Central Excise & Customs Accounts	1,120.16	848.05
Advance Payment of Income Tax	573.62	-
MAT Credit Entitlement	150.69	150.69
Gratuity (Refer Note No. 2 a of Note 25)	17.50	-
Other current assets	492.85	443.82
	3,513.53	3,256.10

<b>Note 18</b>		
<b>Revenue from operations</b>		
<b>A. Sale of services</b>		
(i) Domestic Contracting Services	20,787.87	24,196.88
Add : Closing Contracts in Progress	(857.19)	(653.66)
Less : Opening Contracts in Progress	(653.66)	(252.70)
	20,584.34	23,795.92
(ii) Domestic Other Services	246.45	154.68
(iii) Exports	193.69	347.61
(i) + (ii) + (iii)	21,024.48	24,298.21

<b>B. Other operating revenues</b>		
Claims and Refunds	8.06	18.39
Profit on Sale of Assets	12.77	-
Sale of Scrap	230.81	160.41
Miscellaneous Income	70.53	12.55
	322.17	191.35
(A + B)	21,346.65	24,489.56



*Notes to Financial Statements*

Particulars	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>Note 19</b>		
<b>Other income</b>		
Interest Income	159.82	198.94
Dividend Income		
Long-term Investment	-	68.56
Current Investment	32.57	179.41
Net gain/loss on sale of investments -Current	0.14	0.23
Other non-operating income	30.85	9.61
Exchange Fluctuation Income (Net)	170.47	-
	<u>393.85</u>	<u>456.75</u>

**Note 20****Cost of Material consumed**

Consumption of raw materials and components		
Opening Stocks	-	-
Add: Purchases (Other than Trading purchases)	2,858.99	4,531.53
	<u>2,858.99</u>	<u>4,531.53</u>
Less: Closing Stocks	-	-
	<u>2,858.99</u>	<u>4,531.53</u>

**Note 21****Site Expenses and Contract Labour Charges**

Site Expenses and Contract Labour Charges	17,967.59	18,811.30
	<u>17,967.59</u>	<u>18,811.30</u>

**Note 22****Employee Benefits Expense**

Salaries and wages	1,542.45	1,510.15
Contribution to provident and other funds	130.79	124.03
Gratuity (Refer Note no 2 a of Note 25)	(6.20)	20.66
Staff welfare expenses	21.10	35.95
	<u>1,688.14</u>	<u>1,690.79</u>

**Note 23****Finance Costs**

Interest expense - Others	6.84	3.51
	<u>6.84</u>	<u>3.51</u>

**Note 24****Other Expenses**

Consumption of stores and spare parts	108.35	93.50
Power and Fuel	92.43	240.94
Drawing, Design and Technical Service Charges	21.73	8.05
Insurance	258.69	223.82
Repairs and Maintenance:		
Others	13.81	12.09
Communication	16.28	18.71
Traveling and Conveyance	144.22	124.31
Other Selling and Distribution Expenses	4.77	4.14
Bank Charges	14.64	33.89
Legal & Professional Charges	110.01	103.91
Printing and Stationery	18.29	18.95
Donations	-	0.20
Provision for Doubtful Debts/Customer Claims	104.71	83.50
Loss on Assets sold/discarded (net)	0.20	0.94
Loss on Sale of Investment	-	1.59
Net gain or loss on foreign currency transaction and translation	-	0.28
Miscellaneous Expenses (Refer Note No. 2 d of Note 25)	16.91	24.97
	<u>925.04</u>	<u>993.79</u>

*Notes forming part of Accounts***Note 25****1. Significant Accounting Policies****a) Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

**b) Use of Estimates**

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

**c) Fixed Assets**

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

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

**d) Depreciation**

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

Depreciation on Buildings, Plant & Machinery, Office Equipments, Electrical Installation, Motor Vehicles is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956.

Depreciation on computers is provided at accelerated rates (@33.33% SLM).

Similarly, Depreciation on Site Infrastructure is provided (@100%) as compared to the rates prescribed in Schedule XIV to the Companies Act, 1956 in view of higher wear & tear at the site locations.

**e) Asset Impairment**

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

**f) Investments**

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

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

**g) Employee Benefits****Short-Term Benefits****Leave Encashment**

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

**Medical and Leave Travel Assistance benefits**

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

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

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

**Long-Term Benefits****Provident Fund**

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

**Superannuation Fund**

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

**Gratuity**

a. Liability on account of company's obligation under the employee gratuity plan, a defined benefit plan, is provided on the basis of actuarial valuation using projected unit credit method.

# THERMAX INSTRUMENTATION LIMITED

## Notes forming part of Accounts

- b. Fair value of plan assets, being the fund balance on the balance sheet date with Life Insurance Corporation under group gratuity-cum-life assurance policy is recognised as asset.
- c. Current service cost, interest cost and actuarial gains and losses are charged to profit and loss Statement.
- d. Past service cost/effect of any curtailment or settlement is charged/credited to the profit and loss statement, as applicable.

### h) Provisions and Contingent Liabilities

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

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

### i) Revenue Recognition

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

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

Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

Provision for expected Loss is recognized immediately when it is probable that the total estimated Contract cost will exceed Total Contract Revenue.

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

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

Interest income is recognized on time proportion basis.

### j) Foreign Currency Transactions

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

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

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

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

- a) the assets and liabilities, both monetary and non-monetary are translated at the closing rate;
- b) income and expense items are translated at average exchange rate for the year; and
- c) all resulting exchange differences are accumulated in a foreign currency translation reserve.

### k) Taxes on Income:

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax on profits in future years.

MAT paid in the year is charged to Profit & Loss account as current tax. The company recognizes MAT credit available as an Asset, only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the Year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of Profit & Loss and shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement Asset at each reporting date & writes down the Asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable

## Notes forming part of Accounts

income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized 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 realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

### 2. Disclosure under AS 15

#### a) Defined Benefit Plans for Employees (AS 15)

As per Actuarial valuation as on March 31, 2013 and recognized in financial statements in respect of Gratuity schemes:

#### Defined Benefit Plans for Employees (AS 15)

Rs Lakh

Particulars	2012-13	2011-12
<b>i Components of Employer expense</b>		
a Current Service Cost	14.82	16.65
b Interest Cost	4.82	3.03
c Expected Return on Plan Assets	(5.05)	(3.48)
d Actuarial (Gain)/Loss	(21.75)	4.46
e Total expense recognised in the Profit and Loss Account	(7.16)	20.66
<b>ii Net Assets/(Liability) recognised in Balance Sheet as at 31st March</b>		
a Present Value of Obligation	56.34	61.48
b Fair Value of Plan Assets	(73.83)	(52.41)
c (Asset)/Liability recognised in the Balance Sheet	(17.50)	9.07
<b>iii Change in Gratuity Obligation during the year</b>		
a Present Value of Obligation as at 31st March	61.48	37.83
b Current Service Cost	14.82	16.65
c Interest Cost	4.82	3.03
d Actuarial (Gain)/Loss	(22.35)	3.98
e Benefit Paid	(2.44)	-
f Present Value of Obligation as at 31st March	56.34	61.48
<b>iv Changes in the Fair Value of Plan Assets</b>		
a Present Value of Plan Assets as at 31st March	52.41	34.51
b Expected Return on Plan Assets	5.05	3.48
c Actual Company Contribution	16.96	14.90
d Benefits Paid	(2.44)	-
e Actuarial Gain/(Loss)	(0.59)	(0.48)
f Present Value of Plan Assets as at 31st March	71.39	52.41
<b>v Actual return on Plan Assets</b>	(0.59)	(0.48)
<b>vi Assumptions</b>		
a Discount Rate	8% p. a.	8% p. a.
b Expected Rate of Return	8% p. a.	8% p. a.
c Employee Turnover	7%	2%
<b>vii Gratuity</b>		
Defined Benefit Obligation	56.34	61.48
Plan Assets	73.83	52.41
Surplus/(deficit)	17.50	(9.07)
Experience adjustment on Plan Liabilities	(22.35)	3.98
Experience adjustment on Plan Assets	(0.59)	(0.48)



*Notes forming part of Accounts*

## viii) Amounts recognised in current year and previous four years

In Lakh

Particulars	2012-13	2011-12	2010-11	2009-10
Gratuity				
Defined Benefit Obligation	56.34	61.48	37.83	24.14
Plan Asset	73.83	52.41	34.51	21.84
Surplus / Deficit	(17.50)	9.07	3.31	2.30
Experience adjustments in plan liabilities	(22.35)	3.98	(0.95)	5.92
Experience adjustments in plan assets	(0.59)	(0.48)	(0.47)	(0.28)
Provident Fund	-	-	-	-
Defined Benefit Obligation	-	-	-	-
Plan Asset	-	-	-	-
Surplus / Deficit	-	-	-	-
Experience adjustments in plan liabilities	-	-	-	-
Experience adjustments in plan assets	-	-	-	-

## ix) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

Rs. Lakh

Particulars	2012-13	2011-12
Provident and other funds paid	131.76	124.03

## x) Major Category of Plan Assets as a % of total Plan Assets

Rs. Lakh

Particulars	2012-13	2011-12
Government Securities (Central and State)	100%	100%
Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Fixed Deposits under Special Deposits Schemes of Central Government	-	-
Public Sector Unit Bonds	-	-
Total %	100%	100%

## xi) Expected Contribution to the Funds in the next year

Rs. Lakh

Particulars	2012-13	2011-12
Gratuity	22.12	20.11
Provident Fund	71.65	65.14

## b) Contingent liabilities not provided for

- Corporate Guarantees given to customers Rs. 478.50 Lakh (Previous Year : Rs. 822.40 Lakh)
- Bank Guarantees advance payments, performance and security deposits Rs. 7,136.40 Lakh (Previous Year : Rs. 4,861.23 Lakh)
- Corporate undertaking to subcontractors for compensation for possible Cenvat/Service Tax liabilities – amount not determinable.
- Disputed demands in respect of Tamilnadu VAT Rs. 1.25 Lakh (Previous Year : Rs. 1.25 Lakh), West Bengal Sales Tax Rs. 38.15 Lakh (Previous Year : Rs. 38.15 Lakh), Andhra Pradesh VAT Rs. 218.78 Lakh including penalty of Rs. 109.39 Lakh (Previous Year : NIL).
- Disputed demand in respect of Service Tax Rs. 2,422.40 Lakh including interest of Rs. 614.22 Lakh is under Appeal (Previous Year: Service Tax Rs. 2,422.40 Lakh including interest of Rs. 614.22 Lakh).
- Disputed amounts in respect of Income Tax Rs. 35.81 Lakh (Previous Year: Nil).

## c) Micro Small &amp; Medium Enterprises

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

*Notes forming part of Accounts*

Rs. Lakh

Sr. No	Particulars	2012-13			2011-12		
		Principal	Interest	Total	Principal	Interest	Total
a	Total outstanding dues to Micro Small and Medium enterprises	28.94	1.83	30.77	86.16	2.80	88.96
b	Principal amount and interest due thereon remaining unpaid as at end of the year	2.00	0.76	2.76	2.00	0.44	2.44
c	Amount of interest paid in terms of section 16 of MSMED Act alongwith the amount of the payment made to supplier beyond appointed day	26.94	1.07	28.01	84.16	2.36	86.52
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	-	-	-	-	-	-
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	2.00	0.76	2.76	2.00	0.44	2.44

## d) Miscellaneous Expenses include

Rs Lakh

Particulars	2012-13	2011-12
i. Audit Fees	3.00	1.50
ii. Tax Audit Fees	0.80	0.40
iii. VAT Audit Fees	0.70	0.35

All figures are exclusive of service tax.

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

Rs Lakh

Particulars	2012-13	2011-12
Foreign Travel Expenses	25.35	33.65
Expenses in foreign offices		
Revenue	78.07	147.32
Capital	-	-
Total	103.42	180.17

## f) In respect of Contracts in progress

Rs Lakh

Particulars	2012-13	2011-12
a) Aggregate amount recognised as Contract Revenue (RR) for the Year	20,584.34	23,795.92
b) In respect of contracts in progress as on 31 st March :		
(i) Aggregate amount of Costs incurred and recognised profits (less recognised losses)	105,599.07	85,014.73
(ii) Amount of Customer Advances received (Unadjusted as on 31st March) [Customer Advances for Contracting Services - Rs. 7149.01 Lakh, Other Customer Advances Rs. 84.40 Lakh]	7,149.01	8,823.37
(iii) Amount of Retentions	478.60	730.42
c) Gross amount due from customers for contract work (Positive CIP)	1,158.71	1,813.54
d) Gross amount due to customers for contract work (Negative CIP)	2,015.90	2,467.20

# THERMAX INSTRUMENTATION LIMITED

## Notes forming part of Accounts

### g) Taxes on Income

Current Tax for the year includes Rs. 35.20 Lakh (Previous Year Rs. 50.88 Lakh) tax paid/payable in the 'Philippines' in accordance with local tax laws, on income from operations of the branch in that country. Branch Profit Remittance Tax paid in Philippines in current year is Rs 134.75 Lakh.

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

i) Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided is Nil (Previous Year Nil)

### j) Segment Reporting

#### Primary Segment

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

#### Secondary Segment

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

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

Particulars	Rs. Lakh	
	2012-13	2011-12
<b>Revenue:</b>		
India	21,152.96	24,141.95
Outside India	193.69	347.61
<b>Total Revenue</b>	<b>21,346.65</b>	<b>24,489.56</b>
<b>Carrying amount of Segment Assets:</b>		
India	10,602.91	13,161.54
Outside India	178.99	934.51
<b>Addition to Fixed Assets:</b>		
India	16.83	60.18
Outside India	-	-

### k) Related Party Disclosures

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

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

##### Parties where control exists:

RDA Holdings Pvt. Ltd – Ultimate Holding Company  
Thermax Limited – Holding Company

##### Fellow Subsidiary

Thermax Engineering & Construction Company Limited (India)  
Thermax Sustainable Energy Solutions Limited (India)  
(erstwhile Thermax Surface Coating Limited)  
Thermax International Limited (Mauritius)  
Thermax Hong Kong Limited (Hong Kong)  
Thermax Europe Limited (U.K.)  
Thermax Inc. (U.S.A.)  
Thermax (Zhejiang) Cooling and Heating Engineering Co. Limited (China)  
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)  
Thermax Onsite Energy Solutions Limited (India)  
Thermax Netherlands B.V. (Netherlands)  
Thermax Denmark ApS (Denmark)  
Danstoker A/S (Denmark)  
Omnickessel- und Apparatebau GmbH (Germany)  
Ejendomsanpartsselskabet Industrivej Nord 13 (Netherlands)  
Rifox-Hans Richter GmbH (Germany)  
Thermax Malaysia SBN. BHD

##### Fellow Joint Venture Subsidiary

Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.(India)  
Thermax SPX Energy Technologies Limited (India)

### b) Key Management Personnel

Mr. M. L. Bindra – Manager

## Notes forming part of Accounts

### c) Transactions with the Related Parties

Particulars	Rs. Lakh	
	2012-13	2011-12
<b>Sales</b>		
- Thermax Limited	1,716.47	(1,447.20)
<b>Rendering of services</b>		
- Thermax Limited	240.43	(112.80)
<b>Reimbursement of Expenses claimed (Net)</b>		
- Thermax Limited	700.64	(662.65)
<b>Advances received during the year (Net)</b>		
- Thermax Limited	1,539.41	(35.70)
<b>Advances given during the year</b>		
- Thermax Limited	0.82	(0.82)
<b>Creditors balances outstanding</b>		
- Thermax Limited	(175.66)	(22.69)
- Thermax SPX Energy Technologies Limited (India)	33.68	-
<b>Debtors balances outstanding</b>		
- Thermax Limited	749.94	(522.52)
<b>Guarantees and Collaterals</b>		
- Thermax Limited	7,136.40	(4,861.23)

Previous year's figures are in brackets.

### l) Earning per Share (EPS)

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

Particulars	2012-13	2011-12
Net profit available for shareholders (Rs. Lakh)	(1,997.07)	(1,039.85)
Weighted average number of Equity Shares of Rs.10 each	9000000	9000000
Face Value of Equity Share (Rs)	10	10
Basic earning per share	(22.19)	(11.55)
Diluted earning per share	(22.19)	(11.55)

m) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

As per our report of even date

For and on behalf of the Board

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**R. V. Ramani**  
Director

**Gopal Mahadevan**  
Director

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

**M. L. Bindra**  
Manager

**Sudhir Lale**  
Company Secretary

Pune,  
May 09, 2013

Pune,  
May 09, 2013

**Cash Flow Statement**

Particulars	Rs Lakh As at March 31, 2013	Rs Lakh As at March 31, 2012
<b>A. Cash Flow from Operating Activities</b>		
Profit before taxation	(1,764.50)	(1,159.01)
Adjustment for :		
Depreciation	58.40	74.40
Profit on sale of tangible assets	12.77	-
Loss on sale of tangible assets	0.20	0.94
Profit on sale of investments (net)	(0.14)	(1.36)
Provision for Doubtful Debts	104.71	83.50
Interest Income	(159.82)	(198.94)
Dividend Income	(32.57)	(247.97)
Brokerage Income	(30.85)	(9.61)
Foreign currency gain on repatriation earlier part of Foreign Currency Translation Reserve	(168.77)	-
<b>Operating profit before working capital changes</b>	<b>(1,980.57)</b>	<b>(1,458.04)</b>
Changes in Working Capital:		
Increase / (Decrease) in current trade payables	132.53	(33.68)
Increase / (Decrease) in short term provisions	68.30	(44.91)
Increase / (Decrease) in other current liabilities	(1,883.08)	2,084.03
Increase / (Decrease) in other long term liabilities	(10.97)	1.56
Increase / (Decrease) in long term provisions	-	23.28
(Increase) / Decrease in current trade receivables	(585.94)	(1,034.05)
(Increase) / Decrease in loans & advances	174.90	(121.33)
(Increase) / Decrease in other current assets	406.06	(603.14)
(Increase) / Decrease in Non-current assets	9.77	100.28
<b>Cash Generated from Operations</b>	<b>(3,669.00)</b>	<b>(1,086.02)</b>
Taxes paid (net of refunds)	(680.99)	(662.84)
<b>Net Cash generated from operating activities</b>	<b>(4,349.99)</b>	<b>(1,748.86)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of tangible / intangible assets	(16.83)	(60.18)
Sale of tangible assets	(12.77)	-
Purchase of long term investments	(970.45)	(106.81)
Purchase of current investments	(7,932.57)	(11,093.11)
Sale of current investments	8,147.60	14,543.87
Interest Income	161.98	210.44
Dividend Income	32.57	247.97
Brokerage Income	30.85	9.61
<b>Net cash from investing activities</b>	<b>(559.61)</b>	<b>3,751.79</b>
<b>C. Cash flow from Financing Activities</b>		
Issuance of preference share capital	1,000.00	-
<b>Net Cash used in financing activities</b>	<b>1,000.00</b>	<b>-</b>
<b>Net increase in Cash and Cash equivalents (A + B + C)</b>	<b>(3,909.61)</b>	<b>2,002.93</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>5,050.09</b>	<b>3,047.16</b>
<b>Cash and Cash equivalents at the end of the Period</b>	<b>1,140.49</b>	<b>5,050.09</b>
<b>Cash and Cash equivalents comprise of :</b>		
Cash on Hand	0.03	1.58
Cheques on Hand	-	-
Balances with Banks	1,140.46	5,048.51
<b>Total</b>	<b>1,140.49</b>	<b>5,050.09</b>

As per our report of even date

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

Pune, May 09, 2013

For and on behalf of the Board

**R. V. Ramani**  
Director

**M. L. Bindra**  
Manager

**Gopal Mahadevan**  
Director

**Sudhir Lale**  
Company Secretary

Pune, May 09, 2013

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Board of Directors

Gopal Mahadevan  
Ishrat Mirza  
Hemant Mohgaonkar  
M. S. Unnikrishnan

## Chief Executive Officer

Sriram Vishwanathan

## Registered Office

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

## Auditors

**B. K. Khare & Co.**  
Chartered Accountants  
Hotel Swaroop, 4th Floor,  
Lane No. 10, Prabhat Road,  
Pune 411004.

## Bankers

Corporation Bank  
Bank of Maharashtra

## Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting their Fourth Annual Report and the audited accounts of the company for the year ended March 31, 2013.

### FINANCIAL RESULTS

(Rs. in lakh)

Particulars	2012-13	2011-12
Total income	1125.37	923.31
Profit before depreciation	288.66	202.25
Depreciation	53.66	37.11
Profit before tax	234.90	165.14
Provision for taxation (incl. deferred tax)	103.92	53.57
Profit after tax	131.98	111.57

### PERFORMANCE

During the year, your company earned a total income of Rs. 1125.37 lakh as against Rs. 923.31 lakh in the previous year. Profit before tax stood at 234.90 lakh (previous year, Rs. 165.14 lakh) and profit after tax was Rs. 131.98 lakh (previous year Rs. 111.57 lakh). The improvement in the results is owing to revenue from new projects commissioned and enhanced energy off-take by the existing customers.

The company, during the financial year, produced and supplied 43794 tons of steam and 4240 Mn Kcal of heat from the existing projects.

During the period under review, your company bagged three more contracts from leading Indian corporates and MNCs in thread, food and tobacco sectors to supply steam for their facilities in southern and western India.

During the period under review, your company entered into an exclusive agreement with vendors to establish a biomass briquette plant in southern India for steady supply of fuel for captive consumption. The briquette plant has commenced commercial production and the company is planning to replicate such installations in other parts of the country.

The use of green fuel in the on-going projects helps clients reduce their carbon footprints. Your company's business model of 'utility delivery' is gaining customers among blue-chip companies.

### DIVIDEND

To conserve resources, the directors do not recommend any dividend for the year.

### PREFERENTIAL ISSUE OF EQUITY SHARES

The company has issued 55 lakh Equity Shares of face value of Rs. 10 each aggregating to Rs. 550 lakh on preferential basis to the parent company. Consequently, out of the total issue, 45 lakh Equity Shares were offered to the parent company during the year under review and the same were later allotted on acceptance by the parent company. After the allotment made on March 19, 2013, the paid-up share capital stands increased to Rs. 815 lakh divided into 81,50,000 equity shares of Rs. 10 each.

### PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

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

#### 1. Particulars of employees

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

#### 2. Conservation of energy and technology absorption

There is nothing to report relating to conservation of energy and technical know-how.

#### 3. Foreign exchange earnings and outgo

Information pertaining to foreign exchange earnings and outgo, under Section 217 (1) (e) of the Companies Act, 1956 is set out in note no. 2 (e) of Note no. 22 – Notes to the Accounts.

### DIRECTORS

K. Chakravarthy has been inducted on the Board of your company as an Additional Director with effect from July 16, 2012. K. Chakravarthy has resigned as director of your company with effect from April 30, 2013. Your Board places on record its appreciation for his contribution during his tenure.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, M. S. Unnikrishnan retires by rotation and being eligible offers, himself for re-appointment as director.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis.

### COMPLIANCE CERTIFICATE

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

### AUDITORS

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

### ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

<b>M. S. Unnikrishnan</b> Director	<b>Gopal Mahadevan</b> Director
<b>Hemant Mohgaonkar</b> Director	<b>I. H. Mirza</b> Director

Pune, April 30, 2013

**Compliance Certificate**

[SEE RULE 3]

Registration No. of the Company : U40109PN2009PLC134659

Nominal Capital : Rs. 10,00,00,000/-

Paid Up Capital : Rs. 8,15,00,000/-

To,

The Members,

THERMAX ONSITE ENERGY SOLUTIONS LIMITED

Pune.

I have examined the registers, records, books and papers of **Thermax Onsite Energy Solutions Limited** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company no comments are required.
4. The Board of Directors duly met Seven (7) times on 25.04.2012, 13.07.2012, 18.10.2012, 17.01.2013, 21.02.2013, 27.02.2013 and 19.03.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 13th July, 2012 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One (1) extra-ordinary general meeting was held during the financial year on 27.02.2013 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company:
  - (i) was not required to deliver the certificates before the close of financial year for allotment of shares made on 19.03.2013, the Company has delivered all the certificates on lodgment thereof for transfer, there was no transmission of securities during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) has not posted warrants to any member of the Company as no dividend declared during the financial year.
  - (iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon as no amount has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund and there is no amount lying with the Company.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors have been duly made, however there was no appointment of alternate directors or director to fill in casual vacancy.
15. The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 45,00,000 equity shares during the financial year and complied with the provisions of the Act. However the company has not issued any debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As informed to me there was no prosecution initiated against the Company, or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any provident fund for its employees and therefore was not required to deposit any money as required in Section 418 of the Act.

Place: Pune  
Date: 24.04.2013

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

**ANNEXURE A****Registers as maintained by the Company**

1. Register of Members under Section 150
2. Register of Transfers
3. Books of Accounts under Section 209
4. Register of Contracts in which Directors are interested under Section 301
5. Register of Directors, Managing Director, Manager and Secretary under Section 303
6. Register of Directors Shareholdings under Section 307
7. Register of Directors attendance.

**ANNEXURE B****Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2013.**

Sr. No.	Form No. / Return	Filed under section	Event Date	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form-32	303(2)	16.07.2012	08.08.2012	Yes	NA
2.	Form-66	383A	31.03.2012	23.08.2012	No	Yes
3.	Form-20B	159	13.07.2012	10.09.2012	Yes	NA
4.	Form-23AC & Form-23ACA XBRL	220	13.07.2012	07.12.2012	Yes	NA
5.	Form-23	192	27.02.2013	22.03.2013	Yes	NA

Place: Pune  
Date: 24.04.2013

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

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Auditors' Report

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Onsite Energy Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Chartered Accountants

Firm's Registration Number: 105102W

**Prasad V. Paranjape**

Partner

Membership Number: 047296

Place: Pune

Date: April 30, 2013



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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed during the year.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company is in the business of production and sale of steam. Company does not have Inventory of raw material, work in progress and finished goods. The inventory of fuel has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of fuel inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of examination of records of fuel inventory, in our opinion, The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification between the physical stocks and the book records.
- (iii) As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any instance of continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to in section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and

protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, and the information and explanations given to us, there are no disputed dues on account of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess that have not been deposited.
- (x) The Company's has no accumulated losses at 31st March 2013 neither it has incurred cash loss during current or immediately preceding financial year.
- (xi) Based on our information and explanations given to us, the Company has no dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, either noticed or reported during the year, nor we have been informed of such case by the Management.

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

Chartered Accountants

Firm registration number: 105102W

**Prasad V. Paranjape**

Partner

Place: Pune

Date: April 30, 2013

Membership Number: 047296

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Balance Sheet as at March 31, 2013

Particulars	Note No	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a. Share capital	1	815.00	365.00
b. Reserves and surplus	2	294.30	163.23
		<b>1,109.30</b>	<b>528.23</b>
<b>2. Non-current liabilities</b>			
a. Deferred tax liabilities (Net)	3	152.53	52.87
b. Other Long-term liabilities	4	462.90	202.40
c. Long-term provisions	5	44.12	21.66
		<b>659.55</b>	<b>276.93</b>
<b>3. Current liabilities</b>			
a. Trade payables	6	62.06	25.29
b. Other current liabilities	7	11.34	20.15
c. Short-term provisions	8	26.11	19.43
		<b>99.51</b>	<b>64.87</b>
<b>TOTAL</b>		<b>1,868.36</b>	<b>870.03</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets	9		
i. Tangible assets		831.67	329.78
ii. Intangible assets		-	-
iii. Capital work-in-progress		50.71	20.78
b. Long-term loans and advances	10	156.77	51.49
c. Other non-current assets	11	82.46	33.53
		<b>1,121.61</b>	<b>435.58</b>
<b>2. Current assets</b>			
a. Inventories	12	58.37	22.59
b. Trade receivables	13	142.05	70.81
c. Cash and cash equivalents	14	467.05	329.15
d. Short-term loans and advances	15	51.35	11.90
e. Other current assets	16	27.93	-
		<b>746.75</b>	<b>434.45</b>
<b>TOTAL</b>		<b>1,868.36</b>	<b>870.03</b>

Notes to the financial statements 22

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

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Rs Lacs Current Year	Rs Lacs Previous Year
<b>I</b> Revenues from operations	17	1,104.96	907.12
<b>II</b> Other income	18	20.41	16.19
<b>III</b> Total Revenue (I+II)		<b>1,125.37</b>	<b>923.31</b>
<b>IV</b> Expenses :			
Cost of materials consumed	19	502.65	451.09
Employee benefits	20	138.74	117.58
Depreciation and amortisation		53.66	37.11
Other expenses	21	195.42	152.39
Total Expenses		<b>890.47</b>	<b>758.17</b>
<b>V</b> Profit before exceptional and extraordinary items and tax (III-IV)		<b>234.90</b>	<b>165.14</b>
<b>VI</b> Exceptional items		-	-
<b>VII</b> Profit before extraordinary items and tax (V - VI)		<b>234.90</b>	<b>165.14</b>
<b>VIII</b> Extraordinary Items		-	-
<b>IX</b> Profit before tax (VII- VIII)		<b>234.90</b>	<b>165.14</b>
<b>X</b> Tax expense:			
1. Current tax (MAT)		(53.10)	(38.10)
2. MAT Credit entitlement		48.93	10.18
3. Deferred tax		(99.66)	(25.65)
<b>XI</b> Profit / (loss) for the period from continuing operations (VII-VIII)		<b>131.07</b>	<b>111.57</b>
<b>XII</b> Profit / (loss) from discontinuing operations		-	-
<b>XIII</b> Tax expense of discontinuing operations		-	-
<b>XIV</b> Profit / (loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV</b> Profit (Loss) for the period (XI + XIV)		<b>131.07</b>	<b>111.57</b>
<b>XVI</b> Earning per equity share: (Refer Note No. 2 (i) of Note 22)			
1. Basic and Diluted		3.45	3.17
2. Face Value per Share (Rs.)		10.00	10.00

Notes to the financial statements 22

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

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**M. S. Unnikrishnan**  
Director

**Gopal Mahadevan**  
Director

**Prasad V. Paranjape**  
Partner  
Membership No.047296

**Hemant Mohgaonkar**  
Director

**I. H. Mirza**  
Director

Place : Pune  
Date : 30th April, 2013

Place : Pune  
Date : 30th April, 2013



## Notes to Financial Statements

Particulars		Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 1</b>			
<b>Share capital</b>			
Share Capital			
Authorised	10000000 (Previous Year : 10000000)	1,000.00	1,000.00
Equity Shares of 10/- each			
Issued,			
	8150000 Equity Shares of 10/- each (Previous Year : 3650000)	815.00	365.00
		<u>815.00</u>	<u>365.00</u>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.

Equity Shares	March-13		March-12	
	Nos	Rs Lacs	Nos	Rs Lacs
At the beginning of the period	3650000	365.00	1550000	155.00
Issued during the period	4500000	450.00	2100000	210.00
Outstanding at the end of the period	8150000	815.00	3650000	365.00

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates.

100% of the equity shares are held by its holding company, Thermax Limited.

d) Details of Share holding more than 5% shares in the Company.

	March 31, 2013	March 31, 2012
Equity Shares of Rs. 10 each fully paid up Thermax Limited	100%	100%

**Note 2****Reserves and Surplus**

Surplus / (deficit) in the statement of Profit & Loss

As per last financial statement	163.23	51.66
Profit and loss for the year	131.07	111.57
Proposed Equity Dividend	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Net surplus in the statement of Profit & Loss	<u>294.30</u>	<u>163.23</u>

**Note 9****FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 1.4.2012	Additions during the year	Deductions during the year	Total Cost as on 31.03.2013	Upto 31st March 2012	Deductions	Provision for the year	Total as on 31.03.2013	As on 31st March 2013	As on 31 st March 2012
<b>Tangible Assets</b>										
Plant & Machinery *	382.17	549.40	-	931.57	55.67	-	51.46	107.13	824.44	326.50
Lab Equipments	-	4.78	-	4.78	-	-	0.07	0.07	4.71	-
Office Equip, Computer	6.79	1.37	-	8.16	3.51	-	2.13	5.64	2.52	3.28
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>388.96</b>	<b>555.55</b>	<b>-</b>	<b>944.51</b>	<b>59.18</b>	<b>-</b>	<b>53.66</b>	<b>112.84</b>	<b>831.67</b>	<b>329.78</b>
Previous Year (Mar-12)	322.11	66.94	0.09	388.96	22.07	-	37.11	59.18	-	-
Capital Work in Progress									<b>50.71</b>	20.78

\* Machinery at various Project sites

**Particulars****Note 3****Deferred tax liabilities (net)****Deferred Tax Liabilities**

Depreciation

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
Depreciation	(166.84)	(73.39)
	<u>(166.84)</u>	<u>(73.39)</u>
<b>Deferred Tax Assets</b>		
Provision for Maintenance	14.31	5.81
Share issue expenses	-	0.07
Provision for Doubtful debts	-	13.04
Preliminary Expenses	-	1.60
	<u>14.31</u>	<u>20.52</u>
	<u>(152.53)</u>	<u>(52.87)</u>

**Note 4****Other Long-term liabilities**

Trade Deposits

Others

Trade Deposits	462.90	202.40
Others	-	-
	<u>462.90</u>	<u>202.40</u>

**Note 5****Long-term provisions**

Provision for Maintenance

Provision for Tax

Provision for Maintenance	44.12	17.91
Provision for Tax	-	3.75
	<u>44.12</u>	<u>21.66</u>

**Note 6****Trade payables**

Trade payables

(Refer Note no.2(c) of Note 22)

Trade payables	62.06	25.29
	<u>62.06</u>	<u>25.29</u>

**Note 7****Other current liabilities**

Trade Deposits

Other Liabilities

Trade Deposits	-	8.50
Other Liabilities	11.34	11.65
	<u>11.34</u>	<u>20.15</u>

**Note 8****Short-term provisions**

Short Term Employee Benefits

Short Term Employee Benefits	26.11	19.43
	<u>26.11</u>	<u>19.43</u>

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Notes to Financial Statements

Particulars	Rs Lacs As at March 31, 2013	Rs Lacs As at March 31, 2012
<b>Note 10</b>		
<b>Long-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Loans and advances to related parties	156.30	51.02
Other loans and advances	0.47	0.47
	<u>156.77</u>	<u>51.49</u>

<b>Note 11</b>		
<b>Other non-current assets</b>		
MAT credit entitlement	82.46	33.53
	<u>82.46</u>	<u>33.53</u>

<b>Note 12</b>		
<b>Inventories</b>		
Fuel Stock at Site	58.37	22.59
	<u>58.37</u>	<u>22.59</u>

<b>Note 13</b>		
<b>Trade Receivables</b>		
Unsecured trade receivable outstanding for a period exceeding six month		
Considered good	-	-
Considered doubtful	-	39.27
Less : Provided for	-	39.27
Other trade receivable	142.05	70.81
	<u>142.05</u>	<u>70.81</u>

<b>Note 14</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
Deposit with more than 12 month in maturity	-	-
Deposit others	180.00	250.00
Balance for unpaid dividend	-	-
Deposit as Margin Money for Guarantee	0.50	0.50
Cheques, drafts on hand	-	-
Cash on hand	-	-
Balances in current accounts	286.55	78.65
	<u>467.05</u>	<u>329.15</u>

<b>Note 15</b>		
<b>Short-term loans and advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	42.68	-
Security Deposits	0.50	-
Advances to Staff and Workers	0.05	0.11
Loans and advances to related parties	-	-
Others	8.12	11.79
	<u>51.35</u>	<u>11.90</u>

<b>Note 16</b>		
<b>Other current assets</b>		
Balance in Central Excise & Customs Accounts	25.95	-
Advance Payment of Income Tax and Wealth Tax (Net of Provision for Tax Rs. 117.60 Lacs)	1.98	-
Advance Payment of Fringe Benefit Tax	-	-
Other current assets	-	-
	<u>27.93</u>	<u>-</u>

Particulars	Rs Lacs Current Year	Rs Lacs Previous Year
<b>Note 17</b>		
Revenue from operations		
A. Sale of products		
Domestic	948.58	895.29
	<u>948.58</u>	<u>895.29</u>
B. Sale of services	118.90	-
C. Other operating revenues		
Exchange Difference Income	6.53	8.94
Provision for Doubtful Debt Written-back	-	0.06
Miscellaneous Income	30.95	2.83
	<u>37.48</u>	<u>11.83</u>
D. Less: Excise duty	-	-
(A + B + C - D)	<u>1,104.96</u>	<u>907.12</u>

<b>Note 18</b>		
<b>Other income</b>		
Interest Income	20.41	16.19
	<u>20.41</u>	<u>16.19</u>

<b>Note 19</b>		
<b>Cost of Fuel consumed</b>		
Consumption of Fuel		
Opening Stocks	22.59	8.48
Add: Purchases (Other than Trading purchases)	538.43	465.20
	<u>561.02</u>	<u>473.68</u>
Less: Closing Stocks of Fuel	58.37	22.59
	<u>502.65</u>	<u>451.09</u>

<b>Note 20</b>		
<b>Employee Benefits Expense</b>		
Salaries and wages	135.14	112.40
Contribution to provident and other funds	3.59	5.18
Staff welfare expenses	-	-
Expense on Employee Stock Option Scheme (ESOP)	-	-
	<u>138.74</u>	<u>117.58</u>

<b>Note 21</b>		
<b>Other Expenses</b>		
Site Expenses and Contract Labour Charges	113.89	103.84
Rent and Service Charges	0.12	0.09
Insurance	2.58	1.16
Repairs and Maintenance:		
Building	-	-
Plant and Machinery	-	-
Others	1.78	2.95
Communication	2.34	1.83
Traveling and Conveyance	15.34	15.54
Other Selling and Distribution Expenses	0.39	0.36
Bank Charges	1.04	0.84
Legal & Professional Charges	4.61	2.73
(Refer Note no 2 (d) of Note 22)		
Printing and Stationery	1.28	0.67
Provision for Doubtful Debts/Customer Claims	-	-
Net gain or loss on foreign currency transaction	3.45	4.06
Provision for Maintenance	26.21	17.91
Loss on Asset discarded	22.08	-
Miscellaneous Expenses	0.31	0.41
	<u>195.42</u>	<u>152.39</u>

## Notes to Financial Statements

### Note 22

#### 1. Significant Accounting Policies

##### Basis of Preparation of Financial Statements

a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principle in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

##### b) Use of Estimates

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

##### c) Fixed Assets & Depreciation

- Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- Depreciation on all fixed assets has been provided by the straight line method at rates and in the manner prescribed by Schedule XIV to the Companies Act 1956. In case of computers, which are depreciated at a higher rate of 33.33% as compared to 16.21% provided in Schedule XIV.

##### d) Asset Impairment

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

##### e) Provisions and Contingent Liabilities

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

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

##### f) Revenue recognition

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

Revenue from sale of goods (steam / heat) is recognized on delivery of thereof to customer.

Interest is accounted on time proportion basis.

