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**CERTIFIED TRUE COPY
FOR THERMAX LIMITED**

David

BY COMPANY SECRETARY

B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

Auditors' Report

To the members of Thermax Limited

1. We have audited the attached Balance Sheet of Thermax Limited as at 31st March 2012, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the "Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company as required by law, so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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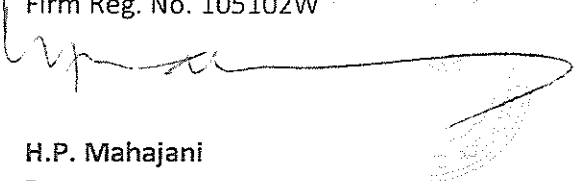
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Branch Office : Bengaluru

- Tel : (080) 4110 5357 •
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- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (e) On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, together with the Notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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


H.P. Mahajani
Partner
Membership no. 30168

Pune, 11th May 2012

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

1.

- (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals during the year and the discrepancies noticed have been properly dealt with in the books of account.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2.

- (a) The inventory of the Company has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material.



3. The Company has neither granted nor taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms etc., listed in the register maintained under Section 301 of the Act, paragraphs 4(iii)(a) to (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5.
 - (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time as evaluated on the basis of quotations obtained from parties / prices charged by the Company in case of similar transactions during the year and considering that having regard to certain items purchased / sold are of a special nature in respect of which suitable alternative sources do not exist for obtaining comparative quotations in general.
6. The Company has not accepted any deposits under the provisions of Sections 58A and 58AA of the Act and the rules framed there under.



7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of product where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records maintained as aforesaid.
- 9.
- (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, have generally been regularly deposited by the Company during the year with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding at the year end, for the period exceeding six months from the date they became payable.
- (c) As at 31st March 2012, according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of Sales-tax, Income-tax, Custom Duty, Wealth tax, Service tax, Excise Duty and Cess matters that have not been deposited on account of a dispute:



Name of the Statute	Nature of Dues	Amount under disputed not yet deposited (Rs. Crore)	Period to which the amount related	Forum where the dispute is pending
Central Sales Tax Act and local sales tax Acts (Including works contract)	Sales tax including interest and penalty, as applicable	0.03	1992-93	Appellate Authority - upto Commissioner's level
		0.00	2000-01	
		0.01	2001-02	
		0.02	2003-04	
		0.16	2003-04	
		0.02	2004-05	
		3.97	2004-05	
		0.01	2006-07	
		0.82	2007-08	
		0.00	2007-08	
		0.90	2008-09	
		1.23	2009-10	
		1.28	2003-04	
		0.04	2003-04	
		3.80	2003-04	
		2.46	2004-05	
		0.00	2001-02	Tribunal
		1.14	2006-07	
		0.05	2000-01	High Court
		0.04	2001-02	
		0.37	2001-02	
		0.18	2002-03	
		0.16	2003-04	
		0.34	2004-05	
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	0.19	2001-02	Appellate Authority - upto Commissioner's level
		0.70	2003-04	
		0.34	2003-04	
		0.85	2005-06	
		0.07	2006-07	
		0.02	2008-09	
		0.03	2009-10	

		0.15	2007-08	Tribunal
		0.02	2001-02	
		3.84	2006-07	Supreme court
		1.60	1997-98	Supreme court
Custom Act. 1962	Custom duty including interest and penalty. as applicable	0.34	2005-06	Tribunal
Service Tax (Finance Act,1994)	Service tax including interest and penalty. as applicable	0.43	2003-04	CESTAT Mum
		2.31	2005-06	
ESI Act , 1948	Dues , interest and penalty as applicable	0.02	1989-91	ESI Court
Income Tax Act ,1961	Income Tax including interest and penalty as applicable	11.92	2008-09	Commissioner (Appeals)
		5.37	2008-09 to 2012-13 & 2007-08 to 2010-11	
Maharashtra Mathadi, Hamal, & other Manual Workers Act 1969	Work of Mathadi nature carried out by unregistered workers w.r.t applicability of the Mathadi Act.	0.24	2008-09	High court

10. The Company has neither accumulated losses as at 31st March 2012, nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the Management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the balance sheet date.

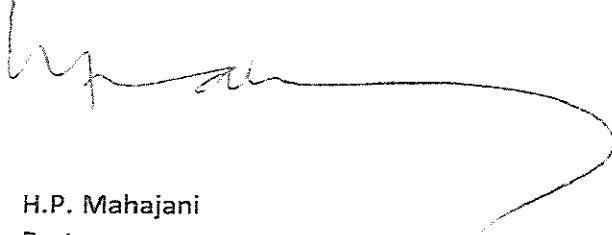
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. However, in respect of transactions relating to investment in certain securities, the Company has maintained proper records of transactions and contracts during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name.
15. Based on the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given counter guarantees / corporate guarantees on behalf of its subsidiaries to the banks during the year, are not prima facie prejudicial to the interest of the Company.
16. The Company has not taken any term loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. No debentures have been issued by the the company during the year.



20. The Company has not raised any money by public issue during the year.

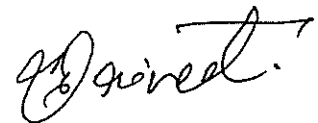
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

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



H.P. Mahajani
Partner
Membership no. 30168
Pune, 11th May 2012

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FOR THERMAX LIMITED


M. COMPANY SECRETARY