##### g) Cost of Fuel and Fuel stock valuation

Cost of fuel and fuel stock valuation is arrived at on the basis of weighted average cost.

##### h) Foreign Currency Transactions

- Transactions in foreign currencies are recorded at the exchange rates prevailing on the respective dates of the transactions.
- Exchange difference on settlement of transactions in foreign currencies is recognized in the profit & loss account.
- Foreign currency monetary items are translated at the closing exchange rates and the resulting exchange difference is recognized in the profit & loss account.

##### i) Taxes on Income

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit & Loss account as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of Profit & Loss and shown as MAT Credit Entitlement.

The Company reviews the 'MAT Credit Entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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

##### j) Preliminary Expenses

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

#### 2. Notes to Accounts

a) During the financial year, the company has issued 45,00,000 Equity shares of Rs. 10/- each on Preferential basis to its existing shareholders.

b) Contingent liabilities not provided for Counter Guarantee given to the bank for Guarantee issued by them on company's behalf Rs. 0.50 Lacs.

##### c) Micro & Small Enterprises

The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

Rs. Lacs

Sr. No	Particulars	2012-13			2011-12		
		Principal	Interest	Total	Principal	Interest	Total
A	Total outstanding dues to micro small and Medium enterprises	Nil	Nil	Nil	Nil	Nil	Nil
B	Principal amount and interest due thereon remaining unpaid as at end of the year	Nil	Nil	Nil	Nil	Nil	Nil
C	Amount of interest paid in terms of section 16 of MSMED Act alongwith the amount of the payment made to supplier beyond appointed day	Nil	Nil	Nil	Nil	Nil	Nil
d	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on March 31)	Nil	Nil	Nil	Nil	Nil	Nil
e	Total Interest outstanding as on March 31 (Interest in 'b' + interest in 'd' above)	Nil	Nil	Nil	Nil	Nil	Nil

# THERMAX ONSITE ENERGY SOLUTIONS LIMITED

## Notes to Financial Statements

### d) Legal and Professional Fees include:

	Year ended 31st March 2013	31st March 2012
	Rs. Lacs	Rs. Lacs
i) Audit Fees	0.55	0.30
ii) Tax Audit Fees	0.15	0.12

All figures are exclusive of service tax.

### e) Additional Information under Part II of the revised Schedule VI to the Companies Act, 1956

Earnings in Foreign Currency (on accrual basis)

Particulars	March – 13 (Rs. Lacs)	March -12 (Rs. Lacs)
Sale of Steam to SEZ unit	523.09	535.30

### f) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 1,640.80 Lacs (Previous Year : Rs. 461.44 Lacs)

### g) Segment Reporting:

#### Primary Segment

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

#### Secondary Segment

The Company caters mainly to the needs of Indian markets; hence there are no reportable geographical segments.

### h) Related party Disclosures

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

#### A) Name of related parties & description of relationship

Sr. No	Relationship	Name of Related Parties
1	Holding Company	Thermax Limited (TL)
2	Ultimate Holding Company	RDA Holdings Pvt. Ltd. (RDA)
3	Subsidiaries	-
4	Fellow Subsidiaries	Thermax Sustainable Energy Solutions Ltd., (TSESL) Thermax Engineering & Construction Company Ltd., (TECCL) Thermax Instrumentation Ltd., (TIL) Thermax Europe Ltd., (TEL) Thermax International Ltd., Thermax Inc., Thermax Hong Kong Ltd., Thermax do Brasil Energia e Equipamentos Ltda., Thermax (Zhejiang) Cooling & Heating Engineering Co.Ltd. Thermax SPX Energy Technologies Ltd. Thermax Babcock & Wilcox Energy Solutions Pvt Ltd Thermax Denmark ApS Thermax Netherlands B.V. Danstoker A/S Omnical Kessel- und Apparatebau GmbH Ejendomsanpartsselskabet Industrivej Nord 13 Rifox-Hans Richter GmbH Thermax Malaysia SBN. BHD

### b) Transactions with the Related parties

Sr. No.	b) Transaction with related parties	2012-13 Rs. Lacs	2011-12 Rs. Lacs
1	Reimbursement of expenses incurred for (TL)	-	2.62
2	Reimbursement of expenses incurred by (TL) (TSESL)	114.42 9.99	76.97 9.27
3	Purchases from (TL) Spares and consumables Capital Equipments	10.36 515.57	4.81 -
4	Outstanding Balances as at 31st March 2013 Payables – (TL) Payables – (TSESL) Receivables – (TL) Advances for capital purchases – (TL)	21.05 2.31 - 156.30	8.82 2.46 1.57 51.02
5	Equity infusion by (TL)	450.00	-

### i) Earning per Share (EPS)

The earning per share for the period computed as per the requirement under Accounting standard – 20 “Earning Per Share” issued by the Institute of Chartered Accountants of India, as under:

Particulars	As at 31st March 2013	As at 31st March 2012
Net profit as per Profit & Loss Account (in Rupees Lacs)	131.07	111.57
Weighted Average Number of Equity Shares (Face Value Rs.10 each)	38,00,301	35,22,279
Face Value of Equity Shares (in Rupees)	10	10
Basic earning per share (in Rupees)	3.45	3.17
Diluted earning per share (in Rupees)	3.45	3.17

### j) During the year, company has written off Rs. 39.27 Lacs as bad debts by debiting provision for doubtful debts.

### k) Previous Year's figures have been regrouped wherever necessary to conform to this Year's classification.

As per our report of even date

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

Chartered Accountants

Firm Registration No.105102W

**Prasad V. Paranjape**

**Partner**

Membership No.047296

Place: Pune

Date: 30th April, 2013

**M. S. Unnikrishnan**

**Director**

**Hemant Mohgaonkar**

**Director**

Place: Pune

Date: 30th April, 2013

**Gopal Mahadevan**

**Director**

**I. H. Mirza**

**Director**

**Cash Flow Statement**

Particulars	Rs Lacs Year ended March 31, 2013	Rs Lacs Year ended March 31, 2012
<b>A. Cash Flow from Operating Activities</b>		
Profit before taxation	234.90	165.14
Adjustment for :		
Depreciation	53.66	37.11
Loss on Asset discarded	22.08	-
Interest income	(20.41)	(16.19)
<b>Operating profit before working capital changes</b>	<b>290.23</b>	<b>186.06</b>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	36.77	(25.37)
Increase / (Decrease) in provisions	6.68	47.18
Increase / (Decrease) in other current liabilities	(8.81)	(8.95)
Increase / (Decrease) in other long term liabilities	329.75	133.81
Increase / (Decrease) in trade receivables	(71.24)	(17.69)
Increase / (Decrease) in inventories	(35.78)	(14.11)
Increase / (Decrease) in loans & advances	(39.45)	(10.57)
Increase / (Decrease) in other current assets	(27.93)	(47.80)
Increase / (Decrease) in other non-current assets	(155.17)	(14.74)
<b>Cash Generated from Operations</b>	<b>325.04</b>	<b>227.82</b>
Taxes paid (net of refunds)	(50.00)	(36.75)
<b>Net Cash generated from operating activities</b>	<b>275.04</b>	<b>191.07</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of tangible / intangible assets	(585.48)	(38.05)
Loss on asset discarded	(22.08)	-
Purchase of current investments	-	(0.50)
Sale of current investments	-	0.50
Interest received	20.41	16.19
<b>Net cash from investing activities</b>	<b>(587.14)</b>	<b>(21.86)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from share allotment	450.00	-
<b>Net Cash used in financing activities</b>	<b>450.00</b>	<b>-</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>137.90</b>	<b>169.21</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>328.65</b>	<b>159.44</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>466.55</b>	<b>328.65</b>
Cash and Cash equivalents comprise of :		
Balances with Banks	467.05	329.15
Margin Money with Bank	(0.50)	(0.50)
<b>Total</b>	<b>466.55</b>	<b>328.65</b>

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

As per our report of even date

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

Chartered Accountants

Firm Registration No.105102W

**M. S. Unnikrishnan**

**Director**

**Gopal Mahadevan**

**Director**

**Prasad V. Paranjape**

**Partner**

**Hemant Mohgaonkar**

**Director**

**I. H. Mirza**

**Director**

Membership No.047296

Place: Pune

Date: 30th April, 2013

Place: Pune

Date: 30th April, 2013

# THERMAX EUROPE LIMITED

## *Board of Directors*

G Mahadevan  
A M Vaishnav

## *Registered Office*

1 Lumley Street  
Mayfair  
London W1K 6TT

## *Auditors*

Slaven Jeffcote LLP  
1 Lumley Street  
Mayfair  
London W1K 6TT

## *Secretary*

JD Secretariat Limited

## *Senior Statutory Auditor*

Nicholas John Paling FCCA

## *Bankers*

Natwest Bank

## **Directors' Report for the year ended 31 March 2013**

The directors present their report with the financial statements of the company for the year ended 31 March 2013.

### **PRINCIPAL ACTIVITY**

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

### **REVIEW OF BUSINESS**

The financial year 2012-2013 saw tough economic conditions in Europe which resulted in challenging conditions in the market as opportunities became limited and competition has increased. In comparison to last year the year closed with a turnover of £ 5.28 Million (previous year £5.35 million). The pretax profit as projected at the beginning of the year stands at £632,104 (previous year £611,864). The strong carry forward at the beginning of the year helped the company to achieve projected turnover. The southern European market have not been able to perform well due to non availability of funds to private companies and squeeze on funding to public projects like hospitals, which are the main segments where absorption chillers are used, usually as part of cogen packages and which have been the source of business for Thermax chillers.

The heat pump business continues to have a market as it is applied in district heating networks and is part of energy efficiency schemes for such plants. The company secured in March 2013 the largest ever order from Europe for the supply of 8 large heat pumps valued at £ 4.65 million for a project in Denmark.

The revenue from spares and service is as expected.

With regard to the outlook for 2013-14 the markets in UK and southern Europe will continue to be subdued and the company aims to focus on heat pump business in Scandinavia, chiller projects in Germany and projects involving non standard applications using absorption technology like zero degree, to meet the budget.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2013.

### **DIRECTORS**

G Mahadevan has held office during the whole of the period from 1 April 2012 to the date of this report.

Other changes in directors holding office are as follows:

H P Mohgaonkar - resigned 26 September 2012

A M Vaishnav - appointed 6 December 2012

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **On behalf of the Board:**

G Mahadevan - Director

Date: 24 April 2013



## *Report of the Independent Auditors to the Members of Thermax Europe Limited*

We have audited the financial statements of Thermax Europe Limited for the year ended 31 March 2013 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Nicholas John Paling FCCA (Senior Statutory Auditor)**

for and on behalf of Slaven Jeffcote LLP

1 Lumley Street

Mayfair

London

W1K 6TT

Date: 24 April 2013

# THERMAX EUROPE LIMITED

## Profit and Loss Account for the year ended 31 March 2013

	NOTE	2013		2012	
		£	Rs	£	Rs
Turnover	2	5,281,123	435,080,156	5,352,532	352,841,110
Cost of sales		4,165,323	343,156,064	4,152,988	273,766,676
<b>Gross profit</b>		<b>1,115,800</b>	<b>91,924,092</b>	<b>1,199,544</b>	<b>79,074,434</b>
Administrative expenses		509,031	41,936,021	615,589	40,579,880
Other operating income		-	-	2,138	140,938
<b>Operating profit</b>	4	<b>606,769</b>	<b>49,988,071</b>	<b>586,093</b>	<b>38,635,492</b>
Interest receivable and similar income		25,335	2,087,199	16,622	1,095,729
<b>Profit on ordinary activities before taxation</b>		<b>632,104</b>	<b>52,075,270</b>	<b>602,715</b>	<b>39,731,221</b>
Amounts written off investments	5	-	-	9,149	603,106
Tax on profit on ordinary activities	6	152,884	12,595,199	158,581	10,453,725
<b>Profit for the financial year after taxation</b>		<b>479,220</b>	<b>39,480,071</b>	<b>453,283</b>	<b>29,880,602</b>

### Continuing Operations

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

### Total Recognized gains and losses

The company has no recognized gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

Exchange rate : as at 31 March 2013 is £= Rs 82.38

Exchange rate : as at 31 March 2012 is £= Rs 65.92

## Balance Sheet as at 31 March 2013

	NOTE	2013		2012	
		£	Rs	£	Rs
<b>Fixed assets</b>					
Tangible fixed assets	7	3,602	296,747	9,172	604,622
<b>Current assets</b>					
Stocks	8	628,154	51,749,853	304,272	20,057,735
Debtors	9	2,235,703	184,186,206	1,826,638	120,412,728
Cash at bank and in hand		1,408,321	116,023,149	1,369,325	90,266,467
		<b>4,272,178</b>	<b>351,959,208</b>	<b>3,500,235</b>	<b>230,736,930</b>
<b>Creditors:</b>					
Amounts falling due within one year	10	(1,218,049)	(100,347,776)	(930,896)	(61,365,047)
<b>Net current assets</b>		<b>3,054,129</b>	<b>251,611,432</b>	<b>2,569,339</b>	<b>169,371,883</b>
<b>Total assets less current liabilities</b>		<b>3,057,731</b>	<b>251,908,180</b>	<b>2,578,511</b>	<b>169,976,505</b>
<b>Capital and reserves</b>					
Called up share capital	12	200,000	16,476,805	200,000	13,184,082
Profit and loss account	13	2,857,731	235,431,375	2,378,511	156,792,423
Shareholders' funds	16	<b>3,057,731</b>	<b>251,908,180</b>	<b>2,578,511</b>	<b>169,976,505</b>

The financial statements were approved by the Board of Directors on 24 April 2013 and were signed on its behalf by:

G Mahadevan  
Director

## Cash Flow Statement for the year ended 31 March 2013

	NOTE	2013		2012	
		£	Rs	£	Rs
<b>Net cash inflow from operating activities</b>	1	<b>205,339</b>	<b>16,916,653</b>	<b>549,238</b>	<b>36,205,995</b>
Returns on investments and servicing of finance	2	25,335	2,087,199	16,622	1,095,729
Taxation		(191,393)	(15,767,725)	(115,850)	(7,636,880)
Capital expenditure	2	(285)	(23,479)	(5,102)	(336,326)
Acquisitions and disposals	2	-	-	18,548	1,222,692
<b>Increase in Cash in the period</b>		<b>38,996</b>	<b>3,212,647</b>	<b>463,456</b>	<b>30,551,210</b>

## Reconciliation of net cash flow to movement in net funds

	NOTE	2013		2012	
		£	Rs	£	Rs
Increase in Cash in the period		38,996	3,212,647	463,456	30,551,210
Cash inflow from decrease in liquid resources		-	-	(9,399)	(619,586)
Change in net funds resulting from cash flows		38,996	3,212,647	454,057	29,931,624
Net Funds at 1 April 2012		1,369,325	112,810,502	915,268	60,334,843
<b>Net Funds at 31 March 2013</b>	3	<b>1,408,321</b>	<b>116,023,149</b>	<b>1,369,325</b>	<b>90,266,467</b>

The notes form part of these financial statements.

## Notes to the Cash Flow Statement for the year ended 31 March 2013

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

	2013	2012
	£	£
Operating profit	606,769	586,093
Depreciation charges	5,855	2,501
(Increase)/decrease in stocks	(323,882)	308,363
Increase in debtors	(409,065)	(333,654)
Increase/(decrease) in creditors	325,662	(14,065)
<b>Net cash inflow from operating activities</b>	<b>205,339</b>	<b>549,238</b>

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

	2013	2012
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	25,335	16,622
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>25,335</b>	<b>16,622</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(285)	(5,102)
<b>Net cash outflow for capital expenditure</b>	<b>(285)</b>	<b>(5,102)</b>
<b>Acquisitions and disposals</b>		
Proceeds from disposal of investment	-	18,548
<b>Net cash inflow for acquisitions and disposals</b>	<b>-</b>	<b>18,548</b>

### 3. ANALYSIS OF CHANGES IN NET FUNDS

	At		At
	1.4.12	Cash flow	31.3.13
	£	£	£
Net cash:			
Cash at bank and in hand	1,369,325	38,996	1,408,321
<b>Total</b>	<b>1,369,325</b>	<b>38,996</b>	<b>1,408,321</b>

## Notes to the Financial Statements for the year ended 31 March 2013

### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Turnover

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

#### Tangible fixed assets

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

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

#### Stocks

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

#### Deferred tax

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

#### Hire purchase and leasing commitments

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

#### Pension costs and other post-retirement benefits

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

### 2. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2013	2012
	£	£
United Kingdom	1,122,994	1,441,789
Rest of World	4,158,129	3,910,743
	<u>5,281,123</u>	<u>5,352,532</u>

### 3. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	193,524	231,197
Social security costs	25,556	32,701
Other pension costs	2,571	2,358
	<u>221,651</u>	<u>266,256</u>

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

	2013	2012
Director	2	2
Administration	5	5
	<u>7</u>	<u>7</u>

### 4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Other operating leases	7,877	5,273
Depreciation - owned assets	5,855	2,500
Auditors' remuneration	2,000	2,000
Foreign exchange differences	(36,331)	57,149
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

### 5. AMOUNTS WRITTEN OFF INVESTMENTS

	2013	2012
	£	£
Sale of investment	-	(9,149)
	<u>-</u>	<u>(9,149)</u>

### 6. TAXATION

#### Analysis of the tax charge

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

	2013	2012
	£	£
Current tax:		
UK corporation tax	152,884	158,581
Tax on profit on ordinary activities	<u>152,884</u>	<u>158,581</u>

#### Factors affecting the tax charge

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

	2013	2012
	£	£
Profit on ordinary activities before tax	632,104	611,864
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	151,705	159,085
Effects of:		
Expenses not deductible for tax purposes	7	420
Capital allowances for the year in excess of depreciation	1,172	(924)
respect of prior periods	-	-
Current tax charge	<u>152,884</u>	<u>158,581</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 7. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
<b>COST</b>				
At 1 April 2012	3,093	5,839	13,510	22,442
Additions	-	285	-	285
At 31 March 2013	<u>3,093</u>	<u>6,124</u>	<u>13,510</u>	<u>22,727</u>
<b>DEPRECIATION</b>				
At 1 April 2012	1,868	2,673	8,729	13,270
Charge for year	876	1,411	3,568	5,855
At 31 March 2013	<u>2,744</u>	<u>4,084</u>	<u>12,297</u>	<u>19,125</u>
<b>NET BOOK VALUE</b>				
At 31 March 2013	<u>349</u>	<u>2,040</u>	<u>1,213</u>	<u>3,602</u>
At 31 March 2012	<u>1,225</u>	<u>3,166</u>	<u>4,781</u>	<u>9,172</u>

### 8. STOCKS

	2013	2012
	£	£
Stocks	628,154	304,272

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

	2013	2012
	£	£
Trade debtors	2,062,728	1,713,087
Amounts owed by group undertakings	119,121	94,297
Interest Accrued	20,306	13,478
Salary Advance	1,504	-
VAT	26,247	-
Prepayments	5,797	5,776
	<u>2,235,703</u>	<u>1,826,638</u>

# THERMAX EUROPE LIMITED

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

	2013	2012
	£	£
Trade creditors	83,875	46,345
Amounts owed to group undertakings	808,859	386,084
Tax	77,884	116,393
Social security and other taxes	7,600	4,738
VAT	-	19,072
Customer Advance Payments	-	135,992
Accrued expenses	239,831	222,272
	<u>1,218,049</u>	<u>930,896</u>

## 11. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2013	2012
	£	£
Expiring:		
Within one year	7,500	-
Between one and five years	-	7,800
	<u>7,500</u>	<u>7,800</u>

## 12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number: Class:	Nominal value:	2013	2012
		£	£
200,000 Ordinary	£1	200,000	200,000

## 13. RESERVES

	Profit and loss account
	£
At 1 April 2012	2,378,511
Profit for the year	479,220
At 31 March 2013	<u>2,857,731</u>

## 14. RELATED PARTY DISCLOSURES

Thermax Limited owns 100% of the shares in Thermax Europe Limited.

During the year Thermax Europe Limited made sales amounting to £199,749 (2012: £188,958) to Thermax Limited and £29,928 (2012: £22,470) to Danstoker A/S. Purchases were made in the year from Thermax Limited of £3,207,565 (2012: £930,207) and from Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China of £586,682 (2012: £216,540).

At 31/03/2013 Thermax Europe Limited was owed £114,121 (2012: £88,342) from Thermax Limited, £nil (2012: £2,542) from Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China and £5,000 (2012: £5,000) from Danstoker A/S. Thermax Europe Limited also owed £808,859 (2012: £223,611) to Thermax Limited and £nil (2012: £162,250) to Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China.

## 15. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holdings Private Limited, a company incorporated in India.

The immediate parent company is Thermax Limited, a company incorporated in India.

## 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the financial year	479,220	453,283
Net addition to shareholders' funds	479,220	453,283
Opening shareholders' funds	2,578,511	2,125,228
Closing shareholders' funds	<u>3,057,731</u>	<u>2,578,511</u>

## 17. CHARGE

A Charge was created on 17 September 2010 in respect of a rent deposit deed for £2,956.

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

## 18. WARRANTY GUARANTEE

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

# THERMAX INTERNATIONAL LIMITED

## ***Board of Directors***

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

## ***Registered Office***

9th Floor,  
Ebene Tower  
52 Cybercity, Ebene  
Republic of Mauritius

## ***Auditors***

Yousouf Peerbaye, FCA  
Chartered Accountant  
6th Floor, Richard House  
Remy Ollier Street  
Port-Louis  
Republic of Mauritius

## ***Administrator & Secretary***

Anex Management Services Limited  
9th Floor,  
Ebene Tower  
52 Cybercity, Ebene  
Republic of Mauritius

## ***Bankers***

HSBC Bank (Mauritius) Ltd.

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## ***DIRECTORS' REPORT***

The directors have pleasure in submitting their annual report together with the audited financial statements of Thermax International Limited, the "Company", for the year ended 31 March 2013.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to engage in investment holding.

### **RESULTS**

The results for the year are as shown in the statement of comprehensive income.

### **DIRECTORS**

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

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

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

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS**

The auditor, Yousouf Peerbaye, has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the Annual Meeting of the shareholder.

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## **REPORT FROM THE SECRETARY**

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001, in terms of section 166(d) for the year ended 31 March 2013.

*for Anex Management Services Limited*  
**Company Secretary**

### **Registered Office:**

9th Floor,  
Ebene Tower  
52 Cybercity  
Ebene  
Republic of Mauritius  
**Date: 24 Apr 2013**

# THERMAX INTERNATIONAL LIMITED

## AUDITORS' REPORT

### TO THE MEMBERS OF THERMAX INTERNATIONAL LIMITED

#### Report on the Financial Statements

We have audited the financial statements of Thermax International Limited, the "Company", which comprise the balance sheet at 31 March 2013, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Directors' Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements on pages 7 to 18 give a true and fair view of the financial position of the Company at 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

#### Report on Other Legal and Regulatory Requirements

##### Mauritius Companies Act 2001

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

#### Other Matters

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

**Yousouf Peerbaye, F.C.A**

Chartered Accountant

Port-Louis-Mauritius

Date: April 24, 2013



# ANNUAL REPORT 2012-2013

## Income Statement for the year ended 31 March 2013

Notes	2013		2012	
	USD	Rs	USD	Rs
<b>INCOME</b>				
Payables written off	-	-	-	-
	-	-	-	-
<b>EXPENSES</b>				
Management Fees	2,200	119,405	2,200	105,251
Licence Fees	1,500	81,413	1,500	71,762
Bank charges	10	543	40	1,914
ROC Fees	270	14,654	240	11,482
Administration Fees	625	33,922	-	-
Audit Fees	805	43,691	805	38,512
Accountancy Fees	1,500	81,413	1,500	71,762
Taxation Fees	1,000	54,275	1,000	47,841
Disbursements Fees	-	-	425	20,333
	7,910	429,315	7,710	368,857
Loss for the year				
Before Taxation	(7,910)	(429,315)	(7,710)	(368,857)
Taxation	4	-	-	-
Loss for the year	(7,910)	(429,315)	(7,710)	(368,857)

Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs 54.28

Exchange Rate : as at 31 March 2012 is 1 US \$ = Rs 47.84

## Balance Sheet as at 31 March 2013

Notes	2013		2012	
	USD	Rs	USD	Rs
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments	6	500,001	27,137,554	500,001
		500,001	27,137,554	500,001
<b>Current assets</b>				
Prepayments		1,355	73,543	1,105
Cash at bank and in hand		12,471	676,864	20,601
		13,826	750,406	21,706
<b>Total assets</b>		513,827	27,887,960	521,707
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	7	3,242,300	175,975,833	3,242,300
Revenue deficit		(2,731,808)	(148,268,879)	(2,723,898)
		510,492	27,706,953	518,402
<b>Current liabilities</b>				
Accruals		3,335	181,007	3,305
<b>Total equity and liabilities</b>		513,827	27,887,960	521,707

Approved by the Board of Directors on 24 April 2013 and signed on its behalf by:

**Yuvraj Thacoor**  
Director

**A Sattar Hajee Abdoula**  
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

## Statement of changes in Equity for the year ended 31 March 2013

	Share Capital		Revenue Deficit		Total	
	USD	Rs	USD	Rs	USD	Rs
Balances at 1st April 2011	3,227,300	154,398,642	(2,716,188)	(129,946,314)	511,112	24,452,328
Issue of shares	15,000	717,621	-	-	15,000	717,621
Loss for the year	-	-	(7,710)	(368,857)	(7,710)	(368,857)
Balances as at 31st March 2012	3,242,300	155,116,264	(2,723,898)	(130,315,172)	518,402	24,801,092
Balances at 1st April 2012	3,242,300	175,975,833	(2,723,898)	(147,839,564)	518,402	28,136,269
Issue of shares	-	-	-	-	-	-
Loss for the year	-	-	(7,910)	(429,315)	(7,910)	(429,315)
Balances as at 31st March 2013	3,242,300	175,975,833	(2,731,808)	(148,268,879)	510,492	27,706,953

## Cash Flow Statement for the year ended 31 March 2013

	2013		2012	
	USD	Rs	USD	Rs
<b>Cash flows from operating activities</b>				
Loss for the year	(7,910)	(429,315)	(7,710)	(368,857)
Adjustment for:				
(Increase) / Decrease in prepayments	(250)	(13,569)	-	-
Increase / (Decrease) in accruals	30	1,628	-	-
<b>Net cash used in operating activities</b>	(8,130)	(441,256)	(7,710)	(368,857)
<b>Cash flow from financing activities</b>				
Issue of shares	-	-	15,000	717,621
<b>Net cash inflow from financing activities</b>	-	-	15,000	717,621
Net Increase / (Decrease) in cash and cash equivalents	(8,130)	(441,256)	7,290	348,764
Cash and cash equivalents at start of year	20,601	1,118,119	13,311	636,817
<b>Cash and cash equivalents at end of year</b>	12,471	676,864	20,601	985,581
Cash and cash equivalents made up of:				
Bank balance	12,471	676,864	20,601	985,581

The notes on page 11 to 20 form an integral part of these financial statements.

# THERMAX INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1. COMPANY PROFILE

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

The principal activity of the company is to hold investments and its registered office is at 9th Floor, Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius.

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2012.

New and revised IFRSs and IFRICs applied with no material effect on financial statements

IFRS 7 Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities (effective on or after 1 January 2013)

IAS 1 Presentation of Items of Other Comprehensive Income (effective on or after 1 July 2012)

IAS 1 Presentation of Financial Statements - Amendments resulting from Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012 (effective on or after 1 January 2013)

IAS 12 Deferred tax: Recovery of Underlying Assets (effective on or after 1 January 2012)

#### New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IFRS 9	Financial instruments (effective on or after 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective on or after 1 January 2013)
IFRS 11	Joint Arrangements (effective on or after 1 January 2013)
IFRS 12	Disclosure of Interest in Other Entities (effective on or after 1 January 2013)
IFRS 13	Fair Value Measurement (effective on or after 1 January 2013)
Amendments to IFRS 7	Disclosures – Offsetting Financial Asset and Financial Liabilities (effective on or after 1 January 2013)
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures (effective on or after 1 January 2015)
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (effective on or after 1 January 2013)
IAS 19 (as revised in 2011)	Employee Benefits (effective on or after 1 January 2013)
IAS 27 (as revised in 2011)	Separate Financial Statements (effective on or after 1 January 2013)
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures (effective on or after 1 January 2013)
Amendments to IAS 32	Offsetting Financial Asset and Financial Liabilities (effective on or after 1 January 2014)
Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 cycle except for the amendment to IAS 1 (effective on or after 1 January 2013)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (effective on or after 1 January 2013)

The directors anticipate that the application of these Standards and Interpretations on the above effective dates in future periods will have no material impact on the financial statements of the Company.

### 3. ACCOUNTING POLICIES

#### (a) Statement of compliance

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

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

#### (b) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The preparation of financial statements in accordance with IFRS and generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### (c) Investments in subsidiary

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

#### (d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### (e) Consolidation

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

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

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

#### (f) Foreign currencies

##### Functional and presentation currency

The financial statements are presented in United States Dollars ("USD") which is also the currency of the primary economic environment in which the Company operates (functional currency). The Board of Directors consider the USD as the currency that most faithfully represents the economic effects of the underlying transactions of the Company.

##### Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

## (g) Revenue recognition

Revenues are recognised as follows: -

Interest income – as it accrues unless collectibility is in doubt

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

## (h) Expense recognition

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

## (i) Provisions

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

## (j) Cash and cash equivalents

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

## (k) Related party transactions

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

## (l) Financial instruments

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

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

- **Trade and other receivables**

Trade and other receivables are stated at their nominal values.

- **Trade and other payables**

Trade and other payables are stated at their nominal values.

- **Cash and cash equivalents**

Cash and cash equivalents are measured at fair values.

- **Loans**

Loans are stated at their nominal values.

- **Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

## (m) Stated capital

Stated capital is recognised at the fair value of consideration received. Any excess over the nominal value of shares is taken to share premium.

Costs incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change to equity are taken to the income statement.

## (n) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued support of the shareholders.

## 4. TAXATION

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

### Current tax

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

income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all deductible temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in Note 3, the directors have made the following judgements that might cause a material adjustment to the carrying amounts of financial assets and financial liabilities within the next financial year.

### Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 3(f), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

### Unquoted investments

Determining whether unquoted investments are impaired required an estimation of the value in use of the investments. In considering the value in use, the directors have taken into consideration management accounts. Actual results could, however, differ from the estimates.

## 6. INVESTMENTS

### (i) Value of investments

	2013 USD	2012 USD
Value at beginning of year	500,001	500,001
Impairment loss	-	-
Value at close of year	500,001	500,001

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

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

The directors are of the opinion that the investment is stated at cost since the fair value cannot be reliably measured. The directors are of the opinion that the cost is a reflective of the fair value at 31 March 2013.

## 7. STATED CAPITAL

	2013 USD	2012 USD
<b>Authorised</b>		
5,000,000 ordinary shares of USD 1 each	5,000,000	5,000,000
<b>Issued and Fully Paid</b>		
1,495,000 ordinary shares of USD 1 each	1,495,000	1,495,000
1,747,300 cumulative redeemable preference shares	1,747,300	1,747,300
	3,242,300	3,242,300

# THERMAX INTERNATIONAL LIMITED

## 8. FINANCIAL INSTRUMENTS

### (a) Values of financial instruments

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

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

### (b) Financial Risks

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

#### (i) Market risk

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

#### (ii) Currency risk

The Company invests in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the Company's assets which are denominated in those currencies.

#### (iii) Concentration risk

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

#### (iv) Liquidity risk

The Company is not exposed to any liquidity risk.

#### (v) Interest rate risk

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

### (c) Currency profile

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

	Financial assets 2013	Financial liabilities 2013	Financial assets 2012	Financial liabilities 2012
	USD	USD	USD	USD
GBP	1	-	1	-
United States Dollars	512,471	3,335	520,601	3,305
	<u>512,472</u>	<u>3,335</u>	<u>520,602</u>	<u>3,305</u>

## 9. RELATED PARTY TRANSACTIONS

During the year, the company has not entered into any transactions with a related party.

## 10. HOLDING COMPANY

RDA Holdings Private Ltd is now considered as the company's ultimate holding company

## 11. POST BALANCE SHEET EVENT

There are no material post-balance sheet events which would require disclosure or adjustments to the 31 March 2013 financial statements.

## 12. CONTINGENT LIABILITIES

At 31 March 2013, the Company has no material litigation claims outstanding, pending or threatened against it, which would have a material adverse effect on the Company's financial position or results of operations.

## 13. CAPITAL COMMITMENTS

The Company has no material capital commitments at 31 March 2013.

## 14. REPORTING CURRENCY

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

# THERMAX INC.

## Board of Directors

S. Ramachandran  
Gopal mahadevan  
Hemant Mohgaonkar

## Registered Office

21800, Haggerty Road,  
Suite 112  
Northville MI 48167  
USA

## Auditors

Plante & Moran, PLLC  
27400 Northwestern Highway  
PO Box 307  
Southfield MI 48037-0307

## Auditor's Report

To,  
The Board of Directors of THERMAX, INC.

### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Inc., which comprise the balance sheet as of March 31, 2013 and 2012 and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thermax Inc. as of March 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 22, 2013

## Balance Sheet as at March 31, 2013 and 2012

ASSETS	2013		2012	
	USD	Rs.	USD	Rs.
<b>CURRENT ASSETS</b>				
Cash And Cash Equivalents	1,033,556	56,096,252	1,622,141	77,605,543
Accounts Receivable, Net	2,027,355	110,034,693	2,330,371	111,488,278
Inventory, Net	1,981,009	107,519,263	2,279,540	109,056,450
Advances to Related Parties	0	0	397,500	19,016,968
Refundable Taxes	62,997	3,419,162	185,068	8,853,918
Deferred Tax Assets	132,000	7,164,300	179,000	8,563,616
Other Current Assets	109,868	5,963,086	57,141	2,733,707
<b>Total Current Assets</b>	<b>5,346,785</b>	<b>290,196,756</b>	<b>7,050,761</b>	<b>337,318,479</b>
Property And Equipment, Net	32,634	1,771,210	62,609	2,995,304
<b>Total Assets</b>	<b>5,379,419</b>	<b>291,967,966</b>	<b>7,113,370</b>	<b>340,313,783</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
CURRENT LIABILITIES	2013		2012	
	USD	Rs.	USD	Rs.
Trade accounts Payable	336,375	18,256,753	435,006	20,811,308
Trade payables to related parties	2,107,128	114,364,372	3,261,165	156,018,792
Provision for warranty and start-up costs	307,441	16,686,360	437,294	20,920,770
Customer Deposits and advances	65,487	3,554,307	518,704	24,815,540
Other Current Liabilities	239,362	12,991,373	298,784	14,294,253
<b>Total Current Liabilities</b>	<b>3,055,793</b>	<b>165,853,165</b>	<b>4,950,953</b>	<b>236,860,664</b>
<b>Deferred Tax Liabilities</b>	<b>11,100</b>	<b>602,453</b>	<b>21,000</b>	<b>1,004,670</b>
<b>Stockholder's Equity</b>				
Common Stock, issued \$10 Par Value				
50,000 Authorized and Outstanding	500,000	27,137,500	500,000	23,920,714
Retained Earnings	1,812,526	98,374,849	1,641,417	78,527,734
<b>Total Stockholder's Equity</b>	<b>2,312,526</b>	<b>125,512,349</b>	<b>2,141,417</b>	<b>102,448,448</b>
<b>Total Liabilities And Stockholder's Equity</b>	<b>5,379,419</b>	<b>291,967,966</b>	<b>7,113,370</b>	<b>340,313,783</b>

## Statement of Income and retained earnings for the years ended March 31, 2013 and 2012

	2013		2012	
	USD	Rs.	USD	Rs.
Operating Revenues	12,215,370	662,989,207	13,338,683	638,141,650
Other Revenues	125,818	6,828,772	122,120	5,842,395
<b>Total Revenues</b>	<b>12,341,188</b>	<b>669,817,979</b>	<b>13,460,803</b>	<b>643,984,045</b>
Costs of revenues	9,691,565	526,009,690	10,631,815	508,641,218
<b>Gross Margin</b>	<b>2,649,623</b>	<b>143,808,288</b>	<b>2,828,988</b>	<b>135,342,827</b>
Selling general and administrative expenses	2,396,543	130,072,371	2,337,984	111,852,495
<b>Income- Before Income Taxes</b>	<b>253,080</b>	<b>13,735,917</b>	<b>491,004</b>	<b>23,490,333</b>
Income tax	81,971	4,448,976	276,228	13,215,142
<b>Net Income</b>	<b>171,109</b>	<b>9,286,941</b>	<b>214,776</b>	<b>10,275,191</b>
Retained Earnings, Beginning of Year	1,641,417	89,087,908	1,426,641	68,252,543
Retained Earnings, End of Year	1,812,526	98,374,849	1,641,417	78,527,734

Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs 54.28  
Exchange Rate : as at 31 March 2012 is 1 US \$ = Rs 47.84

# THERMAX INC.

## Statement of Cash flows for the years ended March 31, 2013 and 2012

	2013		2012	
	USD	Rs.	USD	Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	171,109	9,286,941	214,776	10,275,191
Adjustment to reconcile net income to net cash flows from operating activities				
Depreciation	18,367	996,869	23,281	1,113,796
Loss on disposal of assets	6,761	366,953	1,042	49,851
Bad debt/(recovery) expense	2,010	109,093	(73,212)	(3,502,567)
Deferred Tax Asset	37,100	2,013,603	104,000	4,975,509
(INCREASE) DECREASE IN:				
Accounts receivable	301,006	16,337,101	(829,931)	(39,705,085)
Inventory	298,531	16,202,770	242,520	11,602,503
Advances to related parties	397,500	21,574,313	(397,500)	(19,016,968)
Other Assets	69,344	3,763,646	282,410	13,510,898
(INCREASE) DECREASE IN:				
Accounts payable	(98,631)	(5,353,198)	291,213	13,932,046
Accounts payable- Related Parties	(1,154,037)	(62,635,358)	429,297	20,538,182
Advances and accrued liabilities	(453,217)	(24,598,353)	494,271	23,646,631
Provision for warranty and start-up costs	(129,853)	(7,047,772)	3,081	147,399
Other liabilities	(59,422)	(3,225,129)	(5,045)	(241,360)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(593,432)</b>	<b>(32,208,522)</b>	<b>780,203</b>	<b>37,326,026</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(9,153)	(496,779)	(14,084)	(673,799)
Proceeds from disposition of property and equipment	14,000	759,850	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>4,847</b>	<b>263,071</b>	<b>(14,084)</b>	<b>(673,799)</b>
<b>NET CHANGE IN CASH DURING THE YEAR</b>	<b>(588,585)</b>	<b>(31,945,451)</b>	<b>766,119</b>	<b>36,652,227</b>
Cash, Beginning of year	1,622,141	88,041,703	856,022	40,953,315
Cash, End of year	1,033,556	56,096,252	1,622,141	77,605,543
Supplemental Cash Flow Information- Paid for Income Tax	239,622	13,005,484	208,700	9,984,506

The Accompanying Notes Are An Integral Part of These Financial Statements

Exchange Rate : as at 31 March 2013 is 1 US \$ = Rs 54.28  
Exchange Rate : as at 31 March 2012 is 1 US \$ = Rs 47.84

## Notes to Financial Statements March 31, 2013 and 2012

### Note 1 - Nature of Business and Significant Accounting Policies

Thermax Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments -Environment and Energy. The Environment segment consists of the sale of ion exchange resins primarily within North America. The Energy segment consists of the sale of absorption chillers with operations conducted primarily in North and South America.

The Company is a wholly owned subsidiary of Thermax International Limited (Mauritius) which, in turn, is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holdings Private Limited, a company incorporated in India. The Company acquires substantially all of its products for sale from Thermax Ltd. and its affiliates.

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

**Credit Risk and Major Customers** -The Company has entered into an exclusivity agreement whereby the Company has agreed to sell certain types of absorption chillers exclusively to one customer. Total sales to this customer were \$1,900,245 and \$3,482,664 during the years ended March 31, 2013 and 2012, respectively. Accounts receivable from this customer totaled \$647,688 and \$945,280 at March 31, 2013 and 2012, respectively.

The Company's Environment business segment includes sales to a single customer of \$1,784,469 and \$1,347,489 for the years ended March 31, 2013 and 2012, respectively. Accounts receivable from this customer totaled \$348,840 and \$242,520 at March 31, 2013 and 2012, respectively.

**Advertising Expenses** - Advertising expenses are charged to income during the year in which they are incurred. Advertising and promotion expenses for the years ended March 31, 2013 and 2012 were \$67,308 and \$48,338, respectively.

**Revenue Recognition** - Revenue is recognized upon delivery to the customer site, acceptance by the customer, and there are either no unfulfilled Company obligations or obligations are deemed inconsequential and will not affect the customer's final acceptance of the arrangement. Any cost of these obligations is accrued when the corresponding revenue is recognized. In the Energy segment, the Company records a provision for start-up costs at the time of shipment of the products. A provision for warranty costs was recorded for sales through March 31, 2012. For sales subsequent to that date, the warranty liability was assumed by Thermax Ltd. The Company occasionally receives down payments from its customers. These are recorded as customer deposits and advances in the balance sheet. Customer advances totaled \$65,487 and \$518,704 as of March 31, 2013 and 2012, respectively.

**Cash Equivalents** -The Company utilizes a money market account to earn interest on funds held.

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

**Property and Equipment** -Property and equipment are recorded at cost. The straight-line depreciation method is used for computing depreciation over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

The estimated useful lives used to determine depreciation are as follows:

Furniture and fixtures	5-7 years
Office equipment	5 years
Machinery and equipment	5 years

**Income Taxes** - A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

The Company has elected to classify interest and penalties, if applicable, related to income tax obligations as a part of income tax expense.

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

**Shipping and Handling Costs** - Shipping and handling costs are recorded as costs of sales as they are incurred.



**Notes to Financial Statements March 31, 2013 and 2012**

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

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including April 22, 2013, which is the date the financial statements were available to be issued.

**Note 2 - Accounts Receivable**

The Company's accounts receivable are primarily related to sales of ion exchange resins and vapor absorption chillers and spares. Credit is extended based on prior experience with the customer and evaluation of the customer's financial condition. Accounts receivable are generally due within 30 days. An allowance for doubtful accounts is established based on Company policy and the specific assessment of all invoices that remain unpaid following the normal customer payment periods. All accounts or portions thereof deemed to be uncollectible are written off in the period that determination is made.

The following is a detail of accounts receivable as of March 31, 2013 and 2012:

	2013	2012
Trade accounts receivable	\$ 2,029,693	\$ 2,338,247
Less allowance for doubtful accounts	(2,338)	(7,876)
Total accounts receivable	<u>\$ 2,027,355</u>	<u>\$ 2,330,371</u>

**Note 3 - Inventory**

Inventory, net of reserves, at March 31, 2013 and 2012 consists of the following:

	2013	2012
Traded goods Ion exchange resins and spare parts	\$ 877,448	\$ 1,268,285
Goods in transit - Ion exchange resins	965,161	468,233
Goods in transit - Chillers	138,400	543,022
Total inventory	<u>\$ 1,981,009</u>	<u>\$ 2,279,540</u>

The Company maintains inventory of ion exchange resins and spare parts at its warehouse in Farmington Hills, Michigan (through December 31, 2012) as well as outside warehouses located in various states. On January 1, 2013, the Company closed its Farmington Hills warehouse and transferred the inventory to other third party warehouses. At March 31, 2013 and 2012, net inventory valued at \$0 and \$834,916, respectively, was located at the Farmington Hills warehouse, and inventory valued at \$877,448 and \$433,369, respectively, was located at outside warehouses.

At March 31, 2013 and 2012, the Company maintained a reserve for inventory obsolescence of \$121,395 and \$127,308, respectively.

**Note 4 - Property and Equipment**

Property and equipment at March 31, 2013 and 2012 consist of the following:

	2013	2012
Office equipment	\$ 50,543	\$ 44,910
Furniture and fixtures	21,040	21,040
Machinery and equipment	-	59,405
Total cost	71,583	125,355
Accumulated depreciation	38,949	62,746
Net property and equipment	<u>\$ 32,634</u>	<u>\$ 62,609</u>

Depreciation expense was \$18,367 and \$23,281 for the years ended March 31, 2013 and 2012, respectively.

**Note 5 - Related Party Transactions**

Following is a description of transactions between the Company and related parties:

**Advances** At March 31, 2012, the Company had advances outstanding to Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. of \$40,000 and to Thermax Ltd. of \$357,500. These advances were provided to the related parties to begin production of chillers. There were no advances to related parties outstanding at March 31, 2013.

**Accounts Payable** At March 31, 2013 and 2012, the Company had net accounts payable to related parties totaling \$2,107,128 and \$3,261,165, respectively, before advances provided as disclosed above.

**Purchases** For the years ended March 31, 2013 and 2012, the Company had purchases of ion exchange resins, absorption chillers, boilers, and spare parts from Thermax Ltd. totaling \$6,825,838 and \$7,238,637, respectively. For the years ended March 31, 2013 and 2012, the Company had purchases of absorption chillers from Thermax (Zhejiang) Cooling & Heating Engg. Co., Ltd. totaling \$646,200 and \$476,843, respectively.

**Note 6 - Operating Leases**

The Company conducts its operations in leased facilities in Michigan. The Company leases office space under a noncancelable operating lease that expires in December 2015. The Company has also leased office equipment and automobiles under noncancelable operating leases. The lease expense for the years ended March 31, 2013 and 2012 was \$129,502 and \$135,515, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending	Amount
March 31	
2014	\$ 76,120
2015	54,029
2016	1,972
Total	<u>\$ 132,121</u>

**Note 7 - Warranty and Start up Costs**

The Company has a policy to record provisions for start up costs and warranties (for sales before April 1, 2012 see revenue recognition policy in Note 1 for additional information) related to the sale of vapor absorption chillers under its Energy business segment. These provisions are recorded as and when the related sales income is recorded. These provisions are based on the estimates of likely expenses for start up of the chillers and warranty claims, considering the types of chillers, geographical location of the job sites, capacity of the chillers under consideration, and past performance data.

The Company adjusts these provisions as and when the chillers are started up and on expiration of the chiller warranties.

The Company has accrued \$150,347 and \$182,544 at March 31, 2013 and 2012, respectively, for estimated chiller start up costs. In addition, the Company has accrued \$157,094 and \$254,750 at March 31, 2013 and 2012, respectively, for estimated future warranty claims.

**Note 8 - Line of Credit**

The Company has available borrowings of \$500,000 under a line of credit agreement with a bank maturing July 27, 2013. Interest is payable monthly at a rate of 3.00 percent above LIBOR (an effective rate of 3.20 at March 31, 2013), and is secured by all assets of the Company. There were no borrowings outstanding under the line of credit agreement at March 31, 2013 and 2012.

**Note 9 - Income Taxes**

The components of the income tax provision included in the statement of operations are all attributable to continuing operations and are detailed as follows:

	2013	2012
Current income tax expense	\$ 44,871	\$ 172,228
Deferred income tax expense	37,100	104,000
Total income tax expense	<u>\$ 81,971</u>	<u>\$ 276,228</u>

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2013	2012
Income tax expense - Computed at 34 percent of pretax income	\$ 86,047	\$ 166,941
State income taxes - Net of federal tax benefit	14,501	21,930
Nondeductible expenses and adjustments to prior year estimate - Net	(18,577)	87,357
Total income tax expense	<u>\$ 81,971</u>	<u>\$ 276,228</u>

# THERMAX INC.

## Notes to Financial Statements March 31, 2013 and 2012

The details of the net deferred tax asset are as follows:

	2013	2012
Deferred tax assets:		
Warranty reserve	\$ 53,400	\$ 86,700
Inventory reserve	41,300	55,700
Allowance for doubtful accounts	800	2,700
Section 263A	13,100	-
Accrued bonuses	8,500	22,100
Other	14,900	11,800
Gross deferred tax assets	132,000	179,000
Deferred tax liabilities - Depreciation	(11,100)	(21,000)
Net deferred tax asset	\$ 120,900	\$ 158,000

No valuation allowance has been recognized for the deferred tax assets.

The Company files income tax returns in the U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2009. There are no pending or ongoing tax examinations.

### Note 10 - Segment Information

The Company has two reportable segments, the Environment segment and the Energy segment.

The Environment segment is engaged in the distribution of ion exchange resins and the Energy segment is engaged in the distribution of absorption chillers and the sale of spares. The two segments consist of distinct product lines that are managed separately as each has different marketing and distribution requirements.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1. All corporate expenses have been allocated to reportable segments based on revenues generated. For the years ended March 31, 2013 and 2012, the allocation was 63 percent and 56 percent to the Environment segment and 37 percent and 44 percent to the Energy segment, respectively. Segment profit is based on operating profit before income taxes.

Intersegment charges for administrative services are allocated by management.

The following is summarized information about profit or loss, assets, and other information for each reportable segment for the years ended March 31, 2013 and 2012:

	2013	2012
<b>Environment Segment</b>		
Revenue from external customers	\$ 7,744,697	\$ 7,462,250
Other revenue	109,358	119,289
Depreciation expense and loss on disposal	15,799	13,609
Segment pre tax profit	159,311	274,689
Segment assets	3,118,279	2,454,606
Segment liabilities	2,024,907	2,120,748
<b>Energy Segment</b>		
Revenue from external customers	4,470,673	5,876,433
Other revenue	16,460	2,831
Depreciation expense and loss on disposal	9,329	10,717
Segment pre tax profit	93,769	216,315
Segment assets	925,947	2,599,707
Segment liabilities	959,751	2,683,966

The following are reconciliations from the segment information above the amounts reported in the accompanying financial statements for the years ended March 31, 2013 and 2012:

	2013	2012
<b>Revenue by Country</b>		
United States	\$ 9,622,245	\$ 11,404,143
South America	581,027	421,040
Canada	654,568	238,142
Other	1,483,348	1,397,478
Total revenue	\$ 12,341,188	\$ 13,460,803
<b>Assets</b>		
Total assets for reportable segments	\$ 4,044,226	\$ 5,054,313
Unallocated amounts	1,335,193	2,059,057
Total assets	\$ 5,379,419	\$ 7,113,370
<b>Liabilities</b>		
Total liabilities for reportable segments	\$ 2,984,658	\$ 4,804,714
Unallocated amounts	82,235	167,239
Total liabilities	\$ 3,066,893	\$ 4,971,953

Revenue is allocated based on the geographic location of the customers.

Revenue from one customer of the Environment segment represents approximately \$1,784,000 (14 percent) and \$1,347,000 (10 percent) of the Company's total revenue for the years ended March 31, 2013 and 2012, respectively. Revenue from one customer of the Energy segment represents approximately \$1,900,000 (15 percent) and \$3,483,000 (26 percent) of the Company's total revenue for the years ended March 31, 2013 and 2012, respectively.

### Note 11 - Retirement Plan

The Company has a defined contribution profit sharing 401(k) plan covering substantially all employees. Company contributions are discretionary. The Company has the option to match up to 50 percent of an employee's deferral amount, not to exceed 4 percent of the employee's compensation. For the years ended March 31, 2013 and 2012, the Company made matching contributions totaling \$21,490 and \$17,478, respectively.

### Note 12 - Contingencies and Settlements

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions, if any, will not materially affect the Company's financial statements.

# Thermax do Brasil-Energia e Equipamentos Ltda

## *Supervisory Board*

Gopal Mahadevan

## *Registered Office*

Av. Paulista, 37-04  
andar-Edifício Pq  
cultural Paulista  
São Paulo, SP, Brazil

## *Auditors*

Novamir Auditoria E Servicos Contabeis  
CRC- SP 2SP 024.744  
São Paulo, Brazil

## *Bankers*

Banco Citibank S. A.  
Banco Real S. A.

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## AUDITORS' REPORT

To Quotaholders

**Thermax do Brasil – Energia e Equipamentos Ltda.**

São Paulo - SP

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.**, as of March 31, 2013 and the related statements of income, changes in quotaholders' equity and changes in financial position for the period then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audit in accordance with auditing standards generally accepted in Brazil and, accordingly, included: a) the planning of the audit work, considering the materiality of the balances, volume of transactions, and the system of internal controls of the Company; b) the verification on a test basis, of the evidence and records which support the values and information in the published financial statements; and c) evaluation of the accounting practices and the more material accounting estimates adopted by Company management as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred in the paragraph 1 present fairly, in all material respects, the financial position of **Thermax do Brasil – Energia e Equipamentos Ltda.** as of March 31, 2013, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

**NOVAMIR AUDITORIA E SERVIÇOS CONTÁBEIS**

**CNPJ no. 04.933.947/0001-06**

**CRC- SP 2SP 024.744**

São Paulo, Brazil

April, 22, 2013

# Thermax do Brasil-Energia e Equipamentos Ltda

## Statement of Income for the Period ended March 31, 2013

PARTICULARS	2013		2012	
	BRL	Rs.	BRL	Rs.
<b>GROSS INCOMES</b>				
Sale of services	132,923	3,565,846	142,369	4,008,773
	132,923	3,565,846	142,369	4,008,773
<b>DEDUCTION FROM GROSS INCOMES</b>				
Tax incident on sales	(23,672)	(635,043)	(26,015)	(732,516)
Gross profit	109,251	2,930,803	116,354	3,276,257
<b>OPERATING EXPENSES</b>				
General and administrative expenses	(47,600)	(1,276,933)	(44,820)	(1,262,030)
Financial (expenses) income	526	14,121	936	26,346
	(47,074)	(1,262,812)	(43,884)	(1,235,684)
<b>Net Profit for the period</b>	<b>62,177</b>	<b>1,667,992</b>	<b>72,470</b>	<b>2,040,572</b>
<b>Taxes on income</b>	<b>(3,246)</b>	<b>(87,074)</b>	<b>(5,272)</b>	<b>(148,444)</b>
<b>Profit after tax</b>	<b>58,932</b>	<b>1,580,917</b>	<b>67,198</b>	<b>1,892,128</b>

See the accompanying notes to the financial statements

Exchange Rate : As at 31 Mar 13 is 1 BRL = Rs 26.83

Exchange Rate : As at 31 Mar 12 is 1 BRL = Rs 28.16

## Balance Sheet as at March 31, 2013

PARTICULARS	2013		2012	
	BRL	Rs.	BRL	Rs.
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds :				
Share Capital	1,087,130	29,163,692	1,087,130	30,611,030
Accumulated losses	(853,971)	(22,908,883)	(912,902)	(25,705,183)
<b>Total Funds Employed</b>	<b>233,159</b>	<b>6,254,809</b>	<b>174,228</b>	<b>4,905,847</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets				
Gross Block	-	-	-	-
Less: Depreciation	-	-	-	-
Net Block	-	-	-	-
Current Assets, Loans & Advances :				
Trade receivables	41,476	1,112,654	38,429	1,082,077
(-) Provision for doubtful accounts	-	-	-	-
Recoverable taxes	35,556	953,837	35,556	1,001,174
(-) Provision for losses	(10,941)	(293,497)	(10,941)	(308,063)
Cash & Bank Balances	183,611	4,925,596	123,266	3,470,880
	249,702	6,698,589	186,311	5,246,068
Less : Current Liabilities & Provisions :				
Accounts payable	-	-	-	-
Taxes payable	12,793	343,182	8,333	234,630
Other accounts payable	3,750	100,599	3,750	105,591
	16,543	443,780	12,083	340,221
<b>Net Current Assets</b>	<b>233,159</b>	<b>6,254,809</b>	<b>174,228</b>	<b>4,905,847</b>
<b>Total Funds Applied</b>	<b>233,159</b>	<b>6,254,809</b>	<b>174,228</b>	<b>4,905,847</b>

## Statement of Changes in Quotaholders' Equity

	Capital		Accumulated losses		Total	
	BRL	Rs.	BRL	Rs.	BRL	Rs.
Balances at April 1, 2012	1,087,130	29,163,692	(912,902)	(24,489,801)	174,228	4,673,891
Net Profit for the period	-	-	58,932	1,580,918	58,932	1,580,918
Balances at March 31, 2013	1,087,130	29,163,692	(853,971)	(22,908,883)	233,159	6,254,809

## Statement of Changes in Financial Position Period ended March 31, 2013

Sources	2013		2012	
	BRL	Rs.	BRL	Rs.
From Operations				
Net Profit for the period	58,932	1,580,918	67,198	1,892,128
Expenses (incomes) that do not affect net working capital:				
Depreciation	-	-	-	-
<b>Total sources</b>	<b>58,932</b>	<b>1,580,918</b>	<b>67,198</b>	<b>1,892,128</b>
<b>Applications</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reduction in net working capital</b>	<b>58,932</b>	<b>1,580,918</b>	<b>67,198</b>	<b>1,892,128</b>

## Statement of variation in net working capital

	March 31		March 31		Variation	
	2013	2013	2012	2012	2013	2013
	BRL	Rs.	BRL	Rs.	BRL	Rs.
<b>Current Assets</b>	249,702	6,698,589	186,311	5,246,068	63,392	1,700,564
<b>Current Liabilities</b>	16,543	443,780	12,083	340,221	(4,460)	(119,646)
<b>Net working capital</b>	<b>233,159</b>	<b>6,254,809</b>	<b>174,228</b>	<b>4,905,847</b>	<b>58,932</b>	<b>1,580,918</b>

See the accompanying notes to the financial statements

*Notes to the Financial Statements March 31, 2013***1. Operational Context**

The Company is a subsidiary of Thermax Ltd which in turn is a subsidiary of RDA Holdings Private Limited, a Company incorporated in India. The Company's business activities mainly consist of rendering services, including technical assistance, which may be provided through hiring outsourced companies.

**2. Presentation of the Financial Statements**

The financial statements were prepared in accordance with accounting practices emanated from the Brazilian Corporation Law.

**3. Summary of the Significant Accounting Policies****a. Revenue and expenses recognition**

Income and expenses are recorded on monthly accrual basis.

**b. Current and long-term assets**

Current and long-term assets are recorded at lower of cost or market value plus accrued income until the end of the period. An allowance is recorded in case the market value is lower than cost.

**c. Current and long-term liabilities**

Liabilities are recorded at known or estimated amounts.

**4. Trade Receivables**

Description	2013 BRL
Accounts receivable	41.476,20
Net accounts receivable	<u>41.476,20</u>

**5. Recoverable Taxes**

Description	2013 BRL
IRPJ - 2005	89,28
CSLL - 2005	10.851,37
IR - financial income	4.823,85
PIS	1,35
COFINS	6,21
CSLL - sales	186,43
IR - Sales	5.002,10
IR - others	14.595,43
	<u>35.556,02</u>

Provision for losses	(10.940,65)
Net	<u>24.615,37</u>

The value of the recoverable taxes basically represents withholding taxes by the Customers. The possibility of setting off the recoverable taxes against the tax liabilities is being analysed.

**6. Taxes and Contributions payable**

Description	2013 BRL
PIS	495,00
COFINS	2.280,00
ISS - SALES	1.500,00
TAXES ON INCOME - IRPJ E CSLL	8.517,72
<b>TOTAL</b>	<u>12.792,72</u>

The above balances were compared with the tax books of the Company and subsequent events and do not present differences.

The company paid off all the taxes related to the prior years and the taxes that have not been paid are for the period January-March 2013.

**7. Other liabilities**

Description	2013 BRL
Rent	250,00
Provision - INSS - Inspection	500,00
Nova Mir - Auditoria	3.000,00
<b>TOTAL</b>	<u>3.750,00</u>

**8. Capital Social**

The paid-in Capital is represented by R\$ 1.087.130,00 with nominal value of R\$ 1,00 (one real) each.

**9. Services**

The company's total sales from services, amounted to R\$ 132.923,45 as presented below:

Description	2013 BRL
Services Sales	132.923,45
<b>Net sales</b>	<u>132.923,45</u>

The services sales amounts were checked against the company's tax books and do not present differences.

**10. Taxes incident on Services**

The company's total taxes related to service, amounted to R\$ 23.672,39, as presented below:

Description	2013 BRL
ISS - SALES	11.382,14
COFINS - SALES	10.112,18
PIS - SALES	2.178,07
<b>TOTAL</b>	<u>23.672,39</u>

**11. Operating Expenses**

The composition of the "Operating Expenses" account is presented below:

Description	2013 BRL
Rents	3.000,00
Accounting Outsourcing	41.600,00
Auditory	3.000,00
<b>TOTAL</b>	<u>47.600,00</u>

**12. Financial (expenses) income**

The balance of the Financial (expenses) income and exchange variation income account is presented below:

Description	2013 BRL
Interest Income	-0-
Finance Income	1.091,42
Other income	-0-
(-) Bank Expenses	565,04
(-) Interest - expenses	-0-
<b>TOTAL</b>	<u>526,38</u>

**13. Identified Contingencies**

In the month of March 2009, the Company received a notice from the Federal Authorities (National Institute of Social Security) for submission of certain documents and information related to the year 2005. In response to this notice various documents were submitted to the Federal Authorities.

The inspection of documents by Federal Authorities is now over and the total amount of payment as levied by the Federal Authority is R\$ 500,00. The payment is not made as the Federal Tax Authority may waive 50% amount of this payment. The notification for this waiver was not received until March, 2013.

NOVAMIR AUDITORIA E SERVIÇOS CONTÁBEIS

CNPJ no. 04.933.947/0001-06

CRC- SP 2SP 024.744

São Paulo, Brazil

April, 22, 2013

# Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

## *Supervisor*

M. S. Unnikrishnan

## *Registered Office*

No. 645,  
Chayuan Road,  
Jiaxing Economic Development Zone,  
Jiaxing, Zhejiang, P.R.C.  
Post 314003

## *Auditors*

Zhejiang Zhong Ming Certified Public  
Accountants Co. Ltd.  
Jiaxing, China

## *Executive Director*

H. P. Mohgaonkar

## *Bankers*

Industrial and Commercial Bank of China

## *General Manager*

Ashish Vaishnav

## AUDITORS' REPORT

ZZKS[2013]NO.1196

### TO THE BOARD OF DIRECTORS OF

### THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO., LTD.

We have audited the accompanying financial statements of Thermax (Zhejiang) Cooling & Heating Engineering Co., Ltd. (herein after referred as "the Company"), which comprise the balance sheet as of 31 December 2012, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended and notes to the financial statements.

#### **I Responsibility of management**

It is the responsibility of management to prepare and present the financial statements fairly. And the responsibilities include: i) Preparing the financial statements in conformity with the requirements of both the accounting standards and Accounting System for Business Enterprises, and to be presented fairly, ii) designing, implementing and maintaining internal misstatement, whether due to fraud or error.

#### **II Responsibility of auditors**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In marking those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **III Audit opinion**

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises, and present fairly, in all material aspects, the financial position of the Company as of 31 December 2012 and the results of its operations and its cash flows for the year then ended.

Zhejiang Zhong Ming Certified Public Accounts Co. Ltd.

Certified Public Accountant: Luo Bin

Certified Public Accountant: Li Aizhong

Jiaxing, China

Date: March 11, 2013

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principle and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principle and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.



# ANNUAL REPORT 2012-2013

## Balance Sheet as at 31 December, 2012

PARTICULARS	2012		2011	
	RMB	RS	RMB	RS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & cash equivalents	3,610,190	31,869,103	13,176,908	98,572,066
Accounts receivable	14,118,491	124,631,572	16,307,370	121,990,003
Other receivables	1,558,708	13,759,560	1,361,969	10,188,439
Advance to suppliers	353,750	3,122,740	810,504	6,063,111
Inventories	7,644,287	67,480,263	19,977,379	149,444,125
Prepaid expenses	649,833	5,736,424	191,729	1,434,264
Allowance receivable	-	-	574,532	4,297,886
<b>TOTAL CURRENT ASSETS</b>	<b>27,935,258</b>	<b>246,599,663</b>	<b>52,400,393</b>	<b>391,989,893</b>
<b>NON-CURRENT ASSETS</b>				
Fixed Assets - cost	60,241,652	531,785,705	59,963,116	448,564,107
Less: Accumulated depreciation	17,933,258	158,306,583	13,914,784	104,091,864
Fixed Assets - Net book value	42,308,394	373,479,122	46,048,332	344,472,243
Intangible assets	6,177,125	54,528,834	6,350,246	47,504,078
Long-term deferred and prepaid expenses	10,670	94,193	13,465	100,729
<b>TOTAL NON-CURRENT ASSETS</b>	<b>48,496,190</b>	<b>428,102,149</b>	<b>52,412,044</b>	<b>392,077,051</b>
<b>TOTAL ASSETS</b>	<b>76,431,448</b>	<b>674,701,812</b>	<b>104,812,436</b>	<b>784,066,944</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	12,300,000	108,578,766	26,100,000	195,245,412
Accounts payable	11,308,392	99,825,302	17,259,161	129,110,036
Advances from customers	3,410,214	30,103,807	4,121,781	30,833,668
Accrued Payroll	56,631	499,915	70,119	524,538
Taxes payable	1,301,801	11,491,703	1,200,246	8,978,637
Other amounts payables	341,045	3,010,593	224,269	1,677,684
Accrued expenses	6,788,003	59,921,379	5,107,031	38,203,998
<b>TOTAL CURRENT LIABILITIES</b>	<b>35,506,086</b>	<b>313,431,465</b>	<b>54,082,606</b>	<b>404,573,972</b>
<b>OWNER'S EQUITY</b>				
Paid in capital	95,039,017	838,960,911	95,039,017	710,955,252
Accumulated losses	(54,113,656)	(477,690,564)	(44,309,187)	(331,462,281)
<b>TOTAL OWNER'S EQUITY</b>	<b>40,925,362</b>	<b>361,270,347</b>	<b>50,729,830</b>	<b>379,492,972</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>76,431,448</b>	<b>674,701,812</b>	<b>104,812,436</b>	<b>784,066,944</b>

## Statement of changes in Equity for the year ended 31 December, 2012

	Share Capital		Accumulated Losses		Total	
	2012	2012	2012	2012	2012	2012
	RMB	RS	RMB	RS	RMB	RS
Balances at 1 January 2012	95,039,017	838,960,911	(44,309,187)	(391,141,209)	50,729,830	447,819,702
Profit for the current period	-	-	(9,804,468)	(86,549,355)	(9,804,468)	(86,549,355)
Balances at 31 December 2012	95,039,017	838,960,911	(54,113,656)	(477,690,564)	40,925,362	361,270,347

## Income Statement for the year ended 31 December, 2012

PARTICULARS	2012		2011	
	RMB	RS	RMB	RS
Revenue from main operations	80,136,845	707,411,359	56,711,178	424,237,446
Revenue from other operations	1,580,241	13,949,644	1,613,216	12,067,929
Less: Cost of main operations	69,152,060	610,442,709	48,316,269	361,437,925
Cost of other operations	752,664	6,644,175	604,520	4,522,210
Selling Expenses	9,907,559	87,459,391	8,415,986	62,957,190
General and administrative expenses	10,203,327	90,070,295	7,915,168	59,210,738
Finance expenses	1,426,142	12,589,325	1,554,200	11,626,454
<b>Loss from Operations</b>	<b>(9,724,665)</b>	<b>(85,844,891)</b>	<b>(8,481,749)</b>	<b>(63,449,142)</b>
Add: Revenue from subsidies	231,295	2,041,769	113,634	850,062
Non-operating revenue	394,674	3,484,005	29,845	223,260
Less: Non-operating expenses	705,773	6,230,238	4,299	32,159
<b>Loss before tax</b>	<b>(9,804,468)</b>	<b>(86,549,355)</b>	<b>(8,342,569)</b>	<b>(62,407,979)</b>
Income tax	-	-	-	-
<b>Net loss for the year</b>	<b>(9,804,468)</b>	<b>(86,549,355)</b>	<b>(8,342,569)</b>	<b>(62,407,979)</b>

The annexed Notes form an integral part of financial statements.

Exchange rate : as at 31 December 2012 is 1 RMB = Rs 8.83

Exchange rate : as at 31 December 2011 is 1 RMB = Rs 7.48

## Cash Flow Statement for the year ended 31 December, 2012

PARTICULARS	2012		2011	
	RMB	RS	RMB	RS
<b>Cash Flows from Operating activities</b>				
Cash received from sale of goods or rendering of services	89,171,765	787,167,498	53,552,550	400,608,802
Refund of taxes	3,309,974	29,218,935	3,277,054	24,514,552
Other cash received relating to operating activities	78,675	694,509	6,437	48,157
Cash paid for goods & services	(62,223,110)	(549,277,110)	(55,978,722)	(418,758,183)
Cash paid to & on behalf of employees	(14,041,774)	(123,954,350)	(9,781,423)	(73,171,566)
Other cash paid relating to operating activities	(8,363,021)	(73,824,917)	(5,049,486)	(37,773,521)
<b>Net cash used in operating activities</b>	<b>7,932,510</b>	<b>70,024,565</b>	<b>(13,973,588)</b>	<b>(104,531,759)</b>
Less : Payment of all types of taxes	2,037,482	17,985,956	560,083	4,189,795
<b>Net cash used in operating activities</b>	<b>5,895,028</b>	<b>52,038,610</b>	<b>(14,332,642)</b>	<b>(107,217,722)</b>
<b>Cash Flows from Investing activities</b>				
Acquisition of Fixed Assets, Intangible Assets and Other long term assets	(377,077)	(3,328,664)	(560,151)	(4,190,305)
<b>Net cash used in investing activities</b>	<b>(377,077)</b>	<b>(3,328,664)</b>	<b>(560,151)</b>	<b>(4,190,305)</b>
<b>Cash Flows from Financing activities</b>				
Cash Received from investors	-	-	20,042,749	149,933,132
Cash Received from borrowings	29,800,000	263,060,750	54,800,000	409,940,558
Repayment of borrowings	(43,600,000)	(384,880,828)	(45,600,000)	(341,118,421)
Cash paid for distribution of dividends or profits and for interest expenses	(1,339,652)	(11,825,833)	(1,382,545)	(10,342,362)
<b>Net cash received in financing activities</b>	<b>(15,139,652)</b>	<b>(133,645,912)</b>	<b>27,860,203</b>	<b>208,412,907</b>
<b>Effect of Foreign exchange rate changes on cash and cash equivalents</b>	<b>54,982</b>	<b>485,358</b>	<b>(100,515)</b>	<b>(751,916)</b>
<b>Net (decrease)/increase in cash at banks and in hand</b>	<b>(9,566,719)</b>	<b>(84,450,609)</b>	<b>12,866,896</b>	<b>96,252,963</b>
<b>Cash at banks and in hand at beginning of year</b>	<b>13,176,909</b>	<b>116,319,714</b>	<b>310,013</b>	<b>2,319,104</b>
<b>Cash at banks and in hand at end of year</b>	<b>3,610,190</b>	<b>31,869,105</b>	<b>13,176,909</b>	<b>98,572,069</b>

# Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended Dec.31, 2012

(Unless otherwise specified, all amounts are in RMB)

### 1. Company background

Thermax (Zhejiang) Cooling & Heating Engineering Company Limited (the "Company") is a wholly foreign owned enterprise established in Jiaxing, Zhejiang Province in the People's Republic of China (PRC) by Thermax Limited. The Company obtained an approval certificate Shang Wai Zi-Zhe Fu Zi Jia Zi [2006] No.03662 from the People's Government of Zhejiang Province on 14 December 2006, and a business license (No.330400400008751) on 15 December 2006 issued by Zhejiang Province Administration of Industry and Commerce of the PRC. The registered capital is USD13,470,000 and the paid-in capital is USD 13,470,000.

The operating activities mainly include products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals

### 2. Significant accounting policies accounting estimates

#### 2.1 Accounting regulations

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprise-Basic Standard issued in 2006, specific accounting standards issued before 2006 and the "Accounting System for Business Enterprises" as promulgated by the State of the People's Republic of China.

#### 2.2 Accounting period

The Company adopts the calendar year as its accounting year, i.e. from January 1 to December 31.

#### 2.3 Reporting currency

The recording currency of the Company is RMB.

#### 2.4 Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

#### 2.5 Translation of foreign currencies

Foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China at the beginning of the month. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences relevant to the acquisition of fixed assets are recorded as the acquisition cost of fixed assets. Exchange differences irrelevant to the acquisition of fixed assets are recorded as long-term prepaid expenses if arising during the pre-operating period or recorded as finance expenses if not.

#### 2.6 Cash equivalents

Cash equivalents refer to short-term (due within three months) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.7 Provision for bad debts

- I. Provision for bad debts on trade and other receivables is accounted for using the allowance method: Aging analysis method. Aging analysis method is based on relevant information such as past experience, actual financial position and cash flows of debtors, as well as other relevant information. Company Policy : A 100% Provision to be made for Receivables (other than Retentions) which are more than 2 years and 50% provision to be made for Receivables (other than Retentions) which are more than one year but less than two years.
- II. Criteria for recognition of bad debts: (1) The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures or died and has no offsetting estate and obligatory undertakes. (2) The irrecoverable amount or this amount with less possibility to be recovered with sufficient evidence for a debtor who does not comply with repayment obligation after the debt becomes due.

#### 2.8 Inventory costing method

Inventories encompass finished goods produced or work in progress being produced by the enterprise and include materials and supplies awaiting use in

the production process.

Inventories are stated at actual cost. The cost of materials is assigned using the Weighted Moving Average Method, the cost of finished goods and work-in-progress are assigned using specific identification of their individual costs. Low-value consumables are written-off in full when issued for use.

Inventories are measured at the lower of cost and net realizable at the end of a period.

If inventories are damaged, they have become wholly or partially obsolete, or if their selling prices have declined. Where the net realizable value is lower than the cost, the differences is recognized as the Provision for obsolete stocks. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. As per company policy, Inventory Obsolete provision has been made for 100% if Inventory aged more than two years & 50% if inventory is aged more than one year but less than two years.

### 2.9 Valuation and depreciation of the fixed assets

- 1) Fixed assets are recorded at actual costs. Fixed assets are assets held by the company for use in the production of goods and for administrative purposes. They are expected to be used for more than one year.
- 2) The valuation of fixed assets:
  - (1) Fixed assets purchased are recorded at cost plus packaging expenditure, freight, installation cost as well as related taxes.
  - (2) Fixed assets constructed by the Company are recorded at all the expenditure that is related to the construction before they are ready for their intended use.
  - (3) Fixed assets invested by shareholder are recorded at the confirmed value by all shareholders.
  - (4) Fixed assets accepted as the compensation of debts from debtors or obtained in a non-monetary transaction, are recorded at values confirmed in accordance with Debt Recombination and Non-monetary Transaction Postulates.
- 3) Fixed assets are depreciated using the straight-line method of the assets. The estimated useful lives, estimated residual value rate expressed as a percentage of cost and depreciation rate are as follows:

Category	Estimated useful life	Estimated residual value rate	Estimated annual depreciation rate
Buildings	20 years	10%	4.5%
Machinery	10 years	10%	9%
Electronic equipment	3 -5 years	10%	18-30%

- 4) Fixed assets are valued at the lower of the carrying value and the recoverable amount. Individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are viewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss. When there is an indication that the need for an impairment provision record in a prior period no longer exists or has decreased; the provision for impairment loss is reversed to the extent of the impairment loss previously recognized.

### 2.10 Construction in progress

Construction in progress is recorded at its real costs

- (1) Direct expenditure on contracted construction comprises the contract price, the original cost of machinery and equipment, installation costs, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.
- (2) Direct expenditure on self-operated construction comprises the used material costs, raw material costs with tax cannot be deducted, inventory's costs with related taxes, costs of labor service provided by the

Company's aided production department, interests and discount or premium amortization on specific borrowings, as well as capitalized exchange differences.

When the construction has reached its expected usable condition but without final accounting completed, the estimated construction cost in that account is capitalized as fixed assets in accordance with the budget, construction cost or real costs. The fixed asset's book value should be adjusted after final accounting completion.

Impairment of construction in progress should be recognized when

- (1) The construction in progress is suspended for a long period and is not expected to be resumed in three years, or
- (2) Construction project is technically and physically obsolete and its economic benefits to the company are uncertain.

## 2.11 Intangible assets

- 1) Intangible assets are recorded at actual costs when obtained.
- 2) The cost of an intangible asset are amortized evenly over its expected useful life or the effective period stipulated by law (whichever is shorter) starting in the month in which it is obtained. If neither of the above can be determined, the amortization period should not be longer than 10 years.  
  
If an intangible asset brings no more future economic benefits, its carrying amount should be recognized in the income statement for the current period.
- 3) The Company reviews the carrying amount of its intangible assets as well as its recoverable net value at the balance sheet date. The difference by which the recoverable amount is lower than the carrying amount of the intangible assets should be provided for and recognized.

## 2.12 Long-term prepayments

Long-term prepayments are recorded at the actual costs and amortized evenly over the beneficial periods of their own. If a long-term prepayment brings no more future economic benefits, its book value should be recognized in the income statement for the current period.

## 2.13 Revenue recognitions

Revenue from the sale of goods is recognized with following basis:

- (1) The seller has transferred the significant risks and rewards of ownership to the buyer;
- (2) The seller does not retain continuing managerial involvement to the degree usually associated with ownership and does not have effective control over the goods sold;
- (3) It is probable that the economic benefits associated with the transaction will flow to the enterprise;
- (4) The amount of revenue and the costs incurred or to be incurred in respect of the transaction is measured reliably.

Revenue from services is recognized with following basis:

- (1) When the provision of services is started and completed within the same fiscal year, revenue is recognized at the time of completion of the services when the money or the right to collect the money is received.
- (2) When the provision of services is started and completed in different fiscal years, the Company recognizes the service revenue at the balance sheet date by the use of the percentage of completion method. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied: (a) the total amount of service revenue and costs can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the enterprise; and (c) the stage of completion of the services provided can be measured reliably.
- (3) When the result of the long construction contract can be estimated authentically, revenue from service as well as the cost should be recognized according to the percentage of completion.

## 2.14 Accounting for income tax

Income tax is recognized under the tax payable method.

## 3. TAXATION

### 3.1 Value Added Tax (VAT)

The company's sales of products are subjected to Value Added Tax (VAT). The applicable tax rate for domestic sales is 17%. Sale of Goods in overseas market is subject to the method of tax exemption, credit and refund, the refund rate is 17%.

### 3.2 Enterprise Income Tax

The statutory rate of corporate income tax applicable to the Company is 25%. First two years 'NIL' & next three years 50%, i.e. 12.5%, current year the rate is 12.5%.

## 4. MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 4.1 Cash and equivalents

Items	2012-12-31			2011-12-31		
	Original currency	E/X rate	RMB amount	Original currency	E/X rate	RMB amount
<u>Cash on hand</u>			<u>45,053.53</u>			<u>108,549.43</u>
RMB	-	-	27,435.27	-	-	106,974.20
USD	2,803.00	6.2855	17,618.26	250.00	6.3009	1,575.23
<u>Cash in bank</u>			<u>3,565,136.41</u>			<u>13,068,359.01</u>
RMB	-	-	2,305,259.48	-	-	619,547.48
USD	85,447.18	6.2855	537,078.25	1,974,501.35	6.3009	12,448,734.43
EUR	81,001.82	8.3176	673,740.74	9.21	8.1625	75.18
AUD	7,505.46	6.5363	49,057.94	0.30	6.4093	1.92
Total	-	-	<u>3,610,189.94</u>	-	-	<u>13,176,908.44</u>

### 4.2 Accounts receivable

#### 4.2.1 Age analysis

Account Age	2012-12-31			2011-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	12,500,799.80	87.65%	-	15,431,996.54	93.18%	-
1-2 years	1,350,691.30	9.47%	-	780,676.00	4.79%	216,000.00
2-3 years	411,000.00	2.88%	144,000.00	310,697.00	2.03%	-
Total	<u>14,262,491.10</u>	<u>100%</u>	<u>144,000.00</u>	<u>16,523,369.54</u>	<u>100%</u>	<u>216,000.00</u>

#### 4.2.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	86,309.00	6.2855	542,495.22
EUR	40,000.00	8.3176	332,704.00
Total	-	-	<u>875,199.22</u>

### 4.3 Other receivable

Account Age	2012-12-31			2011-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	1,465,050.41	93.99%	-	992,529.69	72.87%	-
1-2 years	45,218.00	2.90%	-	320,799.59	23.55%	-
2-3 years	19,799.59	1.27%	-	12,640.00	0.94%	-
Over 3 years	28,640.00	1.84%	-	36,000.00	2.64%	-
Total	<u>1,558,708.00</u>	<u>100%</u>	-	<u>1,361,969.28</u>	<u>100%</u>	-

### 4.4 Accounts in advance

Account Age	2012-12-31			2011-12-31		
	amount	%	Bad debt provision	amount	%	Bad debt provision
Within 1 year	299,349.72	84.62%	-	810,504.06	100%	-
1-2 years	54,400.00	15.38%	-	-	-	-
Total	<u>353,749.72</u>	<u>100%</u>	-	<u>810,504.06</u>	<u>100%</u>	-

# Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

## 4.5 Allowance receivable

Items	2012-12-31	2011-12-31
VAT refund	-	574,532.40
Total	-	<u>574,532.40</u>

## 4.6 Inventory

Items	2012-12-31		2011-12-31	
	Amount	Provision for obsolete stocks	Amount	Provision for obsolete stocks
Raw material	2,301,552.19	157,652.23	3,331,015.38	115,350.00
Finished goods	5,985,616.09	1,906,021.83	8,672,527.44	-
Work-in-progress	1,420,792.69	-	8,089,186.51	-
Total	<u>9,707,960.97</u>	<u>2,063,674.06</u>	<u>20,092,729.33</u>	<u>115,350.00</u>

## 4.7 Prepaid expenses

Items	Bal. B/Y	Increase in this year	Amortization in this year	Bal. E/Y
Tuition	-	483,130.00	336,298.00	146,832.00
Life Insurance	123,620.36	227,096.57	233,079.54	117,637.39
Property Insurance	17,360.81	41,442.46	41,535.58	17,267.69
House rent	50,748.31	98,066.00	95,184.29	53,630.02
Work clothes	-	27,820.51	27,820.51	-
Pipeline installation	-	31,800.00	31,800.00	-
Design	-	314,465.41	-	314,465.41
Total	<u>191,729.48</u>	<u>1,223,820.95</u>	<u>765,717.92</u>	<u>649,832.51</u>

## 4.8 Fixed assets and accumulated depreciation

Items	Bal. B/Y	Increase in this year	Decrease in this year	Bal. E/Y
I Original value	<u>59,963,115.59</u>	<u>354,477.16</u>	<u>75,941.20</u>	<u>60,241,651.55</u>
Plant and buildings	33,303,687.15	-	-	33,303,687.15
Machinery	24,644,678.57	71,623.94	5,300.00	24,711,002.51
Transportation equipment	435,528.15	128,505.11	68,381.20	495,652.06
Office equipment	428,539.65	80,973.33	2,260.00	507,252.98
Furniture and others	1,150,682.07	73,374.78	-	1,224,056.85
II Accumulated depreciation	<u>13,914,783.62</u>	<u>4,080,450.28</u>	<u>61,976.32</u>	<u>17,933,257.58</u>
Plant and buildings	5,233,333.90	1,498,934.82	-	6,732,268.72
Machinery	7,431,010.22	2,220,336.48	1,788.75	9,649,557.95
Transportation equipment	309,606.80	79,025.57	58,153.57	330,478.80
Office equipment	279,690.51	67,840.42	2,034.00	345,496.93
Furniture and others	661,142.19	214,312.99	-	875,455.18
III Impairment of fix assets	-	-	-	-
Plant and buildings	-	-	-	-
Machinery	-	-	-	-
Transportation equipment	-	-	-	-
Office equipment	-	-	-	-
Furniture and others	-	-	-	-
IV Net value of fixed assets	<u>46,048,331.97</u>	-	-	<u>42,308,393.97</u>
Plant and buildings	28,070,353.25	-	-	26,571,418.43
Machinery	17,213,668.35	-	-	15,061,444.56
Transportation equipment	125,921.35	-	-	165,173.26
Office equipment	148,849.14	-	-	161,756.05
Furniture and others	<u>489,539.88</u>	-	-	<u>348,601.67</u>

## 4.9 Intangible assets

Items	Bal. B/Y	Increase in this year	Decrease in this year	Bal. E/Y
Land use right	6,293,743.43	-	139,088.28	6,154,655.15
Antivirus software	12,567.04	-	6,283.44	6,283.60
Office software	43,935.78	-	27,749.04	16,186.74
Total	<u>6,350,246.25</u>	-	<u>173,120.76</u>	<u>6,177,125.49</u>

## 4.10 Long-term prepayments

Items	Bal. B/Y	Increase in this year	Amortization in this year	Bal. E/Y
Decorating	12,132.00	-	12,132.00	-
Internet Leased Line	1,333.29	22,600.00	13,262.89	10,670.40
Total	<u>13,465.29</u>	<u>22,600.00</u>	<u>25,394.89</u>	<u>10,670.40</u>

## 4.11 Short-term loans

Bank Name	2012-12-31	2011-12-31
Citibank (china)	12,300,000.00	26,100,000.00
Total	<u>12,300,000.00</u>	<u>26,100,000.00</u>

Note: As of 31 December 2012, the bank loan borrowed from Citibank (China) Co.,Ltd. ShangHai Branch with the amount of RMB12,300,000 is supported by Thermax Limited.

## 4.12 Accounts payable

### 4.12.1 Age analysis

Account age	2012-12-31		2011-12-31	
	Amount	%	Amount	%
Within 1 year	11,128,391.75	98.41%	17,259,160.74	100.00%
1~2years	180,000.00	1.59%	-	-
Total	<u>11,308,391.75</u>	<u>100.00%</u>	<u>17,259,160.74</u>	<u>100.00%</u>

### 4.12.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	35,840.08	6.2855	225,272.83
EUR	94,530.10	8.3176	786,263.56
Total	-	-	<u>1,011,536.39</u>

## 4.13 Deposit received

### 4.13.1 Age analysis

Account age	2012-12-31		2011-12-31	
	Amount	%	Amount	%
Within 1 year	3,405,214.00	99.85%	4,121,780.50	100%
1~2years	5,000.00	0.15%	-	-
Total	<u>3,410,214.00</u>	<u>100.00%</u>	<u>4,121,780.50</u>	<u>100%</u>

### 4.13.2 Foreign currency balance

Currency	Original currency amount	E/X rate	RMB balance
USD	16,000.00	6.2855	100,568.00
AUD	70,000.00	6.5363	457,541.00
Total	-	-	<u>558,109.00</u>

## 4.14 Accrued payroll

Item	2012-12-31	2011-12-31
Payroll for Chinese employee	56,631.27	70,119.12
Total	<u>56,631.27</u>	<u>70,119.12</u>

## 4.15 Tax and other fees payable

Item	2012-12-31	2011-12-31
VAT	979,340.24	790,210.18
Individual income tax	42,373.18	53,466.07
Land use tax	52,870.00	52,870.00
Stamp tax	2,473.43	5,188.21
Real estate tax payable	174,425.32	174,425.32
Water conservancy construction fund	4,963.00	12,414.25
Business tax	2,460.00	3,135.00
Local education surtax	7,149.31	18,089.42
urban maintenance and construction tax	25,022.57	63,312.98
Education surtax	10,723.96	27,134.13
Total	<u>1,301,801.01</u>	<u>1,200,245.56</u>

**4.16 Other payable**

Account age	2012-12-31		2011-12-31	
	Amount	%	Amount	%
Within 1 year	241,045.48	70.68%	124,269.24	55.41%
1~2 years	-	-	100,000.00	44.59%
2~3 year	100,000.00	29.32%	-	-
Total	<u>341,045.48</u>	<u>100.00%</u>	<u>224,269.24</u>	<u>100.00%</u>

**4.17 Accrued expenses**

Item	2012-12-31	2011-12-31
Water, Electricity, Steam fee	19,448.19	25,822.56
Freight fee	186,225.68	112,553.37
Product warranty fee	2,932,750.58	2,384,696.70
Payroll	400,471.22	329,137.00
Material cost	218,002.56	-
Commission	1,663,723.55	1,073,841.14
Commission to employee	1,147,599.55	883,779.18
Entertainment expenses	5,000.00	36,909.80
Interest	22,003.33	68,642.50
others	192,778.11	191,648.58
Total	<u>6,788,002.77</u>	<u>5,107,030.83</u>

**4.18 Paid-in capital**

Investor	Registered capital (USD)	Beg. Bal.		End. Bal.	
		USD	RMB Equivalent	USD	RMB Equivalent
Thermax Ltd.	13,470,000	13,470,000	95,039,017.37	13,470,000	95,039,017.37
Total	-	-	<u>95,039,017.37</u>	-	<u>95,039,017.37</u>

**4.19 Undistributed profit**

Item	Amount
Undistributed profits at beginning of the year	-44,309,187.32
Add : Net profit of this period	-9,804,468.29
Less: Appropriation of statutory surplus reserve	-
Less : Appropriation of discretionary surplus reserve	-
Less : Dividend payable on common stock	-
Less : Common stock dividend converted into capital	-
Undistributed profits at the end of the year	<u>-54,113,655.61</u>

**4.20 Revenue from main operations and cost of main operations**

Item	Revenue from main operations		Cost of main operations	
	2012	2011	2012	2011
Domestic sales	44,245,211.99	30,187,333.23	37,837,331.63	28,214,974.62
Overseas sales	35,891,632.94	26,523,844.99	31,314,728.30	20,101,294.46
Total	<u>80,136,844.93</u>	<u>56,711,178.22</u>	<u>69,152,059.93</u>	<u>48,316,269.08</u>

**4.21 Profit from other operations**

Item	Revenue from other operations		Cost of other operations	
	2012	2011	2012	2011
Spares Materials sales	1,065,541.08	1,080,074.31	732,664.18	601,614.91
Service revenue	514,700.00	533,141.35	20,000.00	2,904.64
Total	<u>1,580,241.08</u>	<u>1,613,215.66</u>	<u>752,664.18</u>	<u>604,519.55</u>

**4.22 Operation expenses**

Items	2012	2011
Salaries and welfare	2,906,860.31	2,338,478.81
Warranty and FOC	1,388,236.43	1,236,148.04
Business trip	939,484.61	586,583.84
Entertainment expenses	410,604.83	363,786.29
Consulting fee	1,444,927.30	1,975,664.58
House Rent	246,283.19	220,034.09
Transportation expenses	1,033,027.03	610,183.11
Exported fee	553,428.85	381,562.08
Office expenses	72,199.26	47,577.96
Exhibition expenses	460,840.80	300,660.00
Advertisement	58,111.97	53,700.00
Communication fee	67,404.06	72,962.98
Depreciation	27,419.18	28,270.38
seminar	142,171.65	8,180.00
Others	156,559.39	192,193.92
Total	<u>9,907,558.86</u>	<u>8,415,986.08</u>

**4.23 General and administrative expenses**

Items	2012	2011
Salaries and welfare	3,412,881.43	3,026,156.35
Consulting expenses	484,910.87	522,045.91
Taxes	995,752.15	816,253.41
Depreciation	478,594.63	471,466.83
Car expenses	380,698.02	436,987.06
Maintain expense	69,755.00	46,398.45
House rent	296,433.82	320,620.00
Travel expenses	585,842.04	580,156.92
Amortization	185,252.76	262,779.54
Fesco	450,729.20	374,495.06
Provision for obsolete stocks	1,950,445.74	-19,865.50
Insurance	177,380.76	174,594.61
Communication expenses	130,509.58	145,332.79
Office expenses	210,314.07	147,065.00
Entertainment expenses	168,102.59	155,888.20
Bad debt reserves	-74,121.68	216,000.00
Others	299,845.77	238,793.53
Total	<u>10,203,326.75</u>	<u>7,915,168.16</u>

**4.24 Financial expenses**

Items	2012	2011
Interest expense	1,293,012.75	1,382,545.45
Less: interest income	8,308.36	6,437.47
Exchange Loss	-35,288.72	78,204.73
Others	176,725.97	99,887.48
Total	<u>1,426,141.64</u>	<u>1,554,200.19</u>

**4.25 Revenue from subsidies**

Items	2012	2011
Estate tax refund	227,295.31	132,869.42
Government subsidies	4,000.00	-
Total	<u>231,295.31</u>	<u>132,869.42</u>

**4.26 Non-operating revenue**

Items	2012	2011
Debt exemption	363,996.26	-
others	30,678.17	10,610.00
Total	<u>394,674.43</u>	<u>10,610.00</u>

# Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd.

## 4.27 Non-operating expenses

Items	2012	2011
Disposal of fixed value property loss	13,964.88	-
Overdue payment	2,030.01	-
others	689,777.79	4,298.94
Total	<u>705,772.68</u>	<u>4,298.94</u>

## 5. Related parties and related party transactions

### 5.1 Related parties

#### (1) Related party under control

Name of related parties	Relationship with the company
Thermax Ltd.	Foreign Investor
RDA Holdings Private Limited	Ultimate holding company

#### (2) Related Party where control does not exist, but transactions occurred

Name of related parties	Relationship with the company
Thermax Inc	Under a common control of the same ultimate holding company
Thermax Europe Limited	Under a common control of the same ultimate holding company

### 5.2 Related party transactions

#### 1. Purchases of goods

Name of related parties	2012	2011
Thermax Ltd.	1,869,899.67	1,498,196.58
Thermax Inc	-	12,974.69
Thermax Europe Limited	-	25,285.74
Total	<u>1,869,899.67</u>	<u>1,536,457.01</u>

#### 2. Sales of goods and services

Name of related parties	2012	2011
Thermax Inc	4,096,080.66	3,063,195.98
Thermax Europe Limited	6,627,894.35	12,066,692.79
Thermax Ltd.	5,208,990.97	2,982,566.23
Total	<u>15,932,965.98</u>	<u>18,112,455.00</u>

## 3. Amounts due from/to related parties

Name of related parties	Account	Foreign currency	Amount
Thermax Ltd.	Accounts receivable	USD 66,197.00	416,081.24
Thermax Europe Limited	Accounts receivable	EUR 40,000.00	332,704.00
Thermax Ltd	Accounts payable	USD25,204.58	158,423.39
Thermax Ltd.	Accounts payable	EUR 81,000.00	673,725.60

## 7. CONTINGENT EVENTS

End of the date of the financial report issued, the company had no contingent events to be disclosed.

## 8. NON-ADJUSTMENT EVENTS IN FUTURE EVENTS OF BALANCE SHEET

End of the date of the financial report issued, the company has no non-adjustment events in future events of the balance sheet to be disclosed.

## 9. BANK GUARANTEE:

End of the date of the balance sheet date, the Citi bank had opened the guarantee letter of RMB 1463500 and USD 139380.50 for the company comprising of Advance & Performance Guarantee.

## 10. OTHERS

The Mark to Market figure of the company's forward FX contracts is USD-9,594.86 as of 2012-12-31.

**THERMAX (ZHEJIANG) COOLING & HEATING ENGINEERING CO. LTD**



# THERMAX NETHERLANDS B.V.

## *Board of Directors*

Gopal Mahadevan  
TMF Netherlands B.V.

## *Registered Office*

Herikerbergweg 238, Luna  
Arena, 1101 CM Amsterdam  
Zuidoost, The Netherlands.

## *Auditors*

Ernst & Young Accountants LLP  
Cross Towers  
Antonio Vivaldistraat 150  
1008 AB Amsterdam  
The Netherlands

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## THERMAX NETHERLANDS B.V.

Amsterdam, The Netherlands

ANNUAL REPRORT 2012/2013

# THERMAX NETHERLANDS B.V.

## Balance Sheet as at March 31, 2013

(Before appropriation of results)

	Notes	31 March 2013		31 March 2012	
		Euro	Rs.	Euro	Rs.
FINANCIAL FIXED ASSETS					
Investment in Subsidiary	3	20,021,767	1,390,408,856	20,021,767	1,293,474,796
		<u>20,021,767</u>	<u>1,390,408,856</u>	<u>20,021,767</u>	<u>1,293,474,796</u>
CURRENT ASSETS					
Prepaid expenses		-	-	3,593	232,120
Cash at Bank	4	377,220	26,195,991	404,737	26,147,398
		<u>377,220</u>	<u>26,195,991</u>	<u>408,330</u>	<u>26,379,518</u>
CURRENT LIABILITIES					
Other payables/ accrued expenses		15,377	1,067,854	9,004	581,689
		<u>15,377</u>	<u>1,067,854</u>	<u>9,004</u>	<u>581,689</u>
NET CURRENT ASSETS/ (LIABILITIES)		361,843	25,128,137	399,326	25,797,829
TOTAL ASSEST AND LIABILITIES		<u>20,383,610</u>	<u>1,415,536,994</u>	<u>20,421,093</u>	<u>1,319,272,624</u>
CAPITAL AND RESERVES					
Share Capital	5	20,500,000	1,423,619,681	20,500,000	1,324,370,287
Accumulated Deficit		-78,907	-5,479,686	-	-
Result for the year		-37,483	-2,603,002	-78,907	-5,097,663
		<u>20,383,610</u>	<u>1,415,536,994</u>	<u>20,421,093</u>	<u>1,319,272,624</u>

## Profit and loss statement for the year ended March 31, 2013

	Notes	01/04/2012-31/03/2013		05/11/2010-31/03/2012	
		Euro	Rs.	Euro	Rs.
<b>FINANCIAL INCOME/ (EXPENSES)</b>					
Bank Interest		-	-	282	18,218
		-	-	282	18,218
<b>OTHER INCOME/ (EXPENSES)</b>					
General and administrative expenses		-37,483	-2,603,002	-79,189	-5,115,881
		-37,483	-2,603,002	-79,189	-5,115,881
<b>OPERATING RESULT BEFORE TAXATION</b>					
		-37,483	-2,603,002	-78,907	-5,097,663
Corporate income tax		-	-	-	-
<b>NET RESULT FOR THE YEAR</b>	5	<b>-37,483</b>	<b>-2,603,002</b>	<b>-78,907</b>	<b>-5,097,663</b>

## Statement of Changes in Equity for the period ended 31 March, 2013

	01/04/2012-31/03/2013		5/11/2010- 31/03/2012	
	Euro	Rs.	Euro	Rs.
Issued Share Capital:				
Balance at the beginning of the year	20,500,000	1,423,619,681	20,500,000	1,324,370,287
Issue of new shares [ at incorporation ]	-	-	-	-
Balance at the end of the period	<u>20,500,000</u>	<u>1,423,619,681</u>	<u>20,500,000</u>	<u>1,324,370,287</u>
Accumulated Deficit:				
Balance at the beginning of the year	-	-	-	-
Allocation of result of previous year	-78,907	-5,479,686	-	-
Balance at the end of the year	<u>-78,907</u>	<u>-5,479,686</u>	<u>-</u>	<u>-</u>
Result for the year	-37,483	-2,603,002	-78,907	-5,097,663
Total capital and reserves	<u>20,383,610</u>	<u>1,415,536,994</u>	<u>20,421,093</u>	<u>1,319,272,624</u>

Exchange rate: as at 31 Mar 2013 is 1 Euro = Rs. 69.4449

## Notes to the Annual Accounts as at 31 March 2013

### 1. General

Thermax Netherlands B.V. ("Company") is a limited liability company, established in Amsterdam on 5 November 2010, having its statutory seat in Amsterdam and its business seat at Herikerbergweg 238, Amsterdam Zuidoost.

The principal activity of the Company is to act as a holding company. The Company is wholly owned by Thermax Limited registered in Pune, India. The ultimate parent company is RDA Holding & Trading Pvt Ltd., Pune, India.

### 2. Summary of principal accounting policies

#### (a) General

The accompanying accounts have been prepared in accordance with the EU-Directives as implemented in Part 9, Book 2 of the Dutch Civil Code.

#### (b) Consolidation

Consolidation has not taken place, since the Company makes use of Section 408, Part 9, Book 2 of the Dutch Civil Code in filing the annual accounts of its parent company Thermax Limited, India with the Chamber of Commerce in Amsterdam.

#### (c) Foreign currencies

All assets and liabilities expressed in currencies other than euros are translated at the rates of exchange prevailing at the balance sheet date. All transactions in foreign currencies are translated into euros at rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences (if any) are recognised in the Profit and Loss account.

The following exchange rate has been applied as at 31 March 2013:

1 euro = 1.28163 (2012: 1.33378 USD)

#### (d) Subsidiary

The subsidiary is stated at cost less a provision for permanent diminution in value, if any.

#### (e) Other assets and liabilities

Unless otherwise indicated assets and liabilities are stated at face value.

#### (f) Determination of income

Income and expenses are accounted for on accrual basis.

#### (g) Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit for commercial and profit for tax purposes. Deferred tax assets arising from available tax loss carry forwards are only recognized to the extent that recovery is reasonable certain.

### 3. Subsidiary

Thermax Denmark ApS

On 8 November 2010 the Company subscribed for 74,920,000 newly issued shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 20,000,000.

On 22 June 2011 the Company acquired the remaining 80,000 shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 21,767.

As per 31 March 2013 the Company holds 100% of the issued share capital of Thermax Denmark ApS. The total amount involved was EUR 20,021,767.

### 4. Cash at bank

The Company maintains a EUR bank account with the Royal Bank of Scotland in Amsterdam of which the balance is available on demand.

### 5. Capital and reserves

At incorporation the authorised share capital of the Company consisted of 30,000,000 shares of EUR 1 each, amounting to EUR 30,000,000. As at 31 March 2013 20,500,000 (2012: 20,500,000) shares were issued and fully paid up in cash.

### 6. Directors

The Company has two Managing Directors (2012: two), who received no remuneration during the year and the previous year.

### 7. Staff number and employment costs

The Company has no employees and hence incurred no wages, salaries and related social security premiums during the year and previous year.

The Management,  
Mr. G. Mahadevan

Amsterdam, 21 May 2013  
TMF Netherlands B.V.

# THERMAX NETHERLANDS B.V.

## Independent auditor's report

To: to the general meeting of shareholders of Thermax Netherlands B.V.

### Report on the financial statements

We have audited the accompanying financial statements for the year ended March 31, 2013 of Thermax Netherlands B.V., Amsterdam, which comprise the balance sheet as at March 31, 2013, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion with respect to the financial statements*

In our opinion, the financial statements give a true and fair view of the financial position of Thermax Netherlands B.V. as at March 31, 2013 and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam

Ernst & Young Accountants LLP

S. van den Ham

# THERMAX DENMARK ApS

## *Board of Directors*

Gopal Mahadevan

## *Registered Office*

C/o Bech-Bruun  
Langelinie Alle' 35  
DK-2100 København Ø  
Denmark

## *Auditors*

KPMG  
Statsautoriseret  
REvisionpartnerselskab  
Havengade 33  
6701 Esbjerg  
Denmark

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The English text is a translation of the original Danish text. The original Danish text is the governing text for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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## *Statement by the Board of Directors and Executive Board*

The Executive Board have today discussed and approved the annual report of Thermax Denmark ApS for the financial year 1 April 2012 – 31 March 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is my opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2013 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 April 2012 – 31 March 2013.

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

København, 24 April 2013  
Executive Board:

**Gopal Mahadevan**

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## **Independent auditors' report**

### **Independent auditors' report on the consolidated financial statements and the parent company financial statements**

We have audited the consolidated financial statements and the parent company financial statements of Thermax Denmark ApS for the financial year 1 April 2012 – 31 March 2013. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the consolidated financial statements and the parent company financial statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 March 2013 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 April 2012 – 31 March 2013 in accordance with the Danish Financial Statements Act.

### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Esbjerg, 24 April 2013

### **KPMG**

Statsautoriseret Revisionspartnerselskab

John Lesbo  
State Authorised  
Public Accountant

Birgitte Nygaard Jørgensen  
State Authorised  
Public Accountant

# THERMAX DENMARK ApS

## Management's review

### Company details

Thermax Denmark ApS

c/o Bech-Bruun

Langelinie Allé 35

DK-2100 København Ø

Telephone.: 72 27 35 75

Registration No.: 33 25 57 48

Established: 29 October 2010

Registered office: København

Financial year: 1 April- 31 March

### Executive Board

Gopal Mahadevan

### Auditors

KPMG

Statsautoriseret Revisionspartnerselskab

Havnegade 33

6701 Esbjerg

## Financial highlights for the Group

DKKm	2012/13	2010/12
		17 mths
<b>Key figures</b>		
Revenue	388	535
Operating profit	16	19
Profit from financial income and expenses	-6	-7
Profit before tax	10	12
<b>Profit for the year</b>	<b>5</b>	<b>7</b>
Non-current assets	193	200
Current assets	159	139
<b>Total assets</b>	<b>352</b>	<b>339</b>
<b>Equity</b>	<b>159</b>	<b>156</b>
Provisions	19	23
Non-current liabilities other than provisions	84	95
Current liabilities other than provisions	90	65
Cash flows from operating activities	11	13
Cash flows from investing activities	-5	-203
Portion relating to investment in property, plant and equipment	-5	-4
Cash flows from financing activities	-2	216
<b>Total cash flows</b>	<b>4</b>	<b>26</b>
<b>Financial ratios</b>		
Operating margin	4.0	3.6
Return on invested capital	6.3	5.1
Solvency ratio	45.1	46.1
Return on equity	3.4	3.1
<b>Average number of full-time employees</b>	<b>256</b>	<b>241</b>

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

## Operating review

### Principal activities of the Company

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V. which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holding & Trading Pvt Ltd, a company incorporated in India.

The main activity of the company is owning shares in the fully-owned daughter companies Danstoker A/S, Danstoker's daughter company Omnical Kessel- und Apparatebau GmbH (Germany) and the "Ejendomsanpartsselskabet Industrivej Nord 13" (estate company). All operational activities take place within these respective daughter companies.

Danstoker A/S is the parent company of Omnical Kessel- und Apparatebau GmbH. (Germany).

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including also rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based on bio fuels
- Combined heat and power market (co-generation)
- Exhaust gas market
- Oil/gas market

The activity of the "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease the estate at Industrivej Nord 13, 7400 Herning.

### Development in activities and financial position

The financial statements submitted for Thermax Denmark ApS are the first covering 12

months since the first financial year covering the period from 29 October 2010 to 31 March 2012.

The profit for the year of the Thermax Denmark Group before tax of DKK 9,896 thousand and after tax of DKK 5,330 thousand respectively is deemed satisfactory by the Management.

## Danstoker A/S

The decision-making processes have developed positively, and orders previously put on hold have been restarted. The level of activity has remained cautious on the minor boiler projects and within the industrial sector in general, but optimism is clearly returning to the markets again.

Danstoker has maintained a high level of activity within the field of biomass and has been able to maintain its position as the absolute market-leader within medium-sized bio-fuel boilers in Scandinavia.

Within the market segment of oil and gas-fired boilers, Danstoker has maintained and expanded its position in the primary markets.

The market segments of combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the area of services has developed positively.

Danstoker has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

## OmnicalKessel- und Apparatebau GmbH

At Omnical, the very low price of gas has to some extent slowed down the activities in the budding biomass market in Germany. The biomass market in Germany, however, is only just coming into existence and right now – owing to the current gas price – we see the transformation to biomass only as an opportunity where today oil is used as fuel. In the relatively short term there is no doubt, however, that biomass-based energy has a future in Germany owing to the strong political desire and the CO<sub>2</sub> discussion in general.

The development within special boilers is more or less at the same level as in the preceding years, but here we now see clear indications of optimism and willingness to invest again.

Services, especially within reconstruction and optimisation, have experienced a small positive development again this year.

The implementation of Lean thinking and Lean processes has been commenced at Omnical.

This year, Omnical GmbH has achieved overall results very close to the result provided for in the budget. Viewed in the light of the extreme market conditions under which the company has been working, the results achieved are deemed satisfactory.

## Ejendomsanpartsselskabet Industrivej Nord 13

The activity of the company remains unchanged as compared to 2010/12. The result of the year is deemed satisfactory.

## Outlook

Danstoker's overall volume of orders at the end of the financial year is again very high and absolutely satisfactory. Omnical's volume of orders at the end of the financial year is equal to the budget and is deemed satisfactory.

As per 15 April 2013 Danstoker A/S took over the assets and some of the persons earlier employed with the bankrupt estate of DP Clean Tech Europe A/S, domiciled in DK-Toender. The business will continue under the name of Boilerworks A/S, as a subsidiary of Danstoker A/S. The main activities of Boilerworks A/S are service jobs on water tube boilers, manufacture of economizers and high pressure boiler components of the water tube type.

The improved order fulfilment in Danstoker has resulted in significant improvements, and throughout the coming year, Danstoker will continue to focus on Lean optimisations, internal training and improvement of working processes. At Omnical, the Lean idea, the optimisation process in general and order fulfilment in particular will be brought into focus.

The growing necessary global political focus on CO<sub>2</sub> will in the long term contribute to making our CO<sub>2</sub>-neutral products within bio fuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2013/14.

## Particular risks

The Management of the Group is not of the opinion that it is faced with special risks in the long term, neither in terms of its markets, nor otherwise.

## Social Responsibility

With regard to §99a of the Financial Statements Act on policies regarding Social Responsibility, it should be noted that the Thermax Denmark Group does not, so far, have such written policies.

However, it is the declared intention of the Group in every respect and at any time to run a decent and responsibility business, in compliance with all existing laws and regulations as well as with human rights.

## Environmental conditions

The Thermax Denmark Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group.

## Events after balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred likely to alter the assessment of the annual report substantially.

## Consolidated financial statements and parent company financial statements for period 1 April 2012 - 31 March 2013

### Accounting policies

The annual report of Thermax Denmark ApS for 2012/13 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

### Consolidated financial statements

The consolidated financial statements comprise the parent company, Thermax Denmark ApS, and subsidiaries in which Thermax Denmark ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.



# THERMAX DENMARK ApS

## Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

## Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

## Income statement

### Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Contract work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

### Administrative expenses

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

### Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

### Balance sheet

#### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software rights are measured at cost less accumulated amortisation and impairment losses. Software rights are amortised on a straight-line basis over the expected useful life which has been fixed at three years.

Gains and losses on the disposal of software rights licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	50 years
Roofing tiles and paving stones	20 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

### Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

### Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Thermax Denmark A/S are not recognised in the reserve for net revaluation.

On acquisition of subsidiaries, the acquisition method is applied, see Consolidated financial statements above.

### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by

amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### Work in progress (customised orders)

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

# THERMAX DENMARK ApS

## Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

## Equity

### Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

## Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

## Corporation tax and deferred tax

In its capacity as the administrative company, Thermax Denmark ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

## Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

## Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

## Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

## Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

## Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

## Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating Profit} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating Profit} \times 100}{\text{Average Invested Capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Solvency ratio	$\frac{\text{Equity at the year end} \times 100}{\text{Total equity \& liabilities at the year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average Equity}}$

# ANNUAL REPORT 2012-2013

## Consolidated financial Statement and Parent Company Financial Statements for the period 1 April 2012 - 31 March 2013

### Income Statement

Particulars	Note	2012/13		2010/12		2012/13		2010/12	
		Consoli-dated		Consoli-dated		Parent company		Parent company	
		DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Revenue</b>	1	387,717	3,622,977	535,195	4,624,219	-	-	-	-
Production costs	2	-324,961	-3,036,561	-441,034	-3,810,644	-	-	-	-
<b>Gross profit</b>		62,756	586,416	94,161	813,575	-	-	-	-
Distribution costs	2	-22,603	-211,211	-31,691	-273,818	-	-	-	-
Administrative expenses	2,3	-24,623	-230,087	-43,361	-374,650	-72	-622	-318	-2,748
<b>Operating profit</b>		15,530	145,118	19,109	165,107	-72	-622	-318	-2,748
Profits/losses from investments in subsidiaries	9	-	-	-	-	8,277	71,515	10,639	91,924
Financial income	4	2,566	23,978	5,046	43,599	-	-	135	1,166
Financial expenses	5	-8,200	-76,624	-11,956	-103,303	-3,857	-33,325	-4,252	-36,738
<b>Profit before tax</b>		9,896	92,472	12,199	105,402	4,348	37,568	6,204	53,604
Tax on profit for the year	6	-4,566	-42,666	-4,930	-42,596	982	8,485	1,065	9,202
<b>Profit for the year</b>		5,330	49,806	7,269	62,806	5,330	46,053	7,269	62,806
<b>Proposed profit appropriation</b>									
Reserve for net revaluation under the equity method		-	-	-	-	-10,192	-88,061	10,639	91,924
Retained earnings		5,330	49,806	7,269	62,806	15,522	134,114	-3,370	-29,118
		5,330	49,806	7,269	62,806	5,330	46,053	7,269	62,806

### Balance sheet

Particulars	Note	2012/13		2010/12		2012/13		2010/12	
		Consoli-dated		Consoli-dated		Parent company		Parent company	
		DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
<b>ASSETS</b>									
<b>Non-current assets</b>									
<b>Intangible assets</b>	7								
Goodwill		122,602	1,145,640	129,575	1,119,560	-	-	-	-
Licenses, software		342	3,196	375	3,240	-	-	-	-
		122,944	1,148,836	129,950	1,122,801	-	-	-	-
<b>Property, plant and equipment</b>	8								
Land and buildings		60,335	563,794	61,208	528,852	-	-	-	-
Plant and machinery		7,575	70,784	6,528	56,404	-	-	-	-
Fixtures and fittings, Tools and equipment		1,269	11,858	1,690	14,602	-	-	-	-
Prepayments for property, plant and equipment under construction		1,146	10,709	124	1,071	-	-	-	-
		70,325	657,144	69,550	600,929	-	-	-	-
<b>Investments</b>	9								
Investments in subsidiary		-	-	-	-	209,544	1,958,060	229,343	1,981,581
		-	-	-	-	209,544	1,958,060	229,343	1,981,581
<b>Total non-current assets</b>		193,269	1,805,980	199,500	1,723,730	209,544	1,958,060	229,343	1,981,581
<b>Current assets</b>									
<b>Inventories</b>									
Raw materials and consumables		17,648	164,910	20,659	178,499	-	-	-	-
Semi-finished goods		3,206	29,958	2,465	21,298	-	-	-	-
		20,854	194,868	23,124	199,797	-	-	-	-
<b>Receivables</b>									
Trade receivables		33,430	312,383	34,498	298,071	-	-	-	-
Work in progress (Customer-specific orders)	10	67,236	628,279	49,257	425,593	-	-	-	-
Amounts owed by group companies		-	-	-	-	3,842	35,901	366	3,162
Receivable tax		-	-	1,729	14,939	-	-	1,729	14,939
Other receivables		1,310	12,241	3,202	27,666	-	-	80	691
Prepayments	11	1,122	10,484	1,090	9,418	-	-	-	-
		103,098	963,388	89,776	775,687	3,842	35,901	2,175	18,793
<b>Cash at bank and in hand</b>		34,843	325,586	26,575	229,615	25,413	237,469	262	2,264
<b>Total current assets</b>		158,795	1,483,842	139,475	1,205,099	29,255	273,370	2,437	21,056
<b>Total assets</b>		352,064	3,289,822	338,975	2,928,829	238,799	2,231,430	231,780	2,002,637

# THERMAX DENMARK ApS

## Balance sheet

Particulars	Note	2012/13 Consoli-dated		2010/12 Consoli-dated		2012/13 Parent company		2010/12 Parent company	
		DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Equity and liabilities</b>									
<b>Equity</b>	12								
Share capital		75,000	700,829	75,000	648,019	75,000	700,829	75,000	648,019
Net revaluation according to the equity method		-	-	-	-	-	-	10,418	90,014
Retained earnings		83,775	782,826	81,200	701,588	83,775	782,826	70,782	611,574
<b>Total equity</b>		<u>158,775</u>	<u>1,483,655</u>	<u>156,200</u>	<u>1,349,607</u>	<u>158,775</u>	<u>1,483,655</u>	<u>156,200</u>	<u>1,349,607</u>
<b>Provisions</b>									
Deferred tax	13	16,558	154,724	18,597	160,683	-	-	-	-
Other provisions	14	2,616	24,445	4,130	35,684	-	-	-	-
<b>Total provisions</b>		<u>19,174</u>	<u>179,169</u>	<u>22,727</u>	<u>196,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities other than provisions</b>									
<b>Non-current liabilities other than provisions</b>	15								
Mortgage debt		149	1,392	253	2,186	-	-	-	-
Bank loans		83,581	781,013	95,108	821,757	64,094	598,919	73,281	633,166
		<u>83,730</u>	<u>782,405</u>	<u>95,361</u>	<u>823,943</u>	<u>64,094</u>	<u>598,919</u>	<u>73,281</u>	<u>633,166</u>
<b>Current liabilities other than provisions</b>									
Current portion of non-current liabilities other than provisions	15	11,753	109,825	2,395	20,693	9,316	87,052	-	-
Bank Loans		3,903	36,471	-	-	-	-	-	-
Prepayments received from customers		8,420	78,680	16,655	143,903	-	-	-	-
Trade payables		23,112	215,967	17,349	149,900	-	-	-	-
Amounts owed to subsidiaries		-	-	304	2,627	-	-	1,565	13,522
Corporation Tax		2,713	25,351	-	-	2,713	25,351	-	-
Other payables		40,484	378,298	27,984	241,789	3,901	36,452	734	6,342
		<u>90,385</u>	<u>844,592</u>	<u>64,687</u>	<u>558,912</u>	<u>15,930</u>	<u>148,856</u>	<u>2,299</u>	<u>19,864</u>
<b>Total liabilities other than provisions</b>		<u>174,115</u>	<u>1,626,998</u>	<u>160,048</u>	<u>1,382,855</u>	<u>80,024</u>	<u>747,775</u>	<u>75,580</u>	<u>653,030</u>
<b>Total equity and liabilities</b>		<u>352,064</u>	<u>3,289,822</u>	<u>338,975</u>	<u>2,928,829</u>	<u>238,799</u>	<u>2,231,430</u>	<u>231,780</u>	<u>2,002,637</u>
<b>Contractual obligations and contingencies, etc.</b>	16								
<b>Mortgages and collateral</b>	17								
<b>Related party disclosures</b>	18								

Exchange rate: as at 31 March 2013 is 1 DKK = Rs 9.3444

Exchange rate: as at 31 March 2012 is 1 DKK = Rs 8.6403

## Cash flow statement consolidated

Particulars	2012/13		2010/12	
	DKK'000	Rs.'000	DKK'000	Rs.'000
Net profit or loss for the year before tax	9,896	92,472	12,199	105,402
Depreciation for the year and gains from sales of Fixed Assets	11,134	104,040	15,952	137,829
Changes in equity	-3,763	-35,163	-329	-2,843
Corporation tax paid	-1,224	-11,438	-2,770	-23,933
Cash flows from operations (operating activities) before changes in working capital	<u>16,043</u>	<u>149,912</u>	<u>25,052</u>	<u>216,456</u>
Change in inventories	2,269	21,202	-744	-6,428
Change in receivables	-15,050	-140,633	23,361	201,845
Change in provisions	-1,514	-14,147	631	5,452
Change in current liabilities	<u>9,724</u>	<u>90,865</u>	<u>-34,883</u>	<u>-301,398</u>
<b>Cash flows from operating activities</b>	<u>11,472</u>	<u>107,199</u>	<u>13,417</u>	<u>115,926</u>
Acquisition of subsidiaries	-	-	-198,409	-1,714,303
Acquisition of intangible asset	-142	-1,327	-453	-3,914
Acquisition of property, plant and equipment, net	<u>-4,692</u>	<u>-43,844</u>	<u>-4,063</u>	<u>-35,105</u>
<b>Cash flows from investing activities</b>	<u>-4,834</u>	<u>-45,171</u>	<u>-202,925</u>	<u>-1,753,323</u>
Repayment of long-term debt	-2,273	-21,240	-6,350	-54,866
Proceeds from loans	-	-	73,281	633,166
Capital increase	-	-	149,072	1,288,019
Cash flows from financing activities	<u>-2,273</u>	<u>-21,240</u>	<u>216,003</u>	<u>1,866,320</u>
<b>Net cash flows for the year</b>	<u>4,365</u>	<u>40,788</u>	<u>26,495</u>	<u>228,923</u>
Cash and cash equivalents at 1 April 2012	<u>26,575</u>	<u>248,327</u>	<u>80</u>	<u>691</u>
<b>Cash and cash equivalents at 31 March</b>	<u>30,940</u>	<u>289,115</u>	<u>26,575</u>	<u>229,615</u>

Exchange rate: as at 31 March 2013 is 1 DKK = Rs 9.3444

Exchange rate: as at 31 March 2012 is 1 DKK = Rs 8.6403

## Statement of Changes in Equity for the period 1st April 2012 to 31st March 2013

### Consolidated

Particulars	Share capital		Retained earnings		Total	
	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Equity at 1st April 2012</b>	75,000	700,829	81,200	758,764	156,200	1,459,593
Transferred, cf. profit appropriation	-	-	5,330	49,806	5,330	49,806
Foreign currency translation adjustments, foreign subsidiary	-	-	60	561	60	561
Change in value adjustments of hedging instruments	-	-	-3,373	-31,519	-3,373	-31,519
Change in value adjustments of hedging instruments in investments	-	-	-381	-3,560	-381	-3,560
Tax on changes in equity	-	-	939	8,774	939	8,774
<b>Equity at 31 March 2013</b>	<u>75,000</u>	<u>700,829</u>	<u>83,775</u>	<u>782,826</u>	<u>158,775</u>	<u>1,483,655</u>

### Parent company

Particulars	Share capital		Reserve for net revaluation under the equity method		Retained earnings		Total	
	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Equity at 1st April 2012</b>	75,000	700,829	10,418	97,350	70,782	661,414	156,200	1,459,593
Transferred, cf. profit appropriation	-	-	-10,192	-95,238	15,522	145,044	5,330	49,806
Foreign currency translation adjustments, foreign subsidiary	-	-	60	561	-	-	60	561
Change in value adjustments of hedging instruments	-	-	-	-	-3,373	-31,519	-3,373	-31,519
Change in value adjustments of hedging instruments in investments	-	-	-381	-3,560	-	-	-381	-3,560
Tax on changes in equity	-	-	95	888	844	7,887	939	8,774
<b>Equity at 31 March 2013</b>	<u>75,000</u>	<u>700,829</u>	<u>-</u>	<u>0</u>	<u>83,775</u>	<u>782,826</u>	<u>158,775</u>	<u>1,483,655</u>

The share capital comprises 75.000.000 shares of DKK 1 each. All shares rank equally.



# THERMAX DENMARK ApS

## Notes to the financial statements

### 1 Segment information

	Consolidated Parent company			
DKK'000	2012/13	2010/12	2012/13	2010/12
Revenue - boilers etc.				
Europe	353,235	479,912	0	0
Outside Europe	34,482	55,283	0	0
	<u>387,717</u>	<u>535,195</u>	<u>0</u>	<u>0</u>
<b>2 Costs</b>				
Wages and salaries	102,613	135,369	0	0
Pensions	8,312	10,603	0	0
Other social security costs	4,030	5,195	0	0
	<u>114,955</u>	<u>151,167</u>	<u>0</u>	<u>0</u>
Remuneration and pensions of the Executive Board and the Board of Directors	0	0	0	0
Average number of full-time employees	256	241	0	0

### 3 Fees paid to auditors appointed at the annual general meeting

Total fees to KPMG	379	632	66	131
Fee regarding statutory audit	230	235	21	20
Assurance engagements	71	257	6	45
Other assistance	78	140	39	66
	<u>379</u>	<u>632</u>	<u>66</u>	<u>131</u>

### 4 Financial income

Interest income from group enterprises	0	0	0	0
Other financial income	2,566	5,046	0	135
	<u>2,566</u>	<u>5,046</u>	<u>0</u>	<u>135</u>

### 5 Financial expenses

Interest expense for group enterprises	0	0	0	6
Other interest expense	8,200	11,956	3,857	4,246
	<u>8,200</u>	<u>11,956</u>	<u>3,857</u>	<u>4,252</u>

### 6 Tax on the profit for the year

Current tax for the year	5,687	1,048	-1,826	-1,065
Deferred tax adjustment for the year	-2,060	3,774	0	0
	<u>3,627</u>	<u>4,822</u>	<u>-1,826</u>	<u>-1,065</u>

### Specified as follows:

Tax on profit for the year	4,566	4,930	-982	-1,065
Tax on changes in equity	-939	-108	-844	0
	<u>3,627</u>	<u>4,822</u>	<u>-1,826</u>	<u>-1,065</u>

### 7 Intangible assets

Consolidated	Goodwill	Licences, software	Total
DKK'000			
Cost at 1 April 2012	139,453	536	139,989
Foreign currency translation adjustments	0	7	7
Additions	0	142	142
Cost at 31 March 2013	<u>139,453</u>	<u>685</u>	<u>140,138</u>
Impairment losses and amortisation at 1 April 2012	9,878	161	10,039
Foreign currency translation adjustments	0	4	4
Amortisation	6,973	178	7,151
Impairment losses and amortisation at 31 March 2013	<u>16,851</u>	<u>343</u>	<u>17,194</u>
<b>Carrying amount at 31 March 2013</b>	<u>122,602</u>	<u>342</u>	<u>122,944</u>

### 8 Property, plant and equipment

Consolidated	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Plants and equipment under construction	Total
DKK'000					
Cost at 1 April 2012	63,749	8,677	2,891	124	75,441
Foreign currency translation adjustments	62	10	5	0	77
Additions	792	2,755	303	1,146	4,996
Disposals	0	-2,179	-490	0	-2,669
Transferred	0	124	0	-124	0
Cost at 31 March 2013	<u>64,603</u>	<u>9,387</u>	<u>2,709</u>	<u>1,146</u>	<u>77,845</u>
Impairment losses and depreciation at 1 April 2012	2,541	2,149	1,201	0	5,891
Foreign currency translation adjustments	8	0	3	0	11
Depreciation and impairment losses	1,719	1,692	6210	0	4,032
Disposals	0	-2,029	-3850	0	-2,414
Impairment losses and depreciation at 31 March 2013	<u>4,268</u>	<u>1,812</u>	<u>1,4400</u>	<u>0</u>	<u>7,520</u>
Carrying amount at 31 March 2013	<u>60,335</u>	<u>7,575</u>	<u>1,269</u>	<u>1,146</u>	<u>70,325</u>

DKK'000

Investments in subsidiary

### 9 Investments

#### Parent Company

Cost at 1 April 2012	218,925
Additions	0
Cost at 31 March 2013	<u>218,925</u>
Value adjustments at 1 April 2012	10,418
Foreign currency translation adjustments	60
Profits for the year	15,249
Received dividend	-27,850
Change in value adjustments of hedging instruments in investments	-286
Depreciation, goodwill	-6,972
Value adjustments at 31 March 2013	<u>-9,381</u>
<b>Carrying amount at 31 March 2013</b>	<u>209,544</u>

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit/loss before tax	Profit/loss after tax
Danstoker A/S	Herning, Denmark	100%	10,001	76,594	19,582	13,846
Ejendomsan parts - selskabet Industri - vej Nord 13	Herning, Denmark	100 %	200	6,695	1,871	1,403

DKK'000

2012/13 2010/12

### 10 Work in progress (customer-specific orders)

Consolidated		
Work in progress	171,386	162,668
Payment on account	-104,150	-113,411
	<u>67,236</u>	<u>49,257</u>

### 11 Prepayments

Consolidated		
Prepaid insurance premiums	313	305
Other prepaid costs	809	785
	<u>1,122</u>	<u>1,090</u>



## 12 Share capital

DKK'000	Consolidated		
	Share capital	Retained earnings	Total
Equity at 1 April 2012	75,000	81,200	156,200
Transferred, cf. profit appropriation	0	5,330	5,330
Foreign currency translation adjustments, foreign subsidiary	0	60	60
Change in value adjustments of hedging instruments	0	-3,373	-3,373
Change in value adjustments of hedging instruments in investments	0	-381	-381
Tax on changes in equity	0	939	939
Equity at 31 March 2013	<u>75,000</u>	<u>83,775</u>	<u>158,775</u>

DKK'000	Parent company			
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 April 2012	75,000	10,418	70,782	156,200
Transferred, cf. profit appropriation	0	-10,192	15,522	5,330
Foreign currency translation adjustments, foreign subsidiary	0	60	0	60
Change in value adjustments of hedging instruments	0	0	-3,373	-3,373
Change in value adjustments of hedging instruments in investments	0	-381	0	-381
Tax on changes in equity	0	95	844	939
Equity at 31 March 2013	<u>75,000</u>	<u>0</u>	<u>83,775</u>	<u>158,775</u>

The share capital comprises 75,000,000 shares of DKK 1 each. All shares rank equally.

DKK'000	2012/13
<b>13 Deferred tax</b>	
<b>Consolidated</b>	
Deferred tax at 1 April 2012	18,597
Deferred tax adjustment	-2,039
<b>Deferred tax at 31 March 2013</b>	<u>16,558</u>

<b>14 Other provisions</b>	
<b>Consolidated</b>	
Other provisions at 1 April 2012	4,130
Provision for the year	-1,514
<b>Other provisions at 31 March 2013</b>	<u>2,616</u>

## 15 Mortgage debt and bank loans

DKK'000	Consolidated			
	Total liabilities at 31/3 2013	Installments next year	Non-current share	Residual liabilities after 5 years
Mortgage credit institutions	253	104	149	0
Banks	95,230	11,649	83,581	0
<b>Total liabilities</b>	<u>95,483</u>	<u>11,753</u>	<u>83,730</u>	<u>0</u>

## Parent company

DKK'000	Total liabilities at 31/3 2013	Installments next year	Non-current share	Residual liabilities after 5 years
Banks	73,410	9,316	64,094	0
<b>Total liabilities</b>	<u>73,410</u>	<u>9,316</u>	<u>64,094</u>	<u>0</u>

## 16 Contractual obligations and contingencies, etc.

### Contingent liabilities

#### Consolidated

Lease obligations (operating leases) falling due within three years total DKK 4,370 thousand.

The Group has entered an interest rate swap contract concerning on loan amounted to totally DKK 87,876 thousand, with a net position as of 31 March 2013 on DKK - 6,141 thousand.

#### Parent company

The parent company has entered an interest rate swap contract concerning on loan amounted to 10,000 tEUR, with a net position as of 31 March 2013 on DKK -3,375 thousand.

## 17 Mortgages and collateral

### Consolidated

Land and buildings with a carrying amount of DKK 29,574 thousand out of a total carrying amount of land and buildings of DKK 60,355 thousand at 31 March 2013 have been provided as collateral for mortgages of DKK 21,865 thousand.

The Company has issued mortgages registered to the owners of DKK 7,500 thousand, secured on plant, machinery and goodwill with a carrying amount of DKK 6,254 thousand.

Inventories, receivables, fixtures and fittings, tools and equipment and replacements in OmnicalKessel- und Apparatebau GmbH have been provided as collateral for debt to Sydbank, Flensborg (carrying amount at 31 March 2013: DKK 76,909thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 63,069 thousand.

## 18 Related party disclosures

Thermax Denmark ApS' related parties comprise the following:

### Parties exercising control

Thermax Netherlands B.V. holds the majority of the share capital in the Company.

### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Thermax Netherlands B.V.  
Strawinskylaan 3105 Atrium  
1077ZX Amsterdam

The consolidated financial statements of Thermax Ltd. are available at the Company's address or on the Company's website [www.thermaxindia.com](http://www.thermaxindia.com).

# DANSTOKER A/S

## *Board of Directors*

Hemant Prabhakar Mohgaonkar (*Chairman*)  
Gopal Mahadevan (*Vice Chairman*)  
Jan Enemark  
Kalimili Chakravarthy  
Holger Michael DiechmannJepsen  
Morten Friis Jensen

## *Registered Office*

Industrivej Nord 13  
DK-7400 Herning  
Denmark

## *Auditors*

KPMG  
Havengade 33  
6701 Esbjerg  
Denmark

## *Executive Board*

Jan Enemark  
KnudDürr

The following is a translation of an original Danish document. The original Danish document shall be the governing document for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

Registration no. 16 14 72 49

## *Statement by the Executive Board and the Board of Directors*

The Board of Directors and the Executive Board have today discussed and approved the annual report of Danstoker A/S for the financial year 1 April 2012 - 31 March 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 March 2013 and of the results of the Company's operations and cash flows for the financial year 1 April 2012 - 31 March 2013.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

We recommend that the annual report be approved at the annual general meeting.

Herning, 24 April 2013  
Executive Board:

Jan Enemark

Knud Dürr

Board of Directors:

Hemant Prabhakar Mohgaonkar  
Chairman

Gopal Mahadevan  
Vice Chairman

Jan Enemark

Kalimili Chakravarthy

Holger Michael  
Diechmann Jepsen  
(Elected by the  
employees)

Morten Friis Jensen  
(Elected by the  
employees)

## *Independent Auditor's Report*

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Danstoker A/S for the financial year 1 April 2012 – 31 March 2013. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2013 and of the results of its operations for the financial year 1 April 2012 – 31 March 2013 in accordance with the Danish Financial Statements Act.

### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Esbjerg, 24 April 2013

### **KPMG**

Statsautoriseret Revisionspartnerselskab

John Lesbo  
State Authorised  
Public Accountant

Birgitte Nygaard Jørgensen  
State Authorised  
Public Accountant

## Management's review

### Company details

Danstoker A/S  
 Industrivej Nord 13, DK-7400 Herning  
 Telephone: +45 99 28 71 00 Fax: +45 99 28 71 11  
 Reg. no. 16 14 72 49  
 Established: 13 April 1992  
 Registered office: Herning  
 Financial year: 1 April – 31 March

### Board of Directors

HemantPrabhakarMohgaonkar (Chairman)  
 GopalMahadevan (Vice Chairman)  
 Jan Enemark  
 KalimiliChakravarthy  
 Holger Michael DiechmannJepsen (Elected by the employees)  
 Morten Friis Jensen (Elected by the employees)

### Executive Board

Jan Enemark  
 KnudDürr

### Auditors

KPMG  
 Havnegade 33, DK-6701 Esbjerg

### Annual General Meeting

Annual General meeting held on 24 April 2013.

### Financial highlights

mDKK	2010/12				
	2012/13	18 mths.	2009/10	2008/09	2007/08
Key figures					
Gross profit	52	74	51	31	35
Ordinary operating profit/loss	23	30	26	11	16
Profit/loss before tax	20	28	24	16	20
Profit/loss for the year	14	20	17	13	17
Total assets	138	140	137	121	119
Equity	80	94	74	70	74
Financial ratios					
Return on invested capital	24.8	33.4	23.9	9.0	14.1
Equity ratio	58.0	67.5	54.3	58.1	62.1
Return on equity	15.9	16.2	23.3	18.4	25.4
Average number of full-time employees					
	145	132	117	114	105

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

### Operating review

Danstoker A/S, which has its registered address in the municipality of Herning, is a fully-owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the Group is RDA Holding & Trading Pvt.Ltd., Pune, India.

This is the first 12-months financial year, after the alteration of the financial year. The transition period ran from 1 October 2010 until 31 March 2012.

Danstoker A/S is the parent company of OmnicalKessel- und Apparatebau GmbH (Germany).

The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including also rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

- Solid fuel market, mainly based bio fuels
- Combined heat and power market
- Exhaust gas market
- Oil/gas market

### Development during the year under review

The decision-making processes have developed positively, and orders previously put on hold have been restarted. The level of activity has remained cautious on the minor boiler projects and within the industrial sector in general, but optimism is clearly returning to the markets again.

Danstoker has maintained a high level of activity within the field of biomass and has been able to maintain its position as the absolute market-leader within medium-sized bio-fuel boilers in Scandinavia.

Within the market segment oil- and gas-fired boilers, Danstoker has maintained and expanded its position in the primary markets.

The market segments for combined heat and power boilers and for exhaust gas boilers have been more or less on budget in the year under review, and the area of services has developed positively.

Danstoker has continued working successfully on the implementation of the Lean idea and Lean processes throughout the value chain of the Company, from the initial customer contact until the handing-over of boilers.

At Omnical, the very low price of gas has to some extent slowed down the activities in the budding biomass market in Germany. The biomass market in Germany, however, is only just coming into existence and right now – owing to the current gas price – we see the transformation to biomass only as an opportunity where today oil is used as fuel. In the relatively short term there is no doubt, however, that biomass-based energy has a future in Germany owing to the strong political desire and the CO2 discussion in general.

The development within special boilers is more or less at the same level as in the preceding years, but here we now see clear indications of optimism and willingness to invest again.

Services, especially within reconstruction and optimisation, have experienced a small positive development again this year.

The implementation of Lean thinking and Lean processes has been commenced at Omnical.

This year, the Danstoker Group has achieved overall results that are slightly lower than provided for in the budget. Seen against the background of the extreme market conditions under which we have been working, the results achieved are deemed satisfactory.

Profit for the year before tax of T.DKK 19,582 and after tax of T.DKK 13,845 respectively is deemed satisfactory by the Management.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

### Future outlook

The overall volume of orders of the Danstoker Group at the end of the financial year is

# DANSTOKER A/S

again very high and absolutely satisfactory.

As per 15 April 2013 Danstoker A/S took over the assets and some of the persons earlier employed with the bankrupt estate of DP Clean Tech Europe A/S, domiciled in DK-Toender. The business will continue under the name of Boilerworks A/S, as a subsidiary of Danstoker A/S. The main activities of Boilerworks A/S are service jobs on water tube boilers, manufacture of economizers and high pressure boiler components of the water tube type.

The improved order fulfilment in Danstoker has resulted in significant improvements, and throughout the coming year, Danstoker will continue to focus on Lean optimisations, internal training and improvement of working processes.

At Omnical, the Lean idea, the optimisation process in general and order fulfilment in particular will be brought into focus.

It is the aim of the Danstoker Group to create into three profitable, strong and individually independent sales companies in Danstoker, Omnical and Boilerworks, all as an attractive workplace with competent employees, based on competitive products sold to professional co-operation partners and customers in selected markets where such products are delivered in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilisation of the production facilities.

The Management of Danstoker is not of the opinion that the Company is facing special risks in the long term, neither in its markets nor otherwise.

The growing necessary global political focus on CO<sub>2</sub> will in the long term contribute to making our CO<sub>2</sub>-neutral products within bio fuels even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Satisfactory results are expected for the financial year 2013/14.

## Financial statements 1 April 2012– 31 March 2013

### Accounting policies

The annual report for the period 1 April 2012– 31 March 2013 have been prepared in accordance with the provisions for recognition and measurement applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

Consolidated financial statements and cash flow statements have not been prepared as the same are not required as per section 86 and 112(1) of the Danish Financial Statements Act. The annual report of Danstoker A/S and related subsidiaries forms part of the consolidated financial statements of the Danish parent company, Thermax Denmark ApS.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

### Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised as financial income or financial expenses in the income statement.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month in question, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on the translation of the income statements determined on the basis of average exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries that

are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as currency hedges of foreign subsidiaries are also recognised directly in equity.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

### Income statement

#### Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charged on behalf of third parties.

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

#### Sales and distribution costs

Sales and distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns, etc., carried out during the year. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as sales and distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, office premises and office expenses as well as depreciation.

**Profit/loss from investments in subsidiaries**

The Company's proportional share of the results after tax of the subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses and after deduction of amortisation of goodwill.

The Company's share of the tax and extraordinary items of the subsidiaries is recognised under tax on profit or loss from ordinary activities and profit or loss from extraordinary activities after tax, respectively.

**Financial income and expenses**

Financial income and expenses comprise interest income and expense, capital gains and capital loss on securities, payables and transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

**Tax on profit/loss for the year**

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

The parent company, Thermax Denmark ApS, is the administrative company for the joint taxation and therefore settles all payments of corporation tax with the tax authorities.

The current Danish corporation tax is allocated between the jointly taxed enterprises in proportion to their taxable income. In this relation, enterprises with tax loss carry forward receive joint taxation contribution from enterprises which have used these losses to reduce their own taxable profits. The jointly taxed enterprises are taxed under the tax prepayment scheme.

Tax for the year which comprises joint taxation contributions, tax for the year and any changes in deferred tax is recognised in the income statement. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

**Balance sheet****Intangible assets****Software**

Intangible assets are measured at cost. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years. Intangible assets are written down to the lower of the residual value and the carrying amount.

Gains or losses in connection with the disposal of software are stated as the difference between the selling price less selling costs and the carrying amount at the time of the sale. Gains or losses are recognised in the income statement under other operating income or other operating expenses, respectively.

**Property, plant and equipment**

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. In the event of major changes in the value of land and buildings, revaluation at/write-down to fair value is made.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use.

Depreciation is provided on a straight-line basis over the expected useful lives and estimated residual values of the assets. The expected useful lives are as follows:

Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

Assets with a cost of less than DKK 12 thousand per unit are recognised as costs in the income statement in the year of acquisition.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Property, plant and equipment is written down to the lower of the residual value and the carrying amount.

Gains and losses on the disposal of software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

**Investments in subsidiaries**

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprises calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus the residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative book values are measured at DKK 0 (nil), and any receivables from these companies are written down if the receivables are irrecoverable. If the parent company has any legal or constructive obligation to cover a deficit exceeding the receivables, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be decided on prior to the adoption of the annual report of Danstoker A/S are not recognised in the net revaluation reserve.

On acquisition of new companies, the purchase method is applied.

**Impairment of assets**

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

**Inventories**

Inventories are measured at average cost. Where the net realisable value is lower than cost, inventories are written down to the net realisable value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

**Receivables**

Receivables are measured at amortised cost. Write-down to net realisable value is made for expected losses.

**Work in process (customised orders)**

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

# DANSTOKER A/S

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

## Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

## Cash and cash equivalents

Cash and cash equivalents comprise short-term marketable securities which are subject to an insignificant risk of changes in value.

## Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method includes net revaluation of investments in subsidiaries compared to cost.

The reserve may be eliminated in case of a loss, realisation of investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

## Dividends

Proposed dividends are recognised as a liability at the date of adoption by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

## Corporation tax and deferred tax

According to the joint taxation rules, the enterprises' liability for their own corporation tax payments to the tax authorities is settled concurrently with payment of the joint taxation contribution to the administrative company.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or the settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

## Other provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions are measured and recognised on the basis of past experience with warranty work.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

## Liabilities other than provisions

Financial liabilities other than provisions are recognised at the proceeds received less the transaction costs paid at the date of borrowing. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when applying the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

The remaining liabilities are measured at net realisable value.

## Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on invested capital	$\frac{\text{Operating Profit} \times 100}{\text{Average Invested Capital}}$
Equity ratio	$\frac{\text{Equity at the year end} \times 100}{\text{Total equity and liabilities at the year end}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average Equity}}$

Note : The financial results of the Company includes the financial results of its wholly owned subsidiary namely Omnical Kessel- und Apparatebau GmbH (Germany)



## Financial statements 1 April 2012 – 31 March 2013

## Notes

## 1 Gross profit

In compliance with section 32 of the Danish Financial Statements Act, the Company has decided not to specify its revenue.

	2012/13	2010/12
<b>DKK'000</b>		
<b>2 Financial income</b>		
Interest income from group enterprises	356	77
Other interest income, including foreign exchange gains, etc.	1,311	2,507
	<u>1,667</u>	<u>2,584</u>
<b>3 Financial expenses</b>		
Interest expenses to group enterprises	92	108
Other interest expenses, including foreign exchange losses, etc.	1,971	3,380
	<u>2,063</u>	<u>3,488</u>
<b>4 Tax on profit for the year</b>		
Current tax for the year	-5,229	-4,706
Deferred tax adjustment for the year	-508	-2,682
	<u>-5,737</u>	<u>-7,388</u>

## 5 Intangible assets

DKK'000		Licences, software
Cost at 1 April 2012		484
Additions		135
Disposals		0
Cost at 31 March 2013		<u>619</u>
Impairment losses and amortisation at 1 April 2012		308
Amortisation		96
Amortisation assets disposed		0
Impairment losses and amortisation at 31 March 2013		<u>404</u>
<b>Carrying amount at 31 March 2013</b>		<u>215</u>

## 6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Plant and equipment under construction	Total
Cost at 1 April 2012	20,464	3,144	124	23,732
Additions	2,569	79	1,146	3,794
Disposals	-2,179	-386	0	-2,565
Transferred	124	0	-124	0
Cost at 31 March 2013	<u>20,978</u>	<u>2,837</u>	<u>1,146</u>	<u>24,961</u>
Impairment losses and depreciation at 1 April 2012	15,610	2,622	0	18,232
Depreciation	1,425	258	0	1,683
Depreciation, assets sold	-2,029	-325	0	-2,354
Impairment losses and depreciation at 31 March 2013	<u>15,006</u>	<u>2,555</u>	<u>0</u>	<u>17,561</u>
Carrying amount at 31 March 2013	<u>5,972</u>	<u>282</u>	<u>1,146</u>	<u>7,400</u>

## 7 Investments

DKK'000	Invest-ments in subsidiary	
Cost at 1 April 2012		1,865
Additions		3,726
Disposals		0
Cost at 31 March 2013		<u>5,591</u>
Value adjustments at 1 April 2012		32,723
Foreign currency translation adjustments		60
Net loss for the year		-3,331
Value adjustments at 31 March 2013		<u>29,452</u>
Carrying amount at 31 March 2013		<u>35,043</u>

## DKK'000

Name	Registered office	Voting rights and ownership	Share capital	Equity	Profit/loss before tax	Profit/loss after tax
<b>Group enterprises</b>						
Omnical Kessel- und Apparatebau GmbH	Dietz-höhlztal, Germany	100%	1,865	35,043	-3,987	-3,331

## DKK'000

	2012/13	2010/12
<b>8 Work in progress (customer-specific orders)</b>		
Work in progress	86,007	101,282
Payments on account	-42,046	-61,905
<b>Carrying amount at 31 March 2013</b>	<u>43,961</u>	<u>39,377</u>

## 9 Equity

The share capital consists of 1 share at a nominal amount of DKK'000 - 10,001.

DKK'000	Share capital	Revaluation reserve in subsidiaries	Net revaluation according to the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 April 2012	10,001	20,462	12,261	45,967	5,500	94,191
Retained profit for the year	0	0	-3,331	5,174	22,350	13,845
Dividends	0	0	0	0	-27,850	-27,850
Foreign exchange adjustment of subsidiary company	0	0	60	0	0	60
Equity at 31 March 2013	<u>10,001</u>	<u>20,462</u>	<u>8,990</u>	<u>40,793</u>	<u>0</u>	<u>80,246</u>

## DKK'000

	2012/13	2010/12
<b>10 Deferred tax</b>		
Deferred tax, at 1 April	7,161	4,479
Deferred tax adjustment	508	2,682
Deferred tax at 31 March	<u>7,669</u>	<u>7,161</u>

## 11 Liabilities

DKK'000	Total liabilities at 1/4 2012	Total liabilities at 31/3 2013	Installments next year	Non-current share	Residual liabilities after 5 years
Bank loans	3,625	2,625	1,000	1,625	0

## DKK'000

	2012/13	2010/12
<b>12 Employee relations</b>		
Wages and salaries	63,978	88,366
Pensions	4,526	5,831
Other social security costs	855	1,013
	<u>69,359</u>	<u>95,210</u>
Remuneration of the Executive Board	2,436	4,466
Remuneration of the Board of Directors	60	120
Average number of full-time employees	<u>145</u>	<u>132</u>

## 13 Charges, security provided and contingencies, etc.

Lease obligations (operating leases) falling due within 3 year total DKK 1,090 thousand, hereof DKK 367 thousand falling due 2013/14.

The company has entered into lease contract that is non-terminable until 30 September 2019. Tenancy commitments in lease buildings amount to DKK 26,634 thousand, of this DKK 4,097 thousand concerns 2013/14.

Mortgage registered to the mortgagor at a nominal amount of DKK 7,500 thousand secured on plant and machinery, fixture and fittings, other plant and equipment and goodwill has been provided as collateral for loan raised with credit institution.

The company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions, DKK 19,195 thousand (2010/12: 20,493 thousand).

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 14,277 thousand (2010/12: 12,058 thousand). Guarantees have been undertaken whereby primary liability is assumed towards credit institutions for all performance bonds and advance payment guarantees and outstanding balances between group enterprises and credit institutions. At 31 March 2013, the guarantee commitment etc. amounted to DKK 48,750 thousand (2010/12: 47,908 thousand).

## 14 Related party disclosures

Danstoker A/S' related parties comprise the following:

Parties exercising control  
Thermax Denmark ApS, c/o Bech-Bruun, Langelinie Allé 35, 2100 København Ø, which is the principal shareholders.

## Other related parties with whom the Company has had transactions

The subsidiary, Omnical Kessel- und Apparatebau GmbH

Ejendomsanpartsselskabet Industrivej Nord 13

Thermax Limited

## Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the voting rights or at least 5% of the share capital:

Thermax Denmark ApS  
c/o Bech-Bruun, Langelinie Allé 35  
DK-2100 København Ø



# DANSTOKER A/S

## Income statement

Financial Statement 1 April 2012 - 31 March 2013

Particulars	Note	2012/13 (12 months)		2010/12 (18 months)	
		DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Gross profit</b>	1	51,548	481,684	73,688	636,683
Sales and distribution costs		-13,988	-130,709	-20,323	-175,596
Administrative expenses		14,251	-133,167	-23,069	-199,322
<b>Operating profit</b>		23,309	217,808	30,296	261,765
Loss on investments in subsidiary		-3,331	-31,126	-1,659	-14,334
Financial income	2	1,667	15,577	2,584	22,326
Financial expenses	3	-2,063	-19,277	-3,488	-30,137
<b>Profit before tax</b>		19,582	182,982	27,733	239,620
Tax on profit for the year	4	-5,737	-53,609	-7,388	-63,834
<b>Profit for the year</b>		13,845	129,373	20,345	175,786
<b>Proposed profit appropriation</b>					
Interim dividends		22,350	208,847	-	-
Proposed dividends		-	-	5,500	47,521
Reserve for net revaluation under the equity method		-3,331	-31,126	-1,817	-15,699
Retained earnings		-5,174	-48,348	16,662	143,964
		13,845	129,373	20,345	175,786

## Balance sheet

Particulars	Note	2012/13		2010/12	
		DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Assets</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>	5				
Licences, software		215	2,009	175	1,512
		215	2,009	175	1,512
<b>Property, plant and equipment</b>	6				
Plant and machinery		5,971	55,795	4,854	41,940
Fixtures and fittings, tools and equipment		283	2,644	522	4,510
Plant and equipment under construction		1146	10,709	124	1,071
		7,400	69,148	5,500	47,521
<b>Investments</b>	7				
Investments in subsidiary		35,043	327,455	34,588	298,849
		35,043	327,455	34,588	298,849
<b>Total non-current assets</b>		42,658	398,613	40,263	347,882
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		13,020	121,664	15,406	133,112
Semi-Finished Goods		3,206	29,958	2,465	21,298
		16,226	151,622	17,871	154,410
<b>Receivables</b>					
Trade receivables		22,787	212,931	17,304	149,511
Work in progress (customer-specific orders)	8	43,961	410,789	39,377	340,227
Amount owed by group companies		8,872	82,903	3,598	31,088
Other receivables		259	2,420	58	501
Prepayments		2,146	20,053	2,099	18,136
		78,025	729,096	62,436	539,463
<b>Cash at bank and in hand</b>		1,384	12,933	18,995	164,122
<b>Total current assets</b>		95,635	893,650	99,302	857,994
<b>Total assets</b>		138,293	1,292,263	139,565	1,205,877

## Balance sheet

Particulars	Note	2012/13		2010/12	
		DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Equity and Liabilities</b>					
<b>Equity</b>	9				
Share capital		10,001	93,453	10,001	86,411
Revaluation reserve in subsidiary		20,462	191,205	20,462	176,797
Net revaluation according to the equity method		8,990	84,006	12,261	105,938
Retained earnings		40,793	381,186	45,967	397,166
Proposed dividends		0	0	5,500	47,521
<b>Total equity</b>		<u>80,246</u>	<u>749,850</u>	<u>94,191</u>	<u>813,834</u>
<b>Provisions</b>					
Deferred tax	10	7,669	71,662	7,161	61,873
Other provisions		790	7,382	886	7,655
<b>Total provisions</b>		<u>8,459</u>	<u>79,044</u>	<u>8,047</u>	<u>69,528</u>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities</b>	11				
Bank loans		1,625	15,185	2,625	22,681
		<u>1,625</u>	<u>15,185</u>	<u>2,625</u>	<u>22,681</u>
<b>Current liabilities</b>					
Current portion of non-current liabilities other than provisions	11	1,000	9,344	1,000	8,640
Bank Loans		3,903	36,471	0	0
Prepayments recd from customers		3,322	31,042	4,640	40,091
Trade payables		14,534	135,811	14,113	121,940
Amounts owed to group companies		10,025	93,677	2,539	21,938
Other payables		15,179	141,838	12,410	107,226
		<u>47,963</u>	<u>448,185</u>	<u>34,702</u>	<u>299,834</u>
		<u>49,588</u>	<u>463,369</u>	<u>37,327</u>	<u>322,515</u>
<b>Total liabilities other than provisions</b>		<u>138,293</u>	<u>1,292,263</u>	<u>139,565</u>	<u>1,205,877</u>
<b>Total Equity and Liabilities</b>					
<b>Employee relations</b>	12				
<b>Charges, collateral and contingencies, etc.</b>	13				
<b>Related party disclosures</b>	14				

Exchange rate: as at 31 March 2013 is 1 DKK = Rs. 9.3444

Exchange rate: as at 31 March 2012 is 1 DKK = Rs. 8.6403

## Statement of changes in Equity for the period 1 April 2012 to 31 March 2013

The share capital consists of 1 share at a nominal amount of DKK'000 - 10,001.

Particulars	Share capital		Revaluation reserve in subsidiaries		Net revaluation according to the equity method		Retained earnings		Dividends		Total	
	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
Equity at 1 April 2012	10,001	93,453	20,462	191,205	12,261	114,572	45,967	429,533	5500	51,394	94,191	880,157
Retained from profit for the year	0	0	0	0	-3,331	-31,126	-5,174	-48,348	22,350	208,847	13,845	129,373
Dividends							-27,850		-27,850			
Foreign exchange adjustment of subsidiary company	0	0	0	0	0	0	0	0	0	0	60	561
Adjustment, appreciation in subsidiaries	0	0	0	0	60	561	0	0	0	0		0
<b>Equity at 31 March 2013</b>	<u>10,001</u>	<u>93,453</u>	<u>20,462</u>	<u>191,205</u>	<u>8,990</u>	<u>84,006</u>	<u>40,793</u>	<u>381,186</u>	<u>0</u>	<u>260,241</u>	<u>80,246</u>	<u>1,010,091</u>

# Omnical Kessel- und Apparatebau GmbH

## *Board of Directors*

Heribert Fasel  
Jan Enemark  
Kalimili Chakravarthy

## *Registered Office*

Omnical Kessel - und  
Apparatebau GmbH  
Hauptstrasse 156  
D-35716 Dietzhoelztal  
Germany

## *Auditors*

DAN REVISION GmbH  
Alter Kirchenweg 85  
D-24983 Flensburg -  
Handewitt  
Germany

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## *Auditors' Report*

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the OMNICAL Kessel- und Apparatebau GmbH, Dietzhölztal for the financial year from 1 April 2012 to 31 March 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § [Article] 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test

basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Flensburg-Handewitt, May 6, 2013

DanRevision GmbH  
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Siegel  
Wirtschaftsprüfer

# ANNUAL REPORT 2012-2013

## Balance Sheet as at March 31, 2013

### ASSETS

	31.3.2013		31.3.2012	
	EUR	Rs.	EUR	Rs.
<b>A. ASSETS</b>				
<b>I. Intangible assets</b>				
Software	16,921	1,175,077	27,262	1,834,404
<b>II. Tangible assets</b>				
1. Land and buildings	229,555	15,941,385	281,313	18,928,691
2. Technical equipment and machinery	215,266	14,949,101	225,096	15,146,064
3. Other equipment, factory and office equipment	132,260	9,184,805	156,686	10,542,958
	<u>577,081</u>	<u>40,075,291</u>	<u>663,096</u>	<u>44,617,713</u>
	<u>594,002</u>	<u>41,250,368</u>	<u>690,358</u>	<u>46,452,117</u>
<b>B. CURRENT ASSETS</b>				
<b>I. Inventories</b>				
1. Raw materials and supplies	621,305	43,146,456	706,280	47,523,444
2. Work in process	9,056,550	628,930,849	7,174,524	482,752,195
3. Prepayments	645,396	44,819,457	85,270	5,737,564
	<u>10,323,251</u>	<u>716,896,762</u>	<u>7,966,074</u>	<u>536,013,204</u>
<b>II. Receivables and other assets</b>				
1. Trade receivables	1,428,574	99,207,133	2,310,914	155,494,449
2. Receivables from affiliated companies	513,502	35,660,072	12,207	821,371
3. Other assets	42,346	2,940,731	71,830	4,833,236
	<u>1,984,422</u>	<u>137,807,936</u>	<u>2,394,951</u>	<u>161,149,056</u>
<b>III. Cash on hand and bank balances</b>	<u>1,061,818</u>	<u>73,737,781</u>	<u>980,528</u>	<u>65,976,767</u>
	<u>13,369,491</u>	<u>928,442,479</u>	<u>11,341,553</u>	<u>763,139,027</u>
<b>C. PREPAID EXPENSES AND DEFERRED CHARGES</b>	99,877	6,935,959	45,672	3,073,158
<b>D. DEFERRED TAXES</b>	-	-	294,785	19,835,197
	<u>14,063,370</u>	<u>976,628,806</u>	<u>12,372,368</u>	<u>832,499,499</u>

Exchange rate: as at 31 Mar 2013 is 1 Euro = Rs. 69.4449

Exchange rate: as at 31 Mar 2012 is 1 Euro = Rs. 67.2870

### EQUITY AND LIABILITIES

	31.3.2013		31.3.2012	
	EUR	Rs.	EUR	Rs.
<b>A. EQUITY</b>				
I. Subscribed capital	250,000	17,361,216	250,000	16,821,749
II. Capital Reserve	500,000	34,722,431	-	-
III. Unappropriated retained earnings brought forward	722,696	50,187,543	704,484	47,402,581
IV. Net income for the year	1,259,453	87,462,513	18,213	1,225,480
	<u>213,244</u>	<u>14,808,677</u>	<u>972,696</u>	<u>65,449,810</u>
<b>B. ACCRUALS</b>				
1. Tax accruals	-	-	462	31,110
2. Other accruals	2,386,460	165,727,353	1,672,549	112,540,820
	<u>2,386,460</u>	<u>165,727,353</u>	<u>1,673,012</u>	<u>112,571,930</u>
<b>C. ACCOUNTS PAYABLE</b>				
1. Bank loans and overdrafts	34,141	2,370,893	48,263	3,247,482
2. Customer advances	9,016,764	626,167,943	8,537,760	574,480,251
3. Trade payables	1,152,003	80,000,657	434,575	29,241,269
4. Amounts owed to group undertakings	1,192,397	82,805,872	273,995	18,436,326
5. Other liabilities	68,362	4,747,411	432,066	29,072,431
- of which taxes EUR 67494.94				
(prior year EUR 431,245.32)-				
- of which social security payables EUR 0.00				
(prior year EUR 0,00)-				
	<u>11,463,667</u>	<u>796,092,776</u>	<u>9,726,660</u>	<u>654,477,759</u>
	<u>14,063,370</u>	<u>976,628,806</u>	<u>12,372,368</u>	<u>832,499,499</u>

# Omnical Kessel- und Apparatebau GmbH

## *Income statement for the period from April 1, 2012 to March 31, 2013*

	1.4.2012 - 31.03.2013		1.10.2011 - 31.03.2012	
	EUR	Rs.	EUR	Rs.
1. Sales	19,650,788	1,364,646,239	12,982,329	873,541,922
2. Decrease/Increase in finished goods	1,882,025	130,696,989	4,413,910	296,998,775
3. Other operating income	429,868	29,852,118	339,739	22,860,000
4. Cost of materials				
a) Cost of raw materials, supplies and merchandise	8,808,551	611,708,590	2,428,476	163,404,869
b) Cost of purchased services	5,134,616	356,572,722	2,406,437	161,921,916
	<u>13,943,167</u>	<u>968,281,312</u>	<u>4,834,913</u>	<u>325,326,784</u>
5. Personnel expenses				
a) Wages and salaries	5,197,748	360,956,865	2,409,315	162,115,599
b) Social security	1,086,822	75,474,211	550,690	37,054,292
	<u>6,284,570</u>	<u>436,431,077</u>	<u>2,960,006</u>	<u>199,169,891</u>
6. Amortization and depreciation of fixed intangible and tangible assets	148,081	10,283,471	75,170	5,057,934
7. Other operating expenses	2,474,503	171,841,555	997,320	67,106,691
8. Other interest and similar income	550	38,214	1,704	114,628
- of which from affiliated companies EUR 0.00 (prior year: EUR 0.00)				
9. Interest and similar expenses	41,946	2,912,912	10,047	676,036
- of which to affiliated companies EUR 35,132.00 (prior year: EUR 3,043.00)				
10. Net operating income	-929,036	-64,516,766	32,405	2,180,438
11. Taxes on income	294,323	20,439,202	-8,261	-555,848
- resolution of deferred taxes EUR 94785.00 (prior year supply of deferred tax assets: EUR 7,023.00)				
12. Other taxes	36,094	2,506,545	22,453	1,510,807
13. Net income	<u>-1,259,453</u>	<u>-87,462,513</u>	<u>18,213</u>	<u>1,225,480</u>

## *Development of fixed assets from April 1, 2012 to March 31, 2013*

	Acquisition costs				Depreciation and amortization				Book value	
	1/4/2012	Additions	Disposal	3.31.2013	1/4/2012	Additions	Disposal	3.31.2013	3.31.2013	3.31.2012
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Intangible assets</b>										
Software	172,265	1,258	0	173,522	145,002	11,599	0	156,601	16,921	27,262
<b>II. Tangible assets</b>										
1. Land and buildings	674,571	0	0	674,571	393,258	51,758	0	445,016	229,555	281,313
2. Technical equipment and machinery	450,772	25,922	0	476,694	225,676	35,753	0	261,428	215,266	225,096
3. Other equipment, factory and office equipment	368,753	29,778	13,868	384,663	212,066	48,971	8,634	252,403	132,260	156,686
	<u>1,494,095</u>	<u>55,700</u>	<u>13,868</u>	<u>1,535,928</u>	<u>831,000</u>	<u>136,482</u>	<u>8,634</u>	<u>958,848</u>	<u>577,081</u>	<u>663,096</u>
	<u>1,666,360</u>	<u>56,958</u>	<u>13,868</u>	<u>1,709,451</u>	<u>976,002</u>	<u>148,081</u>	<u>8,634</u>	<u>1,115,449</u>	<u>594,002</u>	<u>690,358</u>

## Notes to the financial statements for fiscal year from 1. April 2012 to 31. March 2013

The annual financial statements for the short fiscal year from 1. April 2012 to 31. March 2013 were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German GmbH law (GmbHG).

The financial statements were prepared in accordance with the regulations for medium-sized companies (§ 267 (2) HGB); the income statement follows the type of expenditure format (§ 275 (2) HGB).

As the previous reporting period was a shortened fiscal year from 1. October 2011 to 31. March 2012, the numbers of the financial statements are not fully comparable with previous years figures.

### I. Accounting and valuation policies

Acquired **intangible assets** and **fixed assets** are valued at purchase cost, less scheduled straight-line amortization corresponding to the useful live. The depreciation is calculated pro rata temporis.

**Minor value assets** with purchase costs up to EUR 150 are written off completely in the year they were acquired and were shown in additions and disposals in the development of fixed assets (§ 6 (2a) EstG). Minor value assets with purchase costs from EUR 150 to EUR 1,000 were written off straight-line over a period of five years.

**Raw materials and supplies** are shown at the balance sheet date at average purchase cost including incidental purchase costs in accordance to the principle of the lower of cost and market.

Inventory risks arising from the duration of storage or reduced usability are considered by appropriate devaluation.

**Works in process** are valued at cost of production in accordance to the principle of the lower of cost and market. The production cost includes direct costs and capitalized indirect costs in accordance with tax regulations.

**Prepayments** are shown with their nominal value.

**Receivables and other assets** are shown at their nominal value. Foreseeable specific risks on receivables and other assets are reflected by bad debt provisions. Adequate account is taken of the general credit risk by applying an unchanged general provision.

**Liquid funds** are shown at their nominal value.

**Prepaid expenses** include payments made before the balance sheet date, as far as they represent expenses for a specific period thereafter.

The **subscribed capital** is shown at its nominal value.

**Tax accruals and other accruals** take account of all foreseeable risks and uncertain obligations and are set up at the amounts deemed necessary for the fulfillment in accordance with commercial prudence.

**Liabilities** are reported at their repayment amounts.

**Receivables and liabilities** in foreign currencies are valued at the spot exchange rate on the balance sheet date.

### II. Notes to the balance sheet

#### 1. Assets

A statement of changes in fixed assets in the short fiscal year 2012/2013 is shown in the appendix to the notes to the financial statements.

#### 2. Trade receivables and other assets

All receivables and other assets are due within one year.

Prepaid expenses and deferred charges contain a disagio (EUR 14 k) for a loan. They are amortized using the straight-line method corresponding to the term of the loan.

The Receivables from affiliated companies relate to the Thermax Europe Ltd., Queensway, Blechley, United Kingdom amounting to TEUR 14 and to the shareholder Danstoker A/S, Denmark amounting to EUR 500 thousand.

#### 3. Capital reserve

In the financial year, the shareholder has decided to distribute an amount of TEUR 500 in the capital reserve of the Company.

#### 4. Other accruals

Other accruals mainly contain amounts for costs on already settled contracts (EUR 135 k), accruals for outstanding invoices (EUR 1,566 k), for warranties (EUR 245 k) and for human resources (EUR 423 k).

#### 5. Liabilities

Accounts payable for bank loans and overdrafts are due within one year: EUR 14 k; prior year EUR 14 k.

The amount of accounts payable for bank loans and overdrafts are due within more than 5 years: EUR 0 k, prior year EUR 0 k.

Security assignments in favour of Sydbank do exist for the warehouse, the machines, machinery, mobile fixtures and equipment, motor vehicles and for all replacements. Furthermore, there is a general assignment of receivables from third party debtors.

Amounts owed to group undertakings are against the shareholder Danstoker A/S, Herning/Denmark (EUR 1,191 k) and Thermax Limited (EUR 2 k).

All liabilities are due within one year.

### III. Notes to the income statement

The other operating income contains income relating to prior periods (EUR 180 k; prior year EUR 165 k). This income resulted from the release of accruals.

In the course of the fiscal year 2012/2013 the company generated revenue

(EUR 94 k) with the parent company. On the other side, material costs had a budget of EUR 355 k, expenses for management fee of EUR 42 k and other expenses amounting to EUR 80 k.

The sales revenue (EUR 19,651 k) shares as follows:

Sale of boilers	EUR 16,154 k
Service-Area	EUR 3,497 k.

From the above mentioned revenue sales EUR 13,986 k result from domestic business and EUR 5,665 k from foreign transactions.

### IV. Other information

#### 1. Contingent liabilities

For payments in advance received from customers guarantees of Sydbank, Flensburg, and Tryg Garanti, Ballerup/Denmark are issued. The guarantee credit line at Sydbank is secured by a chattel mortgage of the warehouse, the machines, the mobile plant and equipment, the vehicle fleet and furthermore by a global assignment of the receivables.

#### 2. Other financial commitments

Other financial commitments amount to EUR 464 k plus VAT. These commitments result from lease contracts for a bending machine, cutting machine, rotator, stapler and lease- and rent contracts for offices, vehicles and hard- and software. These contracts have a maximum residual until November 2018.

#### 3. Average number of company staff

	2012/2013	2011/2012
Industriell workers	46	48
Administration employees	65	64
	111	112

#### 4. Management of the company

Managing directors of the company:

# Omnical Kessel- und Apparatebau GmbH

## *Notes to the financial statements for fiscal year from 1. April 2012 to 31. March 2013*

Mr. Heribert Fasel, engineer, Duisburg

Mr. Jan Enemark, engineer, Herning/Denmark

Mr. Kalimili Chakravarthy, engineer, Chennai Tamilnadu/India

The declaration of the total remuneration of the management is omitted in accordance with § 286 (4) HGB.

### **5. Appropriation of earnings**

The management proposes to carry forward the net loss of the year.

### **6. Shareholders**

The sole shareholder of OMNICAL Kessel- und Apparatebau GmbH is Danstoker A/S, Herning, Denmark.

### **7. Consolidated financial statements**

Thermax Denmark ApS, Denmark and Thermax Limited, India prepare consolidated financial statements, in which the financial statements of OMNICAL Kessel- und Apparatebau GmbH are included. The consolidated financial statements are published in the offices these companies.

Dietzhölztal, May 6, 2013

OMNICAL Kessel- und Apparatebau GmbH

Heribert Fasel

Jan Enemark

Kalimili Chakravarthy



# Ejendomsanpartsselskabet Industrivej Nord 13

## *Executive Board*

Hemant Mohgaonkar  
Gopal Mahadevan

## *Registered Office*

Industrivej Nord 13  
DK-7400 Herning  
Denmark

## *Auditors*

KPMG  
Havengade 33  
6701 Esbjerg  
Denmark

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The following is a translation of an original Danish document. The original Danish document shall be the governing document for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

# Ejendomsanpartsselskabet Industrivej Nord 13

## Statement and report

### Statement by the Management

The Executive and Supervisory Boards have today discussed and approved the annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2012 – 31 March 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2013 and of the results of its operations for the financial year 1 April 2012 – 31 March 2013.

Further, in our opinion, the Management's review gives a fair review of the state of affairs discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Herning, 24 April 2013

Executive Board:

Hemant Prabhakar Mohgaonkar

Gopal Mahadevan

## Independent auditors' report

### To the shareholders of Ejendomsanpartsselskabet Industrivej Nord 13

#### Independent auditors' report on the consolidated financial statements

We have audited the consolidated financial statements and the parent company financial statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2012 – 31 March 2013. The consolidated financial statements comprise accounting policies, income statement, balance sheet, statement and notes. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 March 2013 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 April 2012 - 31 March 2013 in accordance with the Danish Financial Statements Act.

#### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Esbjerg, 24 April 2013

**KPMG**

Statsautoriseret Revisionspartnerselskab

John Lesbo  
State Authorised  
Public Accountant

Birgitte Nygaard Jørgensen  
State Authorised  
Public Accountant

## Management's review

### Company details

Ejendomsanpartsselskabet Industrivej Nord 13  
Industrivej Nord 13  
DK-7400 Herning  
Reg. no.: 13 96 64 43  
Established: 9 January 1990  
Registered office: Herning  
Financial year: 1 April – 31 March

### Executive Board

Hemant Prabhakar Mohgaonkar  
Gopal Mahadevan

### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Havnegade 33  
DK-6701 Esbjerg

### Operating review

#### Principal activity

The Company's principal activity is to own and lease out the property Industrivej Nord 13, DK-7400 Herning.

The Company is a fully-owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the Group is RDA Holding & Trading Pvt. Ltd., Pune, India.

#### Development in activities and financial matters

The Company's activities remain unchanged compared to 2010/12. Management considers the profit for the year satisfactory.

#### Future outlook

As per 15 April 2013 the Company took over land and buildings from the bankrupt estate of Silverstone Europe Properties ApS through the newly founded subsidiary Boilerworks Properties ApS.

Satisfactory results are expected for the financial year 2013/14.

#### Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

## Financial statements for the period 1 April 2012 – 31 March 2013

### Accounting policies

The annual report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2012/13 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic resources is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

### Income statement

#### Revenue

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

#### Other external expenses

Other external expenses comprise administrative expenses.

### Financial income and expenses

Financial income and expenses comprise interest income and expense as well as surcharges and refunds under the tax prepayment scheme.

### Tax on profit/loss for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Thermax Denmark ApS Group's subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation and up to the date on which they exit the consolidation.

# Ejendomsanpartsselskabet Industrivej Nord 13

The parent company Thermax Denmark ApS is the administrative company for the joint taxation and consequently settles all corporation tax payments with the authorities.

The current corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

Provision has been made for deferred tax on revaluation of investment properties to the extent that the sale hereof at carrying amount will give rise to tax liabilities. The amount has been deducted from the fair value reserve of investment assets.

## Balance sheet

### Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation. Land is not depreciated. In connection with significant changes in the value of land and buildings, revaluation at or write-down to fair value is made.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected economic lives of the assets. The expected economic lives are as follows:

Buildings up to 50 years.

Write-down of property, plant and equipment is made to the recoverable amount if this is lower than the carrying amount.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as depreciation.

### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

### Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

### Tax in the balance sheet

In accordance with the joint taxation rules, the subsidiaries' liabilities towards the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company is made.

Joint taxation contribution payable and receivable is recognised in the balance sheet under Balances with group companies.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

### Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

# ANNUAL REPORT 2012-2013

## Income statement

Particulars	Note	2012/13 (12 months)		2010/12 (18 months)	
		DKK'000	Rs.'000	DKK'000	Rs.'000
<b>Revenue</b>		4,066	37,994	5,938	51,306
Other external expenses		-45	-420	-85	-734
Amortisation and depreciation	4	-828	-7,737	-1,199	-10,360
<b>Profit before financial income and expenses</b>		3,193	29,837	4,654	40,212
Financial income	1	205	1,916	109	941
Financial expenses	2	-1,527	-14,268	-2,056	-17,764
<b>Profit before tax</b>		1,871	17,483	2,707	23,389
Tax on profit for the year	3	-468	-4,373	-677	-5,849
<b>Profit for the year</b>		1,403	13,110	2,030	17,540
<b>Proposed profit appropriation</b>					
Retained earnings		1,403	13,110	2,030	17,540
		<u>1,403</u>	<u>13,110</u>	<u>2,030</u>	<u>17,540</u>

## Balance sheet as at 31st March, 2013

Particulars	Note	2012/13		2010/12	
		DKK'000	Rs.'000	DKK'000	Rs.'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Property, plant and equipment</b>	4				
Land and buildings		29,574	276,351	29,611	255,847
<b>Total non-current assets</b>		<u>29,574</u>	<u>276,351</u>	<u>29,611</u>	<u>255,847</u>
<b>Current assets</b>					
<b>Receivables</b>					
Receivables from group enterprises		2,919	27,276	2,235	19,311
<b>Cash at bank and in hand</b>		131	1,224	19	164
<b>Total current assets</b>		<u>3,050</u>	<u>28,500</u>	<u>2,254</u>	<u>19,475</u>
<b>Total assets</b>		<u>32,624</u>	<u>304,851</u>	<u>31,865</u>	<u>275,322</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	5				
Share capital		200	1,869	200	1,728
Fair value reserves of investment assets		2,938	27,454	2,938	25,385
Retained earnings		3,557	33,238	2,440	21,082
<b>Total equity</b>		<u>6,695</u>	<u>62,561</u>	<u>5,578</u>	<u>48,195</u>
<b>Provisions</b>					
Deferred tax		2,189	20,455	1,913	16,529
<b>Total provisions</b>		<u>2,189</u>	<u>20,455</u>	<u>1,913</u>	<u>16,529</u>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>	6				
Amounts owed to mortgage credit institutions		17,862	166,909	19,202	165,910
		<u>17,862</u>	<u>166,909</u>	<u>19,202</u>	<u>165,910</u>
<b>Current liabilities other than provisions</b>					
Current portion of non-current liabilities other than provisions		1,333	12,456	1,291	11,155
Payables for group enterprises		462	4,317	366	3,162
Other payables		3,059	28,584	2,506	21,652
Accrued income		1,024	9,569	1,009	8,718
		<u>5,878</u>	<u>54,926</u>	<u>5,172</u>	<u>44,687</u>
<b>Total liabilities other than provisions</b>		<u>23,740</u>	<u>221,836</u>	<u>24,374</u>	<u>210,597</u>
<b>Total equity and liabilities</b>		<u>32,624</u>	<u>304,851</u>	<u>31,865</u>	<u>275,322</u>
<b>Charges, collateral and contingencies, etc.</b>	7				

Exchange rate: for 31 March 2013 is 1 DKK = Rs. 9.344386481

Exchange rate: for 31 March 2012 is 1 DKK = Rs. 8.640250313

# Ejendomsanpartsselskabet Industrivej Nord 13

## Notes to the financial statements

DKK'000	2012/13	2011/12
<b>1 Financial income</b>		
Interest expense, group enterprises	92	108
Other interest income	113	1
<b>Total financial income</b>	<b>205</b>	<b>109</b>
<b>2 Financial expenses</b>		
Interest expense, group enterprises	90	0
Other interest expenses	1,437	2,056
<b>Total financial expenses</b>	<b>1,527</b>	<b>2,056</b>
<b>3 Tax on profit for the year</b>		
Joint taxation contribution for the year	189	524
Adjustment of deferred tax	279	153
	<b>468</b>	<b>677</b>

## 5 Equity

DKK'000	1/4 2012	Revaluation after tax on interest rate swap	Proposed profit ap-proportion	31/3 2013
Share capital	200	0	0	200
Revaluation of property, plant and equipment	2,938	0	0	2,938
Retained earnings	4,229	0	1,403	5,632
Market statement, interest rate swap (retained earnings)	-1,789	-286	0	-2,075
	<b>5,578</b>	<b>-286</b>	<b>1,403</b>	<b>6,695</b>

## 6 Non-current liabilities other than provisions

DKK'000	Total debt 1/4 2012	Total debt 31/3 2013	Repayment, next year	Non-current portion	Outstanding debt after 5 years
Bank loans	20,493	19,195	1,333	17,862	13,233

## 7 Charges, collateral and contingencies, etc.

Land and buildings with a carrying amount of DKK 29,574 thousand at 31 March 2013 have been provided as collateral for bank loans of DKK 19,195 thousand.

The Company has provided guarantees and provided collateral in land and buildings, nom. DKK 26,000 thousand for all balances between bank and group-related company to their bank. At 31 March 2013, balances amounted to DKK 2,670 thousand. (2010/12: DKK 3,665 thousand)

The Company has provided guarantees whereby for all balances between bank and group related company to their bank. At 31 March 2013 balances amounted to DKK 3,902 thousand, and guarantees issued by credit institutions amounted to DKK 1,191 thousand.

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 35,937 thousand. (2010/12: DKK 42,770 thousand)

The Company has entered an interest rate swap contract concerning on loan amounted to DKK 13,348 thousand, with a net position as of 31 March 2013 on DKK -2,766 thousand. (2010/12: -2,385 thousand.)

## Notes to the financial statements

DKK'000	2012/13
<b>4 Property, plant and equipment</b>	
DKK'000	Land and buildings
Cost at 1 April 2012	39,178
Additions	792
Cost at 31 March 2013	39,970
Revaluations at 1 April 2012/ 31 March 2013	4,080
Depreciation, amortisation and write-down at 1 April 2012	-13,648
Depreciation, amortisation and write-down for the year	-828
Depreciation, amortisation and write-down at 31 March 2013	-14,476
<b>Carrying amount at 31 March 2013</b>	<b>29,574</b>



## Statement of changes in Equity for the period 1 April 2012- 31 March 2013

Particulars	4/1/2012		Revaluation after tax on interest rate swap		Proposed profit appropriation		3/31/2013	
	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000	DKK'000	Rs.'000
Share capital	200	1,869	-	-	-	-	200	1,869
Revaluation of property, plant and equipment	2,938	27,454	-	-	-	-	2,938	27,454
Retained earnings	4,229	39,517	-	-	1,403	13,110	5,632	52,628
Market statement, interest rate swap (retained earnings)	-1,789	-16,717	-286	-2,672	-	-	-2,075	-19,390
	<u>5,578</u>	<u>52,123</u>	<u>-286</u>	<u>-2,672</u>	<u>1,403</u>	<u>13,110</u>	<u>6,695</u>	<u>62,561</u>

# Rifox-Hans Richter GmbH Spezialarmaturen

## ***Board of Directors***

Shardul Kshirsagar - Chairman  
Mundt Holger - Managing Director  
Jan Enemark  
Abhay Shah  
(Appointed w.e.f. 12.07.2012)

## ***Registered Office***

Bertha-von-Suttner-Str. 9  
28207 Bremen, Germany  
HRB3148

## ***Auditors***

**JFS Treuhand &  
Revision Jendroschek Feindler Scholz**  
Stefan Rauber  
Parkallee 5  
28209 Bremen, Germany  
PR 121

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## ***Auditors' Report***

To Rifox-Hans Richter GmbH Spezialarmaturen

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, for the financial year from April 01, 2012 to March 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial

statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.

Bremen, April 12, 2013

**Rauber**  
(Wirtschaftsprüfer)  
(German Public Auditor)

## Balance Sheet as at March 31, 2013

### ASSETS

	EUR	EUR	000' Rs.
<b>A. Fixed assets</b>			
<b>I. Intangible assets</b>			
Concessions, industrial property and similar rights and assets, and licences		3,235.50	225
<b>II. Tangible assets</b>			
1. Land, similar rights and buildings including buildings on third party land	14,314.50		994
2. Other equipment, factory and office equipment	133,502.84		9,272
		147,817.34	10,266
<b>B. Current assets</b>			
<b>I. Stocks</b>			
1. contracts in progress	102,000.00		7,083
2. Finished and unfished goods	1,183,324.77		82,176
3. Advances to supply	0.00		-
4. Advance payments of received for projects	-106,602.07		-7,403
		1,178,722.70	81,856
<b>II. Debtors and other assets</b>			
1. Trade debtors	405,175.61		28,137
2. Other assets	3,398.64		236
		408,574.25	28,373
<b>III. Cash in hand, postal giro balances and bank balances</b>		120,810.88	8,390
<b>C. Prepaid expenses</b>		4,752.22	330
		1,863,912.89	129,440

### EQUITY AND LIABILITY

	EUR	EUR	000' Rs.
<b>A. Equity</b>			
<b>I. Subscribed capital</b>	383,469.00		26,630
<b>II. Unappropriated profits brought forward</b>	401,680.22		27,895
<b>iii. Loss for the year</b>	-192,453.33		-13,365
		592,695.89	41,160
<b>B. Paid contribution to agreed capital increased</b>		333,000.00	23,125
<b>C. Provisions</b>			
1. Provisions for taxes	0.00		-
2. Other Provisions	128,575.15		8,929
		128,575.15	8,929
<b>D. Creditors</b>			
1. Liabilities to banks	0.00		-
2. Trade creditors	226,640.16		15,739
3. Other creditors	583,001.69		40,486
		809,641.85	56,225
- of with taxes : EUR	45,219.49		
(2012 : TEUR	38)		
		1,863,912.89	129,440

Exchange rate : as at 31st March 2013 is 1 Euro = Rs. 69.4449

# Rifox-Hans Richter GmbH Spezialarmaturen

## Income statement for the financial year from April 1, 2012 to March 31, 2013

	EUR	EUR	EUR	000' Rs.
1. Turnover			3,117,416.32	216,489
2. Inventory changes - finished and unfinished goods			-83,096.90	-5,771
3. Other operating income			17,435.91	1,211
			3,051,755.33	211,929
4. Cost of material				
a) Cost of raw materials, consumables and goods for resale		742,923.13		51,592
b) Cost for purchased services		94,770.83		6,582
			837,693.96	58,174
5. Staff costs				
a) Wages and salaries	1,499,723.06			104,148
b) Social security, pension and other benefits	298,257.48			20,713
		1,797,980.54		124,861
6. Amortization and depreciation of fixed intangible and tangible assets		39,993.97		2,777
7. Other operating charges		545,232.88		37,864
			2,383,207.39	
			-169,146.02	
8. Other interest receivables and similar income		2,483.91		172
9. Interest payable and other similar charges		25,791.22		1,792
			-23,307.31	
10. Profit on ordinary activities			-192,453.33	-13,365
11. Tax on profit			0.00	0.00
12. Loss for the year			-192,453.33	-13,365

## Notes to the Financial Statements for the financial year 01.04.2012-31.03.2013

### 1. General statements

The annual accounts of the Rifox-Hans Richter GmbH Spezialarmaturen were produced on the basis of the accounting regulations in the German Commercial Code (HGB).

Additionally to these regulations the German Limited Liability Companies Act had to be applied.

The total expenditure format was applied to the profit and loss account.

According to the size classes in § 267 (1) HGB the company is a small limited company.

The easing of restrictions for small limited companies according to § 274a and § 288 HGB were partly applied.

### 2. Statements on accounting and valuation including tax-based measures

The accounting and valuation methods of the previous year were maintained without change.

Fixed assets were listed at purchase prices reduced by planned depreciation.

The planned depreciation was made using the straight-line method or the declining-value method. The expected life-spans of the assets were estimated using the depreciation-index in line with the tax rules.

Mobile assets with a value of less than Euro 410,00 were written off immediately.

Stocks were listed at acquisition or production costs. If necessary the lower value on the key balance sheet date was used.

Trade receivables and other assets were valued considering all recognizable risks.

Cash balance and bank accounts were listed at cash value.

To cover the general credit risk and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for all recognizable risks and uncertain liabilities. All recognizable risks were accounted for.

### 3. Affiliation notes

The development of the fixed assets is attached as appendix.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

### 4. Miscellaneous statements

During the business year 01.04.2012-31.03.2013 the appointed managing directors were:

Mr. Holger Mundt, Germany

Mr. Mahesh Desai, Sugar Land Texas USA, until 28.08.2012

Mr. Silvano Calciolari, Italy, until 28.08.2012

Mr. Shardul Kshirsagar, India, since 04.07.2012

Mr. Jan Enemark, Denmark, since 04.07.2012

Mr. Abhay Shah, India, since 05.02.2013

### 5. Proposal for the use of the annual result

The annual accounts were produced before appropriation of net income.

The management proposes the general assembly to use

the accumulated retained earnings 401.680,22 €

minus the

annual loss for the year 2012/2013 192.453,33 €

209.226,89 €

as follows:

submit for new  
account

209.226,89 €

Bremen, April 10, 2013

*Fixed Asset Movement Schedule to March 31, 2013*

	Book value April 1, 2012 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	Depreciation EUR	Write-up EUR	Book value March 31, 2013 EUR
<b>I. Intangible assets</b>							
Concessions, industrial property and similar rights and assets, and licences in such rights and assets	6,470.50	0.00	0.00	0.00	3,235.00	0.00	3,235.50
	6,470.50	0.00	0.00	0.00	3,235.00	0.00	3,235.50
<b>II. Tangible assets</b>							
1. Land, similar rights and buildings including buildings on third party land	15,675.50	0.00	0.00	0.00	1,361.00	0.00	14,314.50
2. Other equipment, factory and office equipment	157,140.06	11,760.75	0.00	0.00	35,397.97	0.00	133,502.84
	172,815.56	11,760.75	0.00	0.00	36,758.97	0.00	147,817.34
	179,286.06	11,760.75	0.00	0.00	39,993.97	0.00	151,052.84

# THERMAX SDN. BHD.

## Board of Directors

Unnikrishnan Damodaran  
Kaustubh Pathak

## Registered Office

3rd Floor, South wing,  
Bangunan Getah Asli,  
148 Jalan Ampang,  
Kuala Lumpur, 59100, Malaysia

## Auditors

Morison Anuarul Azizan Chew  
Chartered Accountants  
18 Jalan 1/64, Off Jalan Kolam Air,  
Jalan Ipon, 51200 Kuala Lumpur

## Bankers

City Bank, Malaysia

## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Company for financial period from 1 June 2012 to 31 March 2013.

### Principal Activities

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

There have been no significant changes in the nature of these activities during the financial period.

### Change of Financial Year End

The company changed its financial year end from 31 May to 31 March. Accordingly, the financial statements for the current financial period are drawn up for the period from 1 June 2012 to 31 March 2013 or a period of ten months.

### Results

Net profit for the financial period RM11,632

In the opinion of the Directors, the results of the operations of the Company for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company for the current financial period.

### Dividend

No dividend has been paid or declared by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend to be paid for the financial period under review.

### Reserves and Provisions

There were no material transfers to or from reserves or provisions made during the financial period under review.

### Issue of Shares and Debentures

At the date of incorporation, the Company issued 2 ordinary shares of RM1.00 each as subscribers' shares.

During the financial period, the issued and paid-up share capital of the Company was increased from RM2 to RM500,002 by the issue of 500,000 ordinary shares of RM1.00 each at par for cash to provide additional working capital.

The new shares rank pari passu with the existing ordinary shares.

There were no issues of debentures during the financial period under review.

### Directors

The Directors who served since the date of incorporation are as follows:

Unnikrishnan Damodaran  
Kaustubh Arun Pathak

### Directors' Interests

Details of holdings in the share capital of the Company by the Directors in office at the end of the financial period, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.6.2012	Acquired	Disposed	At 31.3.2013
Unnikrishnan Damodaran	1	-	1	-
Kaustubh Arun Pathak	1	-	1	-

### Directors' Benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in

which the Director has a substantial financial interest.

Neither during nor at the end of the financial period, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Other Statutory Information

- (a) Before the income statement and balance sheet of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements misleading;
  - (iii) any amount stated in the financial statements misleading; and
  - (iv) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and
  - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial period.

### Immediate Holding Company

During the financial period, Thermax Limited, a company incorporated in India, acquired the entire issued and paid-up share capital of the Company and consequently became its immediate holding company.

### Ultimate Holding Company

The ultimate holding company is RDA Holdings Private Limited, a company incorporated in India.

### Staff Information

The total number of staff of the Company (excluding Directors) at the end of the financial period was 4.

### Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

Unnikrishnan Damodaran

Kaustubh Arun Pathak



## STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Unnikrishnan Damodaran and Kaustubh Arun Pathak, being the Directors of Thermax SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 9 to 18 are drawn up in accordance with the applicable MASB approved accounting standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results of its operations and the cash flows of the Company for the financial period ended on that date.

Signed in accordance with a resolution of the Directors.

Unnikrishnan Damodaran

Kaustubh Arun Pathak

Date : 19 April, 2013

## STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Unnikrishnan Damodaran, being the Director primarily responsible for the financial management of Thermax SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 9 to 18 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Unnikrishnan Damodaran at Kuala Lumpur in the Federal Territory this 19 April, 2013.

Unnikrishnan Damodaran

Before me,

Commissioner for Oaths

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF THERMAX SDN. BHD.

(Company No.: 944923-K)

(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Sdn. Bhd., which comprise the balance sheet as at 31 March 2013, and the income statement, statement of changes in equity and cash flow statement for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 18.

#### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the applicable MASB approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements are properly drawn up in accordance with the applicable MASB approved accounting standards in Malaysia for Private Entities and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2013 and of its financial performance and cash flows for the financial period then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

#### Other Matters

This report is solely made to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

Morison Anuarul Azizan Chew  
Firm Number: AF 001977  
Chartered Accountants  
Kuala Lumpur  
Date : 19 April, 2013

Sathiea Seelean A/L Manickam  
Approved Number: 1729/05/14 (J/PH)  
Partner of Firm

# THERMAX SDN. BHD.

## Balance Sheet As at 31 March 2013

	Notes	RM	Rs
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	3	12,156	213,379
Amount owing by immediate Holding Company	4	266,863	4,684,343
Tax Recoverable		1,991	34,949
Cash & Bank Balance		239,341	4,201,240
		<u>520,351</u>	<u>9,133,910</u>
<b>Current Liabilities</b>			
Other Payables	5	17,041	299,127
Amount owing to Director	6	3,250	57,048
		<u>20,291</u>	<u>356,175</u>
Net Current assets / (liabilities)		<u>500,060</u>	<u>8,777,735</u>
<b>Financed By:</b>			
Share Capital	7	500,002	8,776,717
Retained Profits / (Accumulated losses)		58	1,018
Shareholder's Funds		<u>500,060</u>	<u>8,777,735</u>

Approved by the Board of Directors on 19 April 2013 and signed on its behalf by:

**Unnikrishnan Damodaran**                      **Kaustubh Arun Pathak**  
Director    Director

## Statement of Changes in Equity for the Period from 1 June 2012 to 31 March 2013

	Share Capital		(Accumulated losses) / Retained Profits		Total	
	RM	Rs	RM	Rs	RM	Rs
At 1st June 2012	2	35	(11,574)	(203,163)	(11,572)	(203,128)
Issue of shares during the financial period	500,000	8,776,682	-	-	500,000	8,776,682
Net Profit for the financial period	-	-	11,632	204,181	11,632	204,181
Balances as at 31st March 2012	<u>500,002</u>	<u>8,776,717</u>	<u>58</u>	<u>1,018</u>	<u>500,060</u>	<u>8,777,735</u>

## Income Statement for the Period from 1 June 2012 to 31 March 2013

	Notes	1 Jun 12 to 31 Mar 13
		RM                      Rs
Other Operating income		1,004,470              17,631,827
Administration Expenses		<u>989,929</u> <u>17,376,584</u>
Profit for the period Before Taxation	8	14,541              255,243
Taxation	9	<u>2,909</u> <u>51,063</u>
Net Profit for the period		<u>11,632</u> <u>204,181</u>

The accompanying notes form an integral part of the financial statements

Exchange Rate : as at 31 March 2013 is 1 RM = Rs 17.55

## Cash Flow Statement for the Period from 1 June 2012 to 31 March 2013

	RM	Rs
<b>Cash flows from operating activities</b>		
Profit before taxation	14,541	255,243
(Increase)/ Decrease in working capital		
Other receivables	(12,156)	(213,379)
Amount owing by immediate holding company	(266,863)	(4,684,343)
Other Payables	5,467	95,964
Amount Owing to Director	3,250	57,048
<b>Cash used in operating activities</b>	<u>(255,761)</u>	<u>(4,489,466)</u>
<b>Tax Paid</b>	<u>(4,900)</u>	<u>(86,011)</u>
<b>Net Cash used in operating activities</b>	<u>(260,661)</u>	<u>(4,575,477)</u>
<b>Cash flows from financing activities</b>		
Issue of shares	500,000	8,776,682
<b>Net cash inflow from financing activities</b>	<u>500,000</u>	<u>8,776,682</u>
Net Increase in cash and cash equivalents	239,339	4,201,204
Cash and cash equivalents at beginning of financial period	2	35
<b>Cash and cash equivalents at end of financial period</b>	<u>239,341</u>	<u>4,201,240</u>
Cash and cash equivalents made up of:		
Cash & Bank Balances	<u>239,341</u>	<u>4,201,240</u>

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JUNE 2012 TO 31 MARCH 2013

### 1. Corporate Information

The principal activities of the Company are that of turnkey solutions provider and to undertake the sales, services and procurement of industrial equipment.

The Company is a private limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia.

The Company qualifies as a private entity under the Private Entity Reporting Standards approved by the Malaysian Accounting Standards Board.

### 2. Significant Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with the applicable MASB approved accounting standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965.

#### (b) Other receivables

Other receivables are carried at anticipated realisable value. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

#### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### (d) Other payables

Other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (e) Income tax

Income tax on the profit or loss for the financial period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted at the balance sheet date.

#### (f) Financial instruments

Financial instruments carried on the balance sheet represent payables. Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

### 3. Other Receivables

	31.3.2013 RM
Other receivable	5,478
Deposit	378
Prepayments	6,300
	<u>12,156</u>

### 4. Amount Owed By Immediate Holding Company

(a) During the financial period, Thermax Limited, a company incorporated in India, acquired the entire issued and paid-up share capital of the Company and consequently became its immediate holding company.

(b) This represents account receivables towards normal business transactions.

### 5. Other Payables

	31.3.2013 RM
Other payable	-
Accruals	17,041
	<u>17,041</u>

### 6. Amount Owed to a Director

This represents account payable towards expenses reimbursement.

### 7. Share Capital

	Number of ordinary shares of RM1 each 31.3.2013	Amount 31.3.2013 RM
Authorised	1,000,000	1,000,000
Issued and fully paid		
At 1 June	2	2
Issued during the financial period	500,000	500,000
At 31 March	<u>500,002</u>	<u>500,002</u>

At the date of incorporation, the Company issued 2 ordinary shares of RM1 each as subscribers' shares.

During the financial period, the issued and paid-up share capital of the Company was increased from RM2 to RM500,002 by the issue of 500,000 ordinary shares of RM1.00 each at par for cash to provide additional working capital.

The new shares rank pari passu with the existing ordinary shares.

### 8. Net Profit/(Loss) Before Taxation

Net profit/(loss) for the financial period is derived after charging:

	1.6.2012 to 31.3.2013 RM
Auditors' remuneration	5,000
Directors' remuneration	179,527
Incorporation fees	-
Rental:	
- Office	29,938
- Others	910
Realised loss on foreign exchange	<u>9,417</u>

### 9. Taxation

	1.6.2012 to 31.3.2013 RM
Tax expense for the financial period: Current tax provision	<u>2,909</u>

Income tax is calculated at the statutory rate of 20% on the first RM 500,000 and 25% on balance of chargeable income of the estimated assessable profit/(loss) for the financial period.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	1.6.2012 to 31.3.2013 RM
Profit/(Loss) before taxation	14,541
Taxation on statutory tax rate of 25%	3,635
Expenses not deductible for tax purposes	-
Tax incentive obtained from differential tax rate of 20%	(726)
Tax expense for the financial year	<u>2,909</u>

# THERMAX SDN. BHD.

## 10. Staff Information

	2013 RM
Staff costs (excluding Directors)	449,212

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM1,911

The total number of staff of the Company (excluding Directors) at the end of the financial period was 4

## 11. Ultimate Holding Company

The ultimate holding company is RDA Holdings Private Limited, a company incorporated in India.

## 12. Financial Instruments

### (a) Financial risk management objectives and policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, liquidity and cash flow risk.

### (b) Credit risk

The Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Company is the carrying amount of the financial assets shown in the balance sheet.

### (c) Liquidity and cash flow risk

The Company maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

### (d) Fair values

The carrying amounts of cash and cash equivalents, receivables, and payables approximate their respective fair values due to the relatively short term nature of these financial instruments.

## 13. Change Of Financial Year End

The Company changed its financial year end from 31 May to 31 March. Accordingly, the financial statements for the current financial period are drawn up for the period from 1 June 2012 to 31 March 2013 or a period of ten months.

## 14. Date of Authorisation for Issue

The financial statements of the Company for the financial period from 1 June 2012 to 31 March 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 19 April 2013.

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## Board of Directors

Pheroze Pudumjee  
Chairman  
Dr. Robert Bartels  
M. S. Unnikrishnan  
Eugene Lowe\*  
Torsten Andersch\*  
(alternate to Eugene Lowe)  
Vivek Dhir\*  
(Alternate to Robert Bartels)  
\*[Appointed w.e.f. May 3, 2013]

## Manager & Chief Executive Officer

Shailesh Wani

## Company Secretary

Mahesh Kakade

## Registered Office

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

## Corporate Office

4th Floor, Energy House,  
D-II Block, Plot No. 38 & 39, MIDC  
Chinchwad, Pune 411 019

## Auditors

B. K. Khare & Co.  
Chartered Accountants  
Hotel Swaroop, 4th Floor,  
Lane 10, Prabhat Road,  
Erandwane,  
Pune 411 004.

## Bankers

Corporation Bank  
Axis Bank

## Directors' Report

Dear Shareholder,

Your Directors present the Fourth Annual Report and the audited accounts of the company for the year ended March 31, 2013.

### FINANCIAL RESULTS

Particulars	2012-13	2011-12
Total income	1632.69	431.56
Profit before depreciation	(230.82)	(333.90)
Depreciation	12.10	11.69
Profit before tax	(242.92)	(345.58)
Provision for taxation (incl. deferred tax)		(68.93)
Profit after tax	(242.92)	(414.51)

### DEFINING OUR BUSINESS

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

The JV helps power plants to meet the stringent emission norms and to improve thermal efficiencies in the boiler island by supplying products like Electrostatic Precipitators (ESP), Bag Houses, Rotary Air Pre-Heaters (RAPHs). In addition to above products the JV has been offering Air Cooled Condensers [ACC] based upon SPX technologies for all sizes of thermal power plants. Thermax's expertise will be in facilitating and integrating energy and environment aspects of the business.

### OPERATIONS

Since incorporation, your company has made a successful foray in the power sector of the Indian market by actively participating in a number of bids for ESP, RAPH & ACCs to build a strong foundation for future business.

During the year, your company has won orders for ACCs for Thermal Power Plants. These orders involve design, engineering, manufacturing, supply, supervision, installation, erection and commissioning of ACC.

Your company also has completed the supply of its first ACC order. This order involves design, engineering, manufacturing, supply, supervision of installation, erection and commissioning of ACC for 1 x 50 MW thermal power plant.

### SHARE CAPITAL

The company was incorporated with an authorised share capital of Rs. 50 crore. The present paid-up and issued share capital of the company is Rs. 20 crore held by its Joint Venture partner's viz. Thermax Limited and SPX Netherlands BV., in the ratio of 51% and 49%, respectively.

## DIVIDEND

In view of the loss for the financial year 2012-13, your directors do not recommend any dividend.

## FUTURE PLANS

In the quest for operational excellence, your company is organizing people and technical systems to achieve the highest level of operating performance. In accordance with the requirement, the company will also evaluate implementation of Enterprise Resource Planning [ERP].

The company plans to make its strong presence felt not only in the domestic market but also in the international markets with support from SPX Cooling Technologies and Balcke Duerr GmbH, the subsidiaries of SPX Corporation.

The company will continue to evaluate and expand the current product portfolio to bring in other products from SPX Corporation to serve the power industry.

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

### 1. Particulars of Employees

None of the employees are covered by the provision contained in Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, Statement under Section 217 (2A) is not annexed.

### 2. Conservation of Energy and Technology Absorption

Information pertaining to conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 is not applicable to company since the manufacturing activity has not started.

### 3. Foreign Exchange earnings and outgo

Information pertaining to foreign exchange earnings and outgo, under Section 217(1)(e) of the Companies Act, 1956 is set out in note no. 1.8 of Note No. 22 - Notes to Accounts.

## PUBLIC DEPOSITS

The company has not accepted any deposits from the public.

## DIRECTORS

Mr. Vivek Dhir who was appointed as an Alternate Director for Dr. Robert Bartels, effective from April 24, 2012 has ceased to be an Alternate Director with effect from January 15, 2013.

Mr. Shailesh Wani who was appointed as an Alternate Director for Dr. Robert Bartels, effective from January 15, 2013 has resigned with effect from January 16, 2013.

Mr. Drew Ladau has resigned as Director effective March 1, 2013.

Mr. Hans Torsten Andersch who was appointed as an Alternate Director for Dr. Drew Ladau has ceased to be an Alternate Director with effect from March 1, 2013.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Pheroze Pudumjee retires by rotation and being eligible offers, himself for re-appointment as Directors.

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## BOARD COMMITTEES

Presently, the Board has constituted two committees:

### 1. Audit Committee

The committee presently comprise of three members - Mr. M. S. Unnikrishnan, Mr. Eugene Lowe and Dr. Robert Bartels.

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

The terms of reference of the Audit Committee broadly include:

- a) review of internal control systems,
- b) review the half yearly and annual accounts of the company,
- c) deciding the scope of internal audit,
- d) investigation into / act on any matter as may be referred to it by the Board.

The Committee has met four times during the financial year 2012-13 on the following dates i.e. April 24, 2012, July 10, 2012, October 15, 2012 and January 15, 2013.

### 2. Remuneration Committee

The committee presently comprises three members Dr. Robert Bartels, Mr. Pheroze Pudumjee and Mr. M. S. Unnikrishnan.

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

## AUDITORS

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

## ACKNOWLEDGEMENTS

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

**For and on behalf of the Board of Directors**

Pune, May 03, 2013

**Pheroze Pudumjee**

Chairman



## Auditors' Report

To the Members of *Thermax SPX Energy Technologies Limited*.

### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax SPX Energy Technologies limited. ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the loss for the year ended on that date; and

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

### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

**Chartered Accountants**

Firm's Registration Number: 105102W

**Prasad Paranjape**

**Partner**

Membership Number: 47296

Pune, May 03, 2013

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) In our opinion and according to the information and explanations given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of 'Inventories' are not, on facts, applicable to the Company and hence no comments have been offered there under.
- (iii) The Company has neither taken nor granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedure.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company and hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) As at 31st March 2013, according to the records of the Company and the information and explanation given to us, there are no disputed dues on account of sales-tax, income-tax, custom duty and Cess matters that have not been deposited.
- (x) As the company has been existence for less than five years, para 4(x) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the company.
- (xi) Based on the information & explanations given to us, the Company has no dues to financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loan during the year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, neither noticed nor reported during the year, nor have we been informed of such case by the Management.

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

Firm registration number: 105102W

**Prasad Paranjape**  
**Partner**

Membership No.: 047296

Pune, May 03, 2013

# ANNUAL REPORT 2012-2013

## Balance Sheet as at March 31, 2013

Particulars	Note No	Amount Rs As at March 31, 2013	Amount Rs As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a. Share capital	1	20 00 00 000	20 00 00 000
b. Reserves and surplus	2	(7 80 44 114)	(5 37 51 965)
		<b>12 19 55 886</b>	14 62 48 035
<b>2. Non-current liabilities</b>			
a. Other Long-term liabilities	3	13 01 760	6 62 970
b. Long-term provisions	4		
		<b>13 01 760</b>	6 62 970
<b>3. Current liabilities</b>			
a. Trade payables	5	1 92 24 625	87 91 113
b. Other current liabilities	6	2 04 80 673	1 51 37 311
c. Short-term provisions	7	1 79 11 587	1 47 27 214
		<b>5 76 16 885</b>	3 86 55 638
<b>TOTAL</b>		<b>18 08 74 531</b>	18 55 66 643
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Fixed assets	8		
i. Tangible assets		15 20 470	24 69 380
ii. Intangible assets		2 48 184	5 08 809
b. Deterred Tax Asset (Net)	9	-	-
c. Long-term loans and advances	10	80 63 917	61 86 523
d. Other non-current assets	11	1 93 69 124	52 19 113
		<b>2 92 01 695</b>	1 43 83 825
<b>2. Current assets</b>			
a. Current Investments	12	4 19 00 393	6 22 16 852
b. Inventories		-	-
c. Trade receivables	13	49 54 796	8 17 000
d. Cash and book balances	14	10 13 51 042	10 67 11 831
e. Short-term loans and advances	15	2 33 517	9 62 276
f. Other current assets	16	32 33 088	4 74 859
		<b>15 16 72 836</b>	17 11 82 818
<b>TOTAL</b>		<b>18 08 74 531</b>	18 55 66 643

Notes to the financial statements 22

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

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Amount Rs. Current Year	Amount Rs. Previous Year
<b>I</b> Revenues from operations	17	15 15 35 930	2 83 89 539
<b>II</b> Other income	18	1 26 27 858	1 47 67 187
<b>III</b> Total Revenue (I+II)		<b>16 41 63 788</b>	4 31 56 726
<b>IV</b> Expenses :			
Cost of Traded Goods	19	13 27 90 305	2 72 49 418
Changes in inventories		-	-
Employee benefits	20	2 75 16 057	2 58 53 941
Finance costs		-	-
Depreciation and amortisation		12 09 535	11 69 279
Other expenses	21	2 69 40 040	2 34 42 847
Total Expenses		<b>18 84 55 937</b>	7 77 15 485
<b>V</b> Profit before exceptional and extraordinary items and tax (III-IV)		<b>(2 42 92 149)</b>	(3 45 58 759)
<b>VI</b> Exceptional items		-	-
<b>VII</b> Profit before extraordinary items and tax (V - VI)		<b>(2 42 92 149)</b>	(3 45 58 759)
<b>VIII</b> Extraordinary Items		-	-
<b>IX</b> Profit before tax (VII- VIII)		<b>(2 42 92 149)</b>	(3 45 58 759)
<b>X</b> Tax expense:			
1. Current tax (MAT)		-	-
2. Deferred tax			( 68 92 896)
<b>XI</b> Profit / (loss) for the period from continuing operations (IX-X)		<b>(2 42 92 149)</b>	(4 14 51 655)
<b>XII</b> Profit (Loss) for the period		<b>(2 42 92 149)</b>	(4 14 51 655)
<b>XIII</b> Earning per equity share (Refer note no 1.14)			
1. Basic and Diluted		<b>(1.21)</b>	(2.07)
2. Face Value		<b>10</b>	10

Notes to the financial statements 22

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

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Pheroze Pudemjee**  
Director

**M. S. Unnikrishnan**  
Director

**Dr. Robert Bartels**  
Director

**Prasad V. Paranjape**  
Partner  
Membership No.047296

**Shailesh Wani**  
Chief Executive Officer

**Mahesh Kakade**  
Company Secretary

Pune, 3rd May, 2013

Pune, 3rd May, 2013

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## Notes to Financial Statements

Particulars	Amount Rs As at March 31, 2013	Amount Rs As at March 31, 2012
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### Share capital

#### Equity Share Capital

##### Authorised

5 00 00 000 (Previous Year: 5 00 00 000) Equity Shares of Rs 10 each fully paid **500000000** 500000000

##### Issued and fully paid

2 00 00 000 (Previous Year: 2 00 00 000) Equity Shares of Rs 10 each fully paid **200000000** 200000000

#### a) Reconciliation of shares at the beginning and at the end of the reporting period :

Equity Shares	March-13 Nos	Amount Rs	March-12 Nos	Amount Rs
At the beginning of the period	20000000	200000000	20000000	200000000
Issued during the period	-	-	-	-
Outstanding at the end of the period	20000000	200000000	20000000	200000000

#### b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs 10 per share. Each holder of equity shares is entitled to vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates :

51% of the equity shares are held by Thermax Limited, holding company.

#### d) Details of share holding more than 5% shares in the Company :

	March 31, 2013	March 31, 2012
Equity Shares of Rs. 10 each fully paid up		
- Thermax Limited	51%	51%
- SPX Netherlands B.V.	49%	49%

### Note 2

#### Reserves and Surplus

Balance in Profit and Loss account :

Per Last Balance Sheet	(5 37 51 965)	(1 23 00 310)
Profit and loss statement balance	(2 42 92 149)	(4 14 51 655)
	(7 80 44 114)	(5 37 51 965)
	(7 80 44 114)	(5 37 51 965)

### Note 8

#### Fixed assets

(Refer Note No. 1.1 c & d)

### Particulars

#### Note 3

##### Other Long-term liabilities

Trade payables	12 33 765	5 94 976
(Refer Note 1.4 of Notes 22)		
Others	67 995	67 994
	13 01 760	6 62 970

#### Note 4

##### Long-term provisions

Long Term Employee Benefits

#### Note 5

##### Trade payables

Trade payables	1 92 24 625	87 91 113
(Refer Note 1.4 of Notes 22)		
Acceptances	-	-
	1 92 24 625	87 91 113

#### Note 6

##### Other current liabilities

Contracts in Progress	-	-
Customer Advances	1 53 50 000	1 37 55 400
Other Liabilities	51 30 673	13 81 911
	2 04 80 673	1 51 37 311

#### Note 7

##### Short-term provisions

Short Term Employee Benefits	53 59 785	38 14 088
Gratuity Current Liability	3 71 920	1 47 076
(Refer Note No. 1.2 of Notes 22)		
Provision for Liquidated damages	32 29 200	32 29 200
Provision for Warranty	61 58 200	33 28 200
Others	27 92 482	42 08 650
	1 79 11 587	1 47 27 214

Amount Rs.

Asset Block	Gross Block				Depreciation				Net Block	
	Balance as on 1st April 2012	Additions during the Year	Deductions / adjustments during the year	Balance as on 31st March 2013	Upto 31st March 2012	Depreciation for the year	Deductions / adjustments during the year	Total as on 31st March 2013	As at 31st March 2013	As at 31st March 2012
<b>Tangible Assets :</b>										
Computers	19 80 242		-	19 80 242	10 43 952	6 60 015	-	17 03 967	2 76 275	9 36 290
Office Equipments	58 135		-	58 135	21 170	19 376	-	40 546	17 589	36 965
Furniture & Fixtures	41 963		-	41 963	15 864	13 986	-	29 850	12 113	26 099
Vehicles	18 13 011		-	18 13 011	3 42 985	2 55 533	-	5 98 518	12 14 493	14 70 026
<b>Intangible Assets :</b>										
Software	7 95 434		-	7 95 434	2 86 625	2 60 625	-	5 47 250	2 48 184	5 08 809
<b>Total</b>	<b>46 88 785</b>	<b>-</b>	<b>-</b>	<b>46 88 785</b>	<b>17 10 596</b>	<b>12 09 535</b>	<b>-</b>	<b>29 20 131</b>	<b>17 68 654</b>	<b>29 78 189</b>
Previous year	42 02 662	4 86 123	-	46 88 785	5 41 317	11 69 279	-	17 10 596	29 78 189	36 61 345

## Notes to Financial Statements

Particulars	Amount Rs As at March 31, 2013	Amount Rs As at March 31, 2012
<b>Note 9</b>		
<b>Deferred Tax Asset (net)</b>		
Brought forward business loss / depreciation	-	-
Preliminary expenses	-	-
	<u>-</u>	<u>-</u>
<b>Note 10</b>		
<b>Long-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Security Deposits	30 42 000	30 42 000
Advances to Staff and Workers	2 61 750	-
Balances with Central Excise & Customs account	44 88 529	13 62 048
Other loans and advances (specify nature).	2 71 638	17 82 475
	<u>80 63 917</u>	<u>61 86 523</u>
<b>Note 11</b>		
<b>Other non-current assets</b>		
Long Term Trade Receivables		
Unsecured Considered good	1 93 69 124	52 19 113
Others (specify nature)	-	-
	<u>1 93 69 124</u>	<u>52 19 113</u>
<b>Note 12</b>		
<b>Current Investments</b>		
Non trade		
Investments in Mutual Funds		
(i) 4 18 774 units of Birla Ultra Short Term Fund	4 19 00 393	4 22 16 852
Daily dividend plan - Dividend re-investment		
(ii) 20 00 000 units of Birla Short Term Fixed Maturity		
plan - Series 31 - Growth	-	2 00 00 000
	<u>4 19 00 393</u>	<u>6 22 16 852</u>
Aggregate value of quoted investments		
- Cost	4 19 00 393	6 22 16 852
- Market value (NAV)	4 19 00 393	6 22 51 852
<b>Note 13</b>		
<b>Trade Receivables</b>		
Unsecured trade receivable outstanding for a period		
exceeding six month		
Considered good	66,357	-
Considered doubtful	-	-
Less : Provided for	-	-
Other trade receivable	48 88 439	8 17 000
	<u>49 54 796</u>	<u>8 17 000</u>
<b>Note 14</b>		
<b>Cash and bank balances</b>		
Balances with banks		
- In Current Account	1 99 60 040	4 67 11 831
- Deposit with more than 12 month in maturity	-	-
- Deposit other	8 13 91 002	6 00 00 000
Cash on hand	-	-
Others (specify nature)	-	-
	<u>10 13 51 042</u>	<u>10 67 11 831</u>
<b>Note 15</b>		
<b>Short-term loans and advances</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind	-	-
or for value to be received		
Advances to Suppliers	-	-
Security Deposits	-	11 000
Advances to Staff and Workers	1 19 150	1 20 510
Others	1 14 367	8 30 766
	<u>2 33 517</u>	<u>9 62 276</u>

## Notes to Financial Statements

Particulars	Amount Rs As at March 31, 2013	Amount Rs As at March 31, 2012
<b>Note 16</b>		
<b>Other current assets</b>		
Contracts in Progress	-	-
Balance in Central Excise & Customs Accounts	-	-
Interest accrued but not due	12 18 121	4 74 859
Advance Payment of Income Tax & TDS	20 14 967	-
Other current assets	-	-
	<u>32 33 088</u>	<u>4 74 859</u>
<b>Note 17</b>		
<b>Revenue from operations</b>		
A. Sales		
(i) Domestic	14 06 01 573	2 36 48 717
Add : Closing Contracts in Progress	-	-
Less : Opening Contracts in Progress	-	( 29 58 000)
(ii) Exports	14 06 01 573	2 66 06 717
(i) + (ii)	14 06 01 573	2 66 06 717
B. Sale of services	1 01 58 250	16 41 750
C. Other operating revenues		
Commission	-	-
Exchange Difference Income	-	-
Miscellaneous Income	7 76 107	1 41 072
	<u>7 76 107</u>	<u>1 41 072</u>
D. Less: Excise duty	-	-
(A + B + C - D)	15 15 35 930	2 83 89 539
<b>Note 18</b>		
<b>Other income</b>		
Interest Income	76 20 920	56 88 125
Dividend on current investments	26 35 344	35 74 955
Net gain/loss on sale of current investments	15 48 200	55 04 107
Other non operating income	-	-
(net of expenses directly attributable to such income)		
Excess Provision written back	8 23 394	-
	<u>1 26 27 858</u>	<u>1 47 67 187</u>
<b>Note 19</b>		
<b>Cost of Traded Goods</b>		
Cost of Traded Goods		
Opening Stocks	-	-
Add: Purchases (Trading purchases)	13 27 90 305	2 72 49 418
	<u>13 27 90 305</u>	<u>2 72 49 418</u>
Less: Closing Stocks	-	-
	<u>13 27 90 305</u>	<u>2 72 49 418</u>
<b>Note 20</b>		
<b>Employee Benefits Expense</b>		
Salaries and wages	2 43 21 071	2 28 16 283
Contribution to provident and other funds	24 52 553	19 50 478
Gratuity	1 78 464	4 04 656
(Refer Note no.1.2 of Notes 22)		
Staff welfare expenses	5 63 969	6 82 524
	<u>2 75 16 057</u>	<u>2 58 53 941</u>

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## Notes to Financial Statements

Particulars	Amount Rs Current Year	Amount Rs Previous Year
<b>Note 21</b>		
<b>Other Expenses</b>		
Power and Fuel	9 54 035	8 30 711
Drawing, Design and Technical Service Charges	6 790	11 26 760
Site Expenses and Contract Labour Charges	4 55 533	3 81 756
Rent and Service Charges	33,000	-
Lease Rentals	56 19 282	60 84 000
Repairs and Maintenance:		
Building	4 93 714	3 64 587
Plant and Machinery	-	-
Others	26 878	25 600
Communication	5 63 414	5 73 244
Traveling and Conveyance	30 60 705	33 98 406
Advertising and Exhibition Expenses	-	3 19 501
Testing Charges	-	10 17 424
Bank Charges	17 171	8 550
Legal & Professional Charges	81 25 830	33 03 118
(Refer Note No. 1.5 of Notes 22)		
Printing and Stationery	1 41 057	1 36 446
Liquidated Damages	-	16 14 600
Warranty Expenses	28 30 000	33 28 200
Royalty	3,537,500	-
Net gain or loss on foreign currency transaction and translation	2 89 519	69 968
Miscellaneous Expenses	7 85 613	8 59 976
	<u>2 69 40 040</u>	<u>2 34 42 847</u>

## Note 22

### 1.1 Significant Accounting Policies

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

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

#### b) Use of Estimates

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

#### c) Fixed Assets – Tangible and Intangible

- Tangible assets are stated at cost (net of refundable taxes or levies) and include any other attributable cost for bringing the assets to working condition for their intended use.
- Expenditure incurred on acquisition of software is recognized as Intangible asset if it is expected that such asset will generate sufficient future economic benefits.

#### d) Depreciation

Depreciation on all tangible assets is provided by the Straight Line method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 except the following –

- Depreciation on computers & office equipments is provided at accelerated rate (@33.33% SLM).
- Depreciation on vehicles related to employee benefits is provided at 15% / 13.45% SLM.
- Furniture & fixtures are depreciated at 33.33% pro-rata basis.
- Intangible assets are amortised by straight line method over estimated useful life of such asset.

#### e) Investments

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

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

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

#### f) Employee Benefits

##### Short-Term Benefits

##### Leave Encashment

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

##### Medical and Leave Travel Assistance benefits

Liability on account of the company's obligation under the employee's medical reimbursement scheme and leave travel assistance is provided on actual basis based on the entitlement remaining unutilized as at balance sheet date.



## Notes to Financial Statements

**Employee's Short Term Incentive Plan**

Liability on account of the company's obligation under the employee short-term incentive plan as applicable is provided on actual basis as per the relevant term as determined.

**Long-Term Benefits****Provident Fund**

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

**Superannuation Fund**

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

**Gratuity**

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

**g) Provisions and Contingent Liabilities**

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

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

**h) Revenue Recognition**

Revenue in respect of contract for supply and supervision of erection and commissioning work; execution of which is spread over different accounting periods, is recognized on the basis of percentage of completion method.

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

Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.

Dividend from investments is recognized when the company's right to receive is established. Interest income is accounted on time proportion basis.

**i) Foreign Currency Transactions**

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

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

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

**j) Taxes on Income**

Income tax payable is determined in accordance with the provisions of the Income Tax Act, 1961.

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

The carrying amount of deferred tax assets is 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.

**k) Warranty Cost**

The Company has a policy to record provisions for warranties related to the sales. These provisions are recorded as and when the related sales income is recorded. These provisions are based on the estimates of likely expenses for warranty claims of the job sites, capacity of the product under consideration.

**l) Others**

Liability for liquidated damages is recognized when it is deducted / claimed by the customer or when a reasonable estimate of the likely obligation can be made.

**1.2 Defined benefit Plans for employees (AS 15)**

As per Actuarial valuation as on March 31, 2013 and recognized in financial statements in respect of Gratuity scheme :

(Amounts in Rupees)

Sr. No.	Particulars	2012-13	2011-12
<b>1</b>	<b>Components of Employer Expense</b>		
a)	Current Service Cost	364,050	367,268
b)	Interest Cost	55,496	18,106
c)	Expected Return On plan assets	(33,439)	(33,439)
d)	Net Actuarial (gain) loss recognised in the year	53,042	52,721
e)	Past Service Cost	-	-
f)	Expenses Recognised in the statement of Profit & Loss	1,78,464	404,656
<b>2</b>	<b>Net Assets / (Liability) recognized in Balance Sheet as at 31st March 2013</b>		
a)	Present Value Of Obligation	12,42,986	652,895
b)	Fair Value Of Plan Assets	871,066	505,819
c)	Liability (assets)	371,920	147,076
d)	Unrecognised Past Service Cost	-	-
e)	Liability / (asset) recognised in the Balance Sheet	371,920	147,076
<b>3</b>	<b>Changes in Gratuity Obligation during the year</b>		
a)	Present Value Of obligation Beginning Of The Period	652,895	226,328
b)	Interest Cost	55,496	18,106
c)	Current Service Cost	364,050	367,268
d)	Past Service Cost	-	-
e)	Benefits Paid	-	-
f)	Actuarial (gain) loss on Obligation	170,545	41,193
g)	Present Value Of obligation End Of The Period	12,42,986	652,895
<b>4</b>	<b>Changes in the fair value of Plan Assets</b>		
a)	Fair value of plan Assets Beginning Of The Period	505,819	259,174
b)	Expected Return On plan assets	53,042	33,439
c)	Contributions	314,405	224,734
d)	Benefits Paid	-	-
e)	Actuarial gain / (Loss) Plan Assets	(2,200)	(11,528)
f)	Fair value of plan Assets End Of The Period	871,066	505,819
<b>5</b>	<b>Actual Return On Plan Assets</b>	50,842	21,911



# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## Notes to Financial Statements

Sr. No.	Particulars	2012-13	2011-12
<b>6</b>	<b>Assumptions</b>		
a)	Discount Rate	8%	8.5%
b)	Expected Rate of Return	8%	9%
c)	Employee Turnover	10%	5%
d)	Future salary increase	7%	10%
<b>7</b>	<b>Gratuity</b>		
	Present Value of Obligation	12,42,986	6,52,895
	Plan Assets	8,71,066	5,05,819
	Surplus/(Deficit)	(3,71,920)	(1,47,076)
	Experience Adjustment on Plan Liabilities	(74,244)	(81,641)
	Experience Adjustment on Plan Assets	(2,200)	(11,528)
<b>8</b>	<b>Amounts for current year and previous year are as follows</b>		
	Present Value of Obligation	12,42,986	6,52,895
	Plan Assets	8,71,066	5,05,819
	Surplus/(Deficit)	(3,71,920)	(1,47,076)
	Experience Adjustment on Plan Liabilities	(74,244)	(81,641)
	Experience Adjustment on Plan Assets	(2,200)	(11,528)
	Classified as Non Current	-	-
	Classified as Current	(3,71,920)	(1,47,076)
	Total	(3,71,920)	(1,47,076)
<b>9</b>	<b>Defined Contribution Plans amount recognized in the statement of Profit and Loss</b>		
	Provident fund and other Funds paid	24,52,553	19,50,478
<b>10</b>	<b>Major Category of Plan Assets as a % of total Plan Assets</b>		
	Government Securities (Central & State)	100%	100%
	Total	100%	100%
<b>11</b>	<b>Expected Contribution to the Funds in next year</b>	13-14	12-13
	Gratuity	3,36,413	3,14,405
	Provident Fund	9,83,606	9,19,258

Note: Being Company is incorporated in the FY 09-10; Actuarial valuation data is not available for past four years.

### 1.3 Contingent Liabilities not provided for

Nil

### 1.4 Micro Small & Medium Enterprises

The Company has not received any intimation, from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

### 1.5 Legal & Professional charges includes Audit Fee

Particulars	2012-13 Rs	2011-12 Rs
i. Audit Fees	50,000	50,000
ii. Tax Audit Fees	10,000	10,000
iii. VAT Audit Fees	10,000	10,000

Above figures are exclusive of service tax.

### 1.6. Consumption of Traded Goods etc.

Particulars	Unit	2012 – 13 Rupees	2011 – 12 Rupees
Fabricated Items	Numerous	9,59,60,500	1,84,85,777
Mechanical / Electrical bought-out items	Numerous	3,68,29,805	87,63,641
<b>Total</b>		<b>13,27,90,305</b>	<b>2,72,49,418</b>

### 1.7. Transactions in foreign currency (on accrual basis)

Particulars	2012-13 Rs	2011-12 Rs
<b>Earnings in Foreign Currency</b>		
Reimbursement of expenses	4,64,718	8,17,000
Sales Commission	Nil	Nil
<b>Expenditure in foreign currency</b>		
Foreign Travel Expenses	Nil	68,000
Drawing, Designing, Engineering & Professional Services	67,59,422	34,49,436
Royalty	35,37,500	NIL
<b>Total Expenditure</b>	<b>1,02,96,922</b>	<b>46,44,196</b>

### 1.8. Value of Imports (on CIF basis)

	2012 – 13 Rupees	2011 – 12 Rupees
Raw Material	43,62,669	65,45,919

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

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

### 1.11. Segment Reporting

Primary Segment

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

Secondary Segment

There is no Secondary segment even with reference to geographical location of external customers.

### 1.12. Related Party Disclosures

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

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

##### Parties where control exists:

RDA Holdings Pvt. Ltd.	- Ultimate Holding Company (w.e.f. 01.04.2008)
Thermax Limited	- Holding Company

##### Fellow Subsidiary

Thermax Engineering Construction Company Limited (India)
Thermax Instrumentation Limited (India)
Thermax Sustainable Energy Solutions Limited (India)
Thermax International Limited (Mauritius)
Thermax Hong Kong Limited (Hong Kong)
Thermax Europe Limited (U.K.)
Thermax Inc. (U.S.A)
Thermax (Zhejiang) Cooling and Heating Engineering Co.Limited (China)
Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)
Thermax Onsite Energy Solutions Limited
Thermax Babcock & Wilcox Energy Solutions Private Limited
Thermax Netherlands B.V.
Thermax Denmark ApS
Danstoker A/S
Omnical Kessel- und Apparatebau GmbH
Ejendomsanpartsselskabet Industrivej Nord 13
Rifox- Hans Richter GmbH (Germany)

## Notes to Financial Statements

Fellow Joint Venture Subsidiary  
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. (India)

### Party having substantial interest:

SPX Netherlands BV  
Balcke Durr GmbH

SPX Evaporating Cooling, Kansas City (USA)  
SPX Dry Cooling Technologies, Belgium

### b) Key Management Personnel

Mr. Shailesh Wani – Manager

### c) Transactions with the Related Parties

	2012-13 (Amount Rupees)				2011-12 (Amount Rupees)
Particulars	Holding Company	Fellow subsidiaries – domestic	Companies having substantial Interest	Total	Total
<b>Sales</b> Thermax Ltd. Thermax Instrumentation Ltd.	13,46,58,250	85,00,000	-	<b>13,46,58,250</b> <b>85,00,000</b>	2,52,90,467
<b>Purchases of raw material :</b> '- Balcke Durr GmbH	-	-	Nil	<b>Nil</b>	25,71,464
<b>Sales commission received :</b> - Balcke Durr GmbH	-	-	-	-	-
Office Lease Rent paid Royalty	60,84,000	-	35,37,500	<b>60,84,000</b> <b>35,37,500</b>	60,84,000
<b>Receiving of Services :</b> - Balcke Durr GmbH - SPX Cooling Technologies Belgium	- -	- -	67,59,422 NIL	<b>67,59,422</b> <b>NIL</b>	23,76,192 10,00,000
<b>Reimbursement of Expenses claimed (Net) :</b> - Thermax Ltd (holding company) - Thermax Engineering Construction Company - SPX Evaporating Cooling Technologies, USA - Thermax Instrumentation Ltd	14,70,845 - - -	- - - (6,00,002)	- - (4,64,718) -	<b>14,70,845</b> <b>NIL</b> <b>( 4,64,718)</b> <b>(6,00,002)</b>	39,46,861 36,000 (8,17,000) -
<b>Advances received during the year (net)</b> Thermax Ltd.	1,53,50,000	-	-	<b>1,53,50,000</b>	1,37,55,400
<b>Creditors balances outstanding</b> - Thermax Ltd (holding company) - Balcke Durr GmbH	1,24,38,910 -	- -	- 24,44,100	<b>2,77,88,910</b> <b>24,44,100</b>	60,54,156 14,77,738
<b>Debtors Balances Outstanding</b> - Thermax Ltd (holding company) - SPX Evaporating Cooling Technologies, USA - Thermax Instrumentation Ltd.	2,04,37,383 - -	- - 34,21,818	- 4,64,718 -	<b>2,04,37,383</b> <b>4,64,718</b> <b>34,21,818</b>	52,19,113 8,17,000 -
<b>Deposit Given</b>	30,42,000			<b>30,42,000</b>	

### 1.13 Earning Per Share (EPS)

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

Particulars	2012-13	2011-12
	Rs	Rs
Net Profit/(Loss) available for shareholders	<b>(2,42,92,149)</b>	(4,14,51,655)
Weighted average number of Equity Shares of Rs. 10 each	<b>2,00,00,000</b>	2,00,00,000
Basic and diluted earning per share (face value of Rs 10 each)	<b>(1.21)</b>	(2.07)
Face Value of Share	<b>10</b>	10

1.14. Previous year's figures have been regrouped wherever necessary to conform to this year's classification and to comply with Revised Schedule VI requirements.

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Pheroze Pudumjee**  
Director

**M. S. Unnikrishnan**  
Director

**Dr. Robert Bartels**  
Director

**Prasad V. Paranjape**  
Partner  
Membership No.047296

**Shailesh Wani**  
Chief Executive Officer

**Mahesh Kakade**  
Company Secretary

Pune, 3rd May, 2013

Pune, 3rd May, 2013

# THERMAX SPX ENERGY TECHNOLOGIES LIMITED

## Cash Flow Statement for the year

	2012-13 Rupees	2011-12 Rupees
<b>A Cash flow from Operating Activities</b>		
Net Profit / (Loss) before tax	(2 42 92 149)	(3 45 58 759)
<b>Add: Adjustments for</b>		
Depreciation	12 09 535	11 69 279
Other Income :		
Interest received	(76 20 920)	(56 88 125)
Dividend Received	(26 35 344)	(35 74 955)
Net gain on sale of current investments	(15 48 200)	(55 04 107)
<b>Less: Adjustments for</b>	-	-
<b>Operating profit before working capital changes</b>	<b>(3 48 87 078)</b>	<b>(4 81 56 667)</b>
<b>Adjustments for</b>		
Trade Receivables	(41 37 796)	3 25 28 354
Other Non current assets	(1 41 50 011)	(11 05 099)
Advances to suppliers	-	25 76 021
Other Short term Loans & advances	7 28 759	(2 98 713)
Long term Loans & advances	(18 77 394)	(13 89 498)
Other Current Assets	(27 58 229)	(3 36 529)
Trade payables	1 04 33 512	(1 83 99 637)
Short Term Provisions	31 84 373	97 99 538
Advances from customer	-	86 83 454
Contract in Progress	-	(29 58 000)
Other Current Liabilities	53 43 362	(7 79 913)
Other Long term liabilities	6 38 790	(14 17 376)
Long term Provisions	-	1 49 829
<b>Cash generated from operations</b>	<b>(3 74 81 712)</b>	<b>(2 11 04 236)</b>
Direct taxes paid	-	-
<b>Net cash flow from operating activities (A)</b>	<b>(3 74 81 712)</b>	<b>(2 11 04 236)</b>
<b>B Cash flow from Investing activities</b>		
Purchase of Tangible Assets	-	(4 86 123)
(Purchase) /Sale of investments	-	(2 00 00 000)
Proceeds from Sale / Redemption of investments (net)	2 18 64 659	7 73 68 928
Interest received	76 20 920	56 88 125
Dividend Received	26 35 344	35 74 955
<b>Net Cash Flow from Investing activities (B)</b>	<b>3 21 20 923</b>	<b>6 61 45 885</b>
<b>C Cash flow from Financing Activities</b>		
Net cash from in Financing activities (C)	-	-
<b>Net (decrease)/increase in cash &amp; cash equivalents (A + B + C)</b>	<b>(53 60 789)</b>	<b>4 50 41 649</b>
<b>Opening cash &amp; bank balances</b>	<b>10 67 11 831</b>	<b>6 16 70 182</b>
<b>Closing cash &amp; bank balances</b>	<b>10 13 51 042</b>	<b>10 67 11 831</b>
Balance in Current Account	1 99 60 040	4 67 11 831
Fixed Deposits Less than 12 months	8 13 91 002	6 00 00 000

As per our Report of even date

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No.105102W

**Pheroze Pudumjee**  
Director

**M. S. Unnikrishnan**  
Director

**Dr. Robert Bartels**  
Director

**Prasad V. Paranjape**  
Partner  
Membership No.047296

**Shailesh Wani**  
Chief Executive Officer

**Mahesh Kakade**  
Company Secretary

Pune, 3rd May, 2013

Pune, 3rd May, 2013

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## Board of Directors

Meher Pudumjee-Chairperson  
Mary Pat Salomone  
(Resigned on 16.05.2013)  
M. S. Unnikrishnan  
Joseph Randall Data  
Ravinder Advani  
Rodney Carlson  
Gopal Mahadevan  
D. Paul Scavuzzo

## Registered Office

Dhanraj Mahal, 2nd Floor,  
Chhatrapati Shivaji Maharaj Marg,  
Near Regal Cinema, Colaba,  
Mumbai- 400039.  
Maharashtra, INDIA.

## Auditors

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

## Chief Operating Officer

Deepak Chopra

## Corporate Office

Survey No. 152/153, PMT Complex,  
Behind PCMC Office Building,  
Old Mumbai Pune Road, Pimpri,  
Pune – 411 018.

## Bankers

ICICI Bank Ltd.  
State Bank of India

## Company Secretary

Satish Thombre

## Directors' Report

Dear Shareholder,

Your Directors present their Third Annual Report with the audited accounts of your company for the year ended March 31, 2013.

### FINANCIAL RESULTS

Particulars	2012-2013	2011-2012
	(Rs.in lakh)	
Total income	174	344
Profit/(Loss) before depreciation & amortisation	(2538)	(1499)
Depreciation & Amortisation	(499)	(409)
Profit/(Loss) before tax	(3037)	(1909)
Provision for taxation (incl. deferred tax)	Nil	Nil
Profit/ (Loss) after tax	(3037)	(1909)

### PERFORMANCE

Your company has continued to develop and absorb design and manufacturing know-how and capability. During the year, it has worked on a standard design for 660MW boilers firing Indian coals that will stand it in good stead when the current market position improves.

The manufacturing facility is now nearly complete and most of the equipment and facilities have been installed and commissioned. The company has recently received the recommendation of the American Society of Mechanical Engineers (ASME) Joint Review Team for ASME and National Board Certifications having previously been certified under ISO 9001. These are extremely important accreditations to assist in establishing the Company's credentials as a provider of advanced thermal power generation solutions.

Completion of the plant will be within budget. We continue to work with various statutory and regulatory bodies to secure approvals prior to commercial operations.

The market has been difficult and a few appropriate opportunities for bidding have been available but the company has worked hard to establish itself as a credible and competitive player within the Indian utility boiler market.

For this phase, staffing is complete and headcount is maintained.

### SHARE CAPITAL

During the year under review, the Company has issued 30,000,000 (Thirty Million) equity shares to the joint venture partners, Thermax Limited and Babcock & Wilcox India Holdings, Inc. in the ratio 51: 49. With this issue, the present paid-up share capital is Rs. 271.48 crore.

### FINANCE

It is anticipated that the company will be within the budgeted investment of Rs. 822 crore in the first phase towards its capital expenditure. The promoters have contributed over

Rs. 271.48 crore to date. The company has been sanctioned rupee term loan of Rs. 218.5 crore from ICICI Bank Ltd. and Rs. 218.5 crore from the State Bank of India of which Rs. 301.2 crore have been drawn as on March 31, 2013.

### DIVIDEND

The company has not commenced manufacturing operations and there being no revenue, your Directors are unable to recommend any dividend for the period ended March 31, 2013.

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

A statement of the particulars required under:

- Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and
- Section 217(2A) of the Companies Act, 1956, read with the rules framed there under is set out in the annexure to the Directors' Report.

### DIRECTORS

Mr. Richard Killion and Ms. Mary Pat Salomone have stepped down from the directorship of your company with effect from November 29, 2012 and May 16, 2013, respectively. The Board places on record its appreciation for the valuable guidance provided by them during their tenure.

Mr. D. Paul Scavuzzo has been inducted on the Board of your company as an Additional Director with effect from March 19, 2013. He holds the office till the ensuing Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956 (the Act). The requisite notice, with necessary deposit has been received pursuant to Section 257 of the Act, proposing him as the Director of the company. Necessary resolution appointing Mr. D. Paul Scavuzzo as the Director has been set out in the Notice of the ensuing Annual General Meeting for the approval of the shareholders.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. Gopal Mahadevan and Mr. Ravinder Advani retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Directors.

### BOARD COMMITTEES

Presently, the Board has constituted two committees:

#### 1. Audit & Risk Committee

The committee comprises following members - Mr. Gopal Mahadevan (Chairman), Mr. Joseph Randall Data, Mr. Ravinder Advani and Mr. Rodney Carlson.

The committee met four times during the financial year 2012-13 on the following dates i.e. May 8, 2012, August 2, 2012, November 29, 2012 and March 19, 2013. The Statutory Auditors are permanent invitees and attend all the meetings of the committee.

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## 2. Finance Committee

The committee comprises four members Mr. Gopal Mahadevan (Chairman), Mr. Joseph Randall Data, Mr. Ravinder Advani and Mr. Rodney Carlson.

The committee met once on May 8, 2012 during the financial year 2012-13.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) The financial statements have been prepared on going concern basis.

## AUDITORS

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

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: Pune  
Date: May 16, 2013

**Meher Pudumjee**  
Chairperson

**Annexure to the Report of the Board of Directors as required under Section 217 (1) (e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2013**

## A. CONSERVATION OF ENERGY

This is not applicable as the company has not commenced manufacturing activities during the year under review.

## B. TECHNOLOGY ABSORPTION

### a) Research and Development (R&D)

This is not applicable as the company has not commenced manufacturing activities during the year under review.

### b) Technology absorption, adaptation and innovation

During the year under review, a number of employees undertook training with Babcock & Wilcox Power Generation Co as part of the technology transfer arrangements. However, the technology and skills transferred will not be fully absorbed until completion of manufacturing, supply, erection & commissioning of the first set of such boilers. Therefore, full absorption is expected to take place after receipt and execution of initial orders.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company does not have any foreign exchange earnings. The expenditure in foreign currency (on accrual basis) were towards procurement of capital assets and salaries for expatriates amounting to Rs. 11,022, lakh under Section 217(1)(e) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place: Pune  
Date: May 16, 2013

**Meher Pudumjee**  
Chairperson

## Auditors' Report

*To the Members of Thermax Babcock & Wilcox Energy Solutions Private Limited*

### Report on the Financial Statements

We have audited the accompanying financial statements of Thermax Babcock & Wilcox Energy Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- (b) in the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Firm's Registration Number: 105102W

**Prasad Paranjape**  
**Partner**

Membership Number: 47296

Pune, May 16, 2013

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & no material discrepancies were noticed during the year.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) In our opinion according to the information and explanation given to us, the requirements of Paragraphs 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of 'Inventories' are not, on facts, applicable to the Company and hence no comments have been offered thereunder.
- (iii) As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any instance of continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements with parties referred to in section 301 of the Act. Accordingly, the provision of clause 4(v) (a) & (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company hence not commented upon.
- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of products manufactured by the Company, viz Boilers and are of the opinion that, since the company is yet to start commercial operations, maintenance of cost records is considered not applicable.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, and the information and explanations given to us, there are no disputed dues on account of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess that have not been deposited.
- (x) As the company is in existence for less than five years, paragraph 4 (x) of Companies (Auditor's Report) Order, 2003 (as amended) in respect of accumulated losses is not, on facts, applicable to the company and hence no comments have been offered there under.
- (xi) Based on our procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, either noticed or reported during the year, nor have we been informed of such case by the Management.

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

Firm registration number: 105102W

**Prasad Paranjape**  
**Partner**

Membership No.: 047296

Pune, May 16, 2013



# ANNUAL REPORT 2012-2013

## Balance Sheet as at March 31, 2013

Particulars	Note No	Notes Ref	Rs in Lakh As at March 31, 2013	Rs in Lakh As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>				
1. Shareholders' funds				
a. Share capital	1		27,148.33	24,148.33
b. Reserves and surplus	2		(5,863.93)	(2,827.29)
			<u>21,284.40</u>	<u>21,321.04</u>
2. Non-current liabilities				
a. Long-term borrowings	3	20(2)	30,123.57	50.03
b. Deferred tax liabilities (Net)		20(8)	-	-
c. Other Long-term liabilities	4		-	1,553.32
d. Long-term provisions	5		1.00	111.08
			<u>30,124.57</u>	<u>1,714.43</u>
3. Current liabilities				
a. Other current liabilities	6		4,014.60	11,763.20
b. Short-term provisions	7		371.03	259.42
			<u>4,385.63</u>	<u>12,022.62</u>
<b>TOTAL</b>			<u><u>55,794.60</u></u>	<u><u>35,058.09</u></u>
<b>II ASSETS</b>				
1. Non-current assets				
a. Fixed assets	8			
i. Tangible assets			4,816.17	4,817.79
ii. Intangible assets			2,847.14	2,979.38
iii. Capital work-in-progress			42,604.21	20,425.06
b. Long-term loans and advances	9		1,213.36	3,347.25
c. Other non-current assets	10		1,254.48	368.80
			<u>52,735.36</u>	<u>31,938.28</u>
2. Current assets				
a. Current investments	11		2,717.37	2,754.31
b. Cash and cash equivalents	12		152.07	275.14
c. Short-term loans and advances	13		2.41	0.06
d. Other current assets	14		187.39	90.30
			<u>3,059.24</u>	<u>3,119.81</u>
<b>TOTAL</b>			<u><u>55,794.60</u></u>	<u><u>35,058.09</u></u>

Notes to the financial statements 20

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

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

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

For and on behalf of the Board

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

**Satish Thombre**  
Company Secretary

Pune, 16th May, 2013

Pune, 16th May, 2013

## Profit and loss statement for the year ended March 31, 2013

Particulars	Note No	Notes Ref	Rs in Lacs Current Year	Rs in Lacs Previous Year
I Revenues from operations	15		4.37	-
II Other income	16		169.85	343.99
III Total Revenue (I+II)			<u>174.22</u>	<u>343.99</u>
IV Expenses :				
Employee benefits	17		1,684.78	1,169.68
Finance costs	18		1.13	-
Depreciation and amortisation			498.69	409.42
Other expenses	19		1,026.26	673.50
Total Expenses			<u>3,210.86</u>	<u>2,252.60</u>
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			(3,036.64)	(1,908.61)
VI Exceptional items			-	-
VII Profit/(Loss) before extraordinary items and tax (V - VI)			(3,036.64)	(1,908.61)
VIII Extraordinary Items			-	-
IX Profit/(Loss) before tax (VII- VIII)			<u>(3,036.64)</u>	<u>(1,908.61)</u>
X Tax expense:				
1. Current tax			-	-
2. Deferred tax			-	-
XI Profit / (Loss) for the year from continuing operations (VII-VIII)			<u>(3,036.64)</u>	<u>(1,908.61)</u>
XII Profit/(Loss) for the year (XI + XIV)			<u><u>(3,036.64)</u></u>	<u><u>(1,908.61)</u></u>
XIII Earning per equity share:				
1. Basic & Diluted		20(11)	(1.26)	(1.74)
2. 'Face Value per Share Rs 10 (Previous Year: Rs 10)				

Notes to the financial statements 20

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

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

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

For and on behalf of the Board

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

**Satish Thombre**  
Company Secretary

Pune, 16th May, 2013

Pune, 16th May, 2013

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## Cash Flow Statement

Particulars	Rs in Lacs Year ended March 31, 2013	Rs in Lacs Year ended March 31, 2012
<b>A. Cash Flow from Operating Activities</b>		
Profit before taxation	(3,036.64)	(1,908.60)
Adjustment for :		
Depreciation & Amortisation	498.69	409.42
Dividend / Interest / Brokerage Income	(48.76)	(190.34)
Excess Provision for Depreciation	-	(17.23)
Preliminary Expenses	9.50	15.95
<b>Operating profit before working capital changes</b>	<b>(2,577.21)</b>	<b>(1,690.80)</b>
Changes in Working Capital:		
Increase / (Decrease) in provisions	111.61	251.81
Increase / (Decrease) in other current liabilities	(7,748.60)	11,380.63
Increase / (Decrease) in other long term liabilities	(1,553.32)	(1,817.21)
Increase / (Decrease) in long term provisions	(110.08)	111.08
Increase / (Decrease) in loans & advances	(2.35)	(0.06)
Increase / (Decrease) in other current assets	(97.09)	(90.30)
Increase / (Decrease) in Non-current assets	(885.68)	(177.58)
<b>Cash Generated from Operations</b>	<b>(12,862.72)</b>	<b>7,967.56</b>
Taxes paid (net of refunds)		
Net Cash generated from operating activities	(12,862.72)	7,967.56
<b>B. Cash flow from Investing Activities</b>		
Purchase of tangible / intangible assets incl WIP & Capital Advances	(20,410.10)	(23,990.57)
(Purchase)/sale of current investments	36.94	1,046.47
Dividends received	48.76	190.34
<b>Net cash from investing activities</b>	<b>(20,324.39)</b>	<b>(22,753.77)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	30,073.54	50.03
Proceeds from issue of shares net of share issue expenses	3,000.00	14,500.00
Preliminary Expenses	(9.50)	(15.95)
<b>Net Cash used in financing activities</b>	<b>33,064.04</b>	<b>14,534.08</b>
<b>Net increase in Cash and Cash equivalents (A + B + C)</b>	<b>(123.07)</b>	<b>(252.13)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>275.14</b>	<b>527.27</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>152.07</b>	<b>275.14</b>
<b>Cash and Cash equivalents comprise of :</b>		
Cash on Hand		
Cheques on Hand		
Balances with Banks in Current Accounts	152.07	275.14
<b>Total</b>	<b>152.07</b>	<b>275.14</b>

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

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

**Satish Thombre**  
Company Secretary

Pune, 16th May, 2013

Pune, 16th May, 2013

## Notes to Financial Statements

Particulars	Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012
<b>Note 1</b>		
<b>Share capital</b>		
Share Capital	40,000.00	40,000.00
Authorised 400,000,000 (Previous Year:400,000,000) Equity Shares of Rs 10 each'		
Issued, Subscribed and Paid-up	27,148.33	24,148.33
27,14,83,265 (Previous Year: 24,14,83,265) Equity Shares of Rs 10 each fully paid up		
(Out of the above 13,84,56,465 (Previous Year:12,31,36,465) Equity Shares of Rs 10 each are held by Thermax Ltd, Holding Company.)		
<b>TOTAL</b>	<b>27,148.33</b>	<b>24,148.33</b>

a) Reconciliation of the shares at the beginning and at the end of the reporting period.

Equity Shares	March 2013 Nos	Rs in Lakh	March 2012 Nos	Rs in Lakh
At the beginning of the period	241483265	24,148.33	69483265	6,948.33
Issued during the period	30000000	3,000.00	172000000	17,200.00
Outstanding at the end of the period	271483265	27,148.33	241483265	24,148.33

b) Term/rights attached to equity shares

The Company has only one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and/ or their subsidiaries/ associates. 51% of the equity shares are held by the holding company, Thermax Limited. (13,84,56,465 (Previous Year:12,31,56,465) Equity Shares of Rs 10 each are held by Thermax Ltd, the holding company.)

d) Details of Share holding more than 5% shares in the Company.

	March 2013	March 2012
Equity Shares of Rs. 10 each fully paid up		
Thermax Limited	51%	51%
Babcock & Wilcox India Holdings INC	49%	49%

Particulars	Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012
<b>Note 2</b>		
<b>Reserves and Surplus</b>		
Surplus		
Per Last Balance Sheet	(2,827.29)	(918.69)
Profit and loss statement balance	(3,036.64)	(1,908.60)
<b>TOTAL</b>	<b>(5,863.93)</b>	<b>(2,827.29)</b>

**Note 3**  
**Long-Term Borrowings**

Secured Long Term Borrowings :  
Term loans

From banks.	20 (2)	30,123.57	50.03
From other parties.		-	-
<b>TOTAL</b>		<b>30,123.57</b>	<b>50.03</b>

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## Notes to Financial Statements

Particulars		Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012
<b>Note 4</b>			
<b>Other Long-term liabilities</b>			
Others (Creditors for Capital Goods)		-	1,553.32
<b>TOTAL</b>		-	1,553.32
<b>Note 5</b>			
<b>Long-term provisions</b>			
Long Term Employee Benefits for Gratuity	20 (3)	-	96.21
Long Term Employee Benefits for Superannuation		1.00	14.87
<b>TOTAL</b>		1.00	111.08

Particulars		Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012
<b>Note 6</b>			
<b>Other current liabilities</b>	20 (5)		
Interest accrued but not due on borrowings		167.14	-
Others (Creditors for Capital Goods)		3,418.79	11,123.75
Payable to Bank (Forwards)		3,832.76	
Less : Forward Contract Receivable		3,504.55	328.21
Other Liabilities		100.46	157.42
<b>TOTAL</b>		4,014.60	11,763.20
<b>Note 7</b>			
<b>Short-term provisions</b>			
Short term Employee Benefits		351.38	232.65
Short Term Employee Benefits (Gratuity)	20 (3)	-	17.85
Others		19.65	8.92
<b>TOTAL</b>		371.03	259.42

## Note 8 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost As On 1.4.2012	Additions During the Year-12-13	Deductions During The Year 12-13	Total Cost as on 31.3.2013	Upto 31st March 2012	Deductions During the Year 12-13	Provisions During the Year 12-13	Total As On 31.3.2013	As on 31 st March 2013	As on 31 st March 2012
<b>Tangible Assets</b>										
Land - Leasehold	4,548.59	-	-	4,548.59	63.18	-	46.88	110.06	4,438.53	4,485.40
Furniture and Fixtures	27.25	1.48	-	28.73	13.63	-	5.07	18.70	10.03	13.62
Office Equip, Computer	301.74	130.18	-	431.92	60.02	-	113.54	173.56	258.36	241.72
R & D Assets	-	-	-	-	-	-	-	-	-	-
Vehicles	84.07	40.27	-	124.34	7.02	-	8.08	15.10	109.24	77.05
	4,961.65	171.93	-	5,133.58	143.85	-	173.57	317.42	4,816.17	4,817.79
<b>Intangible Assets</b>										
Technical Knowhow	3,472.17	192.88	-	3,665.05	492.79	-	325.12	817.91	2,847.14	2,979.38
<b>Total</b>	<b>8,433.82</b>	<b>364.81</b>	<b>-</b>	<b>8,798.63</b>	<b>636.64</b>	<b>-</b>	<b>498.69</b>	<b>1,135.33</b>	<b>7,663.31</b>	<b>7,797.17</b>
<b>Previous Year</b>	<b>7,629.17</b>	<b>804.64</b>	<b>-</b>	<b>8,433.81</b>	<b>181.26</b>	<b>-</b>	<b>455.38*</b>	<b>636.64</b>	<b>-</b>	<b>-</b>
CWIP	-	-	-	-	-	-	-	-	42,604.21	20,425.06

Note: The amount of Rs Nil (Previous Year Rs 45.96 lacs) is transferred to Capital Work in Progress being attributable to construction/development of other assets.

Particulars	Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012
<b>Note 9</b>		
<b>Long-term loans and advances</b>		
Unsecured, considered good		
Capital Advances	1,071.06	3,236.37
Security Deposits	142.30	110.88
<b>TOTAL</b>	1,213.36	3,347.25
<b>Note 10</b>		
<b>Other non-current assets</b>		
Balance in Central Excise & Customs Accounts	810.62	309.02
VAT Set off	443.86	59.78
<b>TOTAL</b>	1,254.48	368.80

<b>Note 11</b>		
<b>Current Investments</b>		
Non trade, Quoted but not listed		
Investments in Mutual Funds (refer note below)	2,717.37	2,754.31
<b>TOTAL</b>	2,717.37	2,754.31

<b>Note :</b>			
<b>As at 31st March 2013</b>			
<b>Name of Investment</b>	<b>Units</b>	<b>Cost Rs in Lakh</b>	<b>NAV Rs in Lakh</b>
Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend Scheme - Reinvestment	27 15 878	2,717.37	2,717.37
<b>As at 31st March 2012</b>			
<b>Name of Investment</b>	<b>Units</b>		<b>NAV Rs in Lakh</b>
Birla Sunlife Ultra Short Term Fund - Institutional - Daily Dividend Scheme - Reinvestment	27 52 796	2,754.31	2,754.31

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## Notes to Financial Statements

Particulars	Notes Ref	Rs in Lacs As at March 31, 2013	Rs in Lacs As at March 31, 2012	Notes Ref	Rs in Lacs Current Year	Rs in Lacs Previous Year
<b>Note 12</b>				<b>Note 19</b>		
<b>Cash and cash equivalents</b>				<b>Other Expenses</b>		
Balances in current accounts		152.07	275.14	Consumption of stores and spare parts	14.80	-
<b>TOTAL</b>		<u>152.07</u>	<u>275.14</u>	Electricity Expenses	49.67	35.69
				Drawing, Design and Technical Service Charges	17.31	0.02
<b>Note 13</b>				Site Expenses and Contract Labour Charges	-	1.13
<b>Short-term loans and advances</b>				Rent and Service Charges	20 (10)	192.82
Advances to Staff and Workers		2.41	0.06	Rates and taxes, excluding taxes on income.	-	1.69
<b>TOTAL</b>		<u>2.41</u>	<u>0.06</u>	Insurance	0.87	4.66
				Repairs and Maintenance:		
<b>Note 14</b>				Building	28.43	45.96
<b>Other current assets</b>				Plant and Machinery	3.41	0.54
Unamortised Premium on Forwards		187.39	90.30	Others	20.01	50.79
<b>TOTAL</b>		<u>187.39</u>	<u>90.30</u>	Communication	17.73	16.95
				Traveling and Conveyance	154.37	73.73
	Notes Ref	Rs in Lacs Current Year	Rs in Lacs Previous Year	Advertising and Exhibition Expenses	15.55	7.36
<b>Note 15</b>				Other Selling and Distribution Expenses	14.87	7.32
<b>Revenue from operations</b>				Bank Charges	51.50	58.71
A. Other operating revenues				Legal & Professional Charges	20 (6)	213.94
Sale of Scrap		3.45	-	Printing and Stationery	8.74	8.06
Miscellaneous income		0.92	-	Deputation Charges	-	11.29
<b>TOTAL</b>		<u>4.37</u>	<u>-</u>	Premium on Forward Contracts (net)	176.98	-
				Security Expenses	12.32	15.58
<b>Note 16</b>				Recruitment Expenses	2.06	7.75
<b>Other income</b>				Books and Periodicals	1.55	9.88
Interest Income		0.21	0.25	Miscellaneous Expenses	19.85	23.89
Dividend Income				Preliminary Expenses	9.50	15.95
Current Investment		48.76	190.34	<b>TOTAL</b>	<u>1,026.26</u>	<u>673.50</u>
Excess Provision for Depreciation		-	17.23			
Net Gain on foreign currency transactions and translation		120.88	136.17			
<b>TOTAL</b>		<u>169.85</u>	<u>343.99</u>			
<b>Note 17</b>						
<b>Employee Benefits Expense</b>						
Salaries and wages		1,529.53	1,002.54			
Contribution to provident and other funds		119.67	65.99			
Gratuity	20 (3)	0.91	22.64			
Staff welfare expenses		34.67	78.51			
<b>TOTAL</b>		<u>1,684.78</u>	<u>1,169.68</u>			
<b>Note 18</b>						
<b>Finance Costs</b>						
Interest expense		1.13	-			
<b>TOTAL</b>		<u>1.13</u>	<u>-</u>			

## Notes to Financial Statements

## Note 20

## 1. Significant Accounting Policies

## a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respect with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

## b) Use of Estimates

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

## c) Fixed Assets – Tangible Assets &amp; Intangible

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

Expenditure incurred on acquisition of technical know-how and such other intangibles are recognized as Intangible Asset, if it is expected that such assets will generate sufficient future economic benefits.

All cost directly attributable to the assets are capitalised to the asset.

## d) Depreciation

Cost incurred on Leasehold land is amortized over the period of lease.

Depreciation on Furniture & Fixtures, Air Conditioners, Office Equipments, Electrical Installation at Administrative Office is provided by the Straight Line Method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 Except for the following:

Depreciation on computers is provided at accelerated rate (@33.33% SLM).

Technical Know How is amortized by straight line method over 10 years.

## e) Asset Impairment

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

## f) Investments

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

## g) Employee Benefits

Long-Term Benefits

## Provident Fund

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

Superannuation Fund

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

## Gratuity

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

Short-Term Benefits

## Leave Encashment

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

## Medical and Leave Travel Assistance benefits

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

## Employee's Short Term Incentive Plan

Liability on account of the company's obligations in respect employee short-term incentive plan as applicable is provided on accrual basis.

## h) Provisions and Contingent Liabilities

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

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

## i) Revenue Recognition

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

Interest income is recognized on time proportion basis.

## j) Foreign Currency Transactions

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

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

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

In accordance with the provisions contained in The Companies (Accounting Standards) Amendment Rules 2011, and in conforming to the Accounting Standard 11 (AS 11), in respect of long term foreign currency liabilities incurred for acquisition of assets, the exchange difference arising on reporting of said liabilities are adjusted to the cost of the assets.

The Company uses foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations to underlying transactions and

# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## Notes to Financial Statements

for firm commitments. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transaction is recognised as income or expense over the life of the contract.

### k) Preliminary Expenses

Expenses relating to formation of company are charged to profit and loss account as and when incurred.

## 2. Long Term Borrowings

During the year, term loan facilities were obtained from ICICI Ltd and State Bank of India aggregating to Rs 43,700 lacs to be funded equally by both the Banks.

Out of the above Company has drawn down Rs 30,123 lacs.

The repayment term of the loan is scheduled on quarterly basis starting from quarter ending 12 months from Commercial Operation Date over a period of six years.

The loan is secured by First Charge on moveable Properties, first charge on all rights, title and interests of the borrower and second charge on raw material stock, semi finished and finished goods as well as book debts and by way of deposit of title deeds for immovable property of the company mainly plot of land and all construction thereon.

## 3. Employee Benefits

Defined Benefit Plans for Employees (AS 15)		
	Rs Lacs 2012-13	Rs Lacs 2011-12
i Components of Employer expense		
a Current Service Cost	15.30	11.70
b Interest Cost	9.60	7.80
c Expected Return on Plan Assets	(6.91)	(0.22)
d Actuarial (Gain)/Loss	(17.08)	3.36
e Past Service Cost	-	-
f Total expense recognised in the Profit and Loss Account	0.91	22.64
ii Net Assets/(Liability) recognised in Balance Sheet as at 31st March 2013		
a Present Value of Obligation	142.90	114.06
b Fair Value of Plan Assets	154.14	4.48
c Asset/(Liability) recognised in the Balance Sheet	11.24	(109.58)
iii Change in Gratuity Obligation during the year		
a Present Value of Obligation as at 31st March 2012	114.06	-
b Acquisition adjustment	-	91.74
c Current Service Cost	15.30	11.70
d Interest Cost	9.60	7.80
f Actuarial (Gain)/Loss	6.17	2.83
g Benefit Paid	(2.23)	-
h Present Value of Obligation as at 31st March 2013	142.90	114.06
iv Changes in the Fair Value of Plan Assets		
a Present Value of Plan Assets as 31st March 2012	4.48	-
b Acquisition adjustment	(25.07)	-
c Expected Return on Plan Assets	6.91	0.22
d Actual Company Contribution	146.80	4.79
e Benefits Paid	(2.23)	0
f Actuarial Gain/(Loss)	23.25	(0.53)
g Present Value of Plan Assets as 31st March 2013	154.13	4.48
iv Actuarial Assumptions		
a Discount Rate	8.3% p.a.	8.5% p.a.
b Expected Rate of Return	9.0% p.a.	9.0% p.a.
c Mortality LIC 1994-96 ULTIMATE		
d Future Salary Increases	7.0% p.a.	7.0% p.a.
e Disability	Nil	Nil
f Attrition	2% p.a.	2% p.a.
g Retirement	60 years	60 years

### v) Amounts recognised in current year and previous four years

Rs in Lakh

Particulars	March 31, 2013	March 31, 2012	March 31, 2011
Gratuity			
Defined Benefit Obligation	142.90	114.06	Nil
Plan Asset	154.14	4.47	Nil
Surplus / (Deficit)	11.24	(109.58)	Nil
Experience adjustments in plan liabilities	(4.19)	-	Nil
Experience adjustments in plan assets	23.25	(0.53)	Nil
Classified as Non-Current	-	-	Nil
Classified as Current	23.25	109.58	Nil
Total	23.25	109.58	Nil

Note: The Company was incorporated on 26th June 2010 and hence the details above can be given for past two years.

### vi) Major Category of Plan Assets as a % of total Plan Assets

Rs in Lakh

Particulars	2012-13	2011-12
Government Securities (Central and State)	100%	100%
Corporate Bonds	-	-
Equity Shares of Listed Companies	-	-
Fixed Deposits under Special	-	-
Deposits Schemes of Central Government	-	-
Public Sector Unit Bonds	-	-
Total %	100%	100%

Actual return on planned asset is 9% 9%

### vii) Defined Contribution Plans amount recognised in the Statement of Profit and Loss

Rs in Lakh

Particulars	2012-13	2011-12
Provident and other funds paid	119.67	65.99

### viii) Expected Contribution to funds in next year

Rs in Lakh

Sr. No.	Particulars	FY 13-14	FY 12-13
1	Gratuity	19.83	4.61
2	Provident Fund	51.77	48.58

## 4. Contingent Liabilities not provided for (Rs in Lacs)

- Bank Guarantees provided to third parties as security for bid documents Rs. 5,731.57 (Previous Year; 8,498.10). Bank guarantees issued to statutory authorities Rs. 1,072.06 (Previous Year : Rs. 1,072.06)
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 13,891.00 (Previous Year: Rs. 14,919.01)
- The Company has saved duty amounting to Rs. 3,614 (Previous Year: Rs. 2,051) under Export Promotion Capital Goods Scheme (EPCG) against which there is an export obligation of six times the value of duty saved ie Rs. 21,684 (Previous Year : Rs. 12,306) over a period next five years.

## Notes to Financial Statements

### 5. Micro & Small Scale Enterprises

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

Sr. No.	Particulars	Principal Amount	Interest	Total
A	Total Outstandings to MSMED vendors	Nil	Nil	Nil
B	Principal amount and Interest due thereon to MSMED parties BOTH remaining unpaid as on 31st March 2013	Nil	Nil	Nil
C	Amount of Interest paid in terms of Sec 16 of MSMED Act alongwith the RELATED principal amount paid during the Year	Nil	Nil	Nil
D	Outstanding Interest (where principal amount has been paid off to the supplier but interest amount is outstanding as on 31st March 2013)	Nil	Nil	Nil
E	Total Interest outstanding as on 31st March 2013 (Interest in 'b' + Interest in 'd' above)	Nil	Nil	Nil

### 6. Legal & Professional Charges include :

Particulars	2012-13	2011-12
Auditors' Remuneration (Excl Service Tax)		
(I) Audit Fees	4.25	2.00
(ii) Tax Audit fees	-	0.50
(iii) VAT Audit fees	0.25	0.25
(iv) Other Services- Certification Fees	1.56	1.44

### 7. Expenditure in Foreign Currency

Sr. No.	Particulars	2012-13	2011-12
(I)	Expat Salaries	529.07	536.81
(II)	Technical Fees	Nil	Nil
(III)	Procurement of Capital Assets	10,492.89	1,635.70

### 8. Deferred taxes

Sr. No.	Particulars	2012-13	2011-12
(I)	Deferred Tax Liability On account of difference in written down value of Fixed Assets	(230.60)	(444.52)
(II)	Deferred Tax Asset (DTA)		
a)	Provision for Gratuity	(37.01)	37.01
b)	Provision for Leave Encashment	9.36	29.04
c)	On unabsorbed depreciation (restricted to deferred tax liability)	258.24	378.48
	Net deferred tax liability	Nil	Nil

### 9. Related Party Disclosures

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

- a) List of related parties and description of relationships:
- Parties where control exists:
- RDA Holdings Pvt. Ltd. - Ultimate Holding Company (w.e.f. 01.04.2008)
- Thermax Limited - Holding Company

### Fellow Subsidiary

Thermax Engineering Construction Company Limited (India)

Thermax Instrumentation Limited (India)

Thermax Sustainable Energy Solutions Limited (India)

Thermax International Limited (Mauritius)

Thermax Hong Kong Limited (Hong Kong)

Thermax Europe Limited (U.K.)

Thermax Inc. (U.S.A)

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

Thermax do Brasil Energia e Equipamentos Ltda. (Brazil)

Thermax Onsite Energy Solutions Limited

Thermax SPX Energy Technologies Limited.

Thermax Netherlands B.V.

Thermax Denmark ApS

Omnical Kessel- und Apparatebau GmbH

Ejendomsanpartsselskabet Industrivej Nord 13

Rifox – Hans Richter GmbH

Danstoker A/S

Party having significant influence :

Babcock & Wilcox India Holdings INC.

Babcock & Wilcox Power Generation Group.

### b) Key Management Personnel

Mr. Deepak Chopra(DC) – Chief Operating Officer.

### c) Transactions with the Related Parties

Particulars	2012-13 (2011-12)	(INR lacs)			
	Thermax Limited	Babcock & Wilcox India Holdings INC	Babcock & Wilcox Power Generation Group	Key Management Personnel (DC)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Equity Infusion/Share Application Money	1,530 (7,395)	1,470 (7,105)			3,000 (14,500)
Receiving of Services			529 (536)		529 (536)
Creditors balances outstanding	60 (657)		2,410 (3,674)		2,470 (4,331)
Personnel Cost & Other Expenses				274 (305)	274 (305)

Figures in brackets denote previous year

### 10. Operating Leases

The company has entered into non-cancellable leasing arrangements for an office premise. The total lease payments recognized in the Profit and Loss Account towards the said leases amounts to Rs 189.15 lacs. (Previous Year: Rs 180.00 lacs)

The future lease payments in respect of the above are as follows:

Particulars	2012-13	2011-12
Not later than one year	189.15	165.50
Later than one year but not later than three years	423.46	584.27
Later than three years but not later than five years	27.35	244.83



# THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS PRIVATE LIMITED

## Notes to Financial Statements

### 11. Earning Per Share (EPS)

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

(Amt in lakh)		
Particulars	2012-13	2011-12
Net profit/(loss) for Shareholders (Rs. Lacs)	(3,036.65)	(1,908.60)
Weighted average number of Equity Shares of Rs. 10 each	24,18,67,880	10,99,57,659
Basic and Diluted earning per share (Rs.)		
Face Value per share of Rs 10/- each (Previous Year: Rs 10)	(1.26)	(1.74)

### 12. Hedging instruments

The Company takes forward contracts/options to hedge exposures arising out of net foreign currency payables and receivables.

- a) The Net Open Position is covered by simple forward and range forward as given below:

(Amt in lakh)		
Particulars	2012-13	2011-12
Amount USD (million)	5.03	2.70
Forward Rate (Rs)	58.38	51.95
Closing Rate (Rs)	54.39	51.13
Gain/(Loss) (Rs in Lacs)	200.53	22.14
Amount Eur (million)	0.97	11.87
Forward Rate (Rs)	70.35	68.44
Closing Rate (Rs)	69.75	67.97
Gain/(Loss) (Rs in Lacs)	5.82	55.79
Amount CAD (million)	0.02	1.42
Forward Rate (Rs)	53.42	49.87
Closing Rate (Rs)	53.73	51.38
Gain/(Loss) (Rs in Lacs)	(0.06)	(21.42)
Amount JPY (million)	-	6.80
Forward Rate (Rs)	-	0.63
Closing Rate (Rs)	-	0.62
Gain/(Loss) (Rs in Lacs)	-	0.68

- b) The unhedged exposure of foreign currency transactions is as follows:

(Amt in lakh)		
Particulars	2012-13	2011-12
Payables		
License fees	632.42	1,783.55

13. Pursuant to notification dated 29th December 2011, Ministry of Corporate Affairs, had issued an amendment to Accounting Standard 11 "The effects of changes in Foreign Exchange Rates" to allow companies capitalisation of exchange difference arising on long term foreign currency monetary items. Pursuant to above, in the previous year the company had exercised the option of capitalizing exchange differences arising on reporting of long term foreign currency liabilities in so far as they relate to the acquisition of depreciable capital assets. Accordingly, in the current financial year an amount of Rs. 193 Lacs ( Previous Year : Rs. 429 Lacs) has been capitalized.
14. The financial statements are not authenticated by the Managing Director as required under sections 269, of the Companies Act, 1956. Necessary steps are being taken by the Company to appoint a Managing Director.
15. Previous year's figures have been regrouped / rearranged wherever necessary to conform to this year's classification and to comply with Revised Schedule VI requirements.

As per our report of even date

For and on behalf of the Board

**For B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

**Prasad V. Paranjape**  
Partner  
Membership No. 047296

**Gopal Mahadevan**  
Director

**Ravinder Advani**  
Director

**Satish Thombre**  
Company Secretary

Pune, 16th May, 2013

Pune, 16th May, 2013





**THERMAX**

**Sustainable Solutions  
Energy & Environment**