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B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

Independent Auditors' Report**To the Members of Thermax Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Thermax 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.

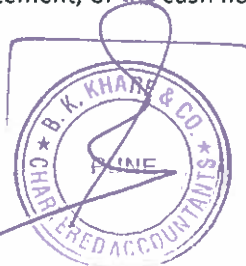
Opinion

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.

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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

H.P. Mahajani
Partner

Membership Number: 030168

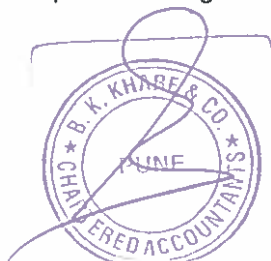


Date: May 22, 2013

Place: Pune

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

- (i)
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets.
 - (b) The Fixed assets of the Company have been physically verified by the management at reasonable intervals during the year & 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.
- (ii)
 - (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 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 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.
- (iii) The Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (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 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 have been informed of any instance of continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v)
 - (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.

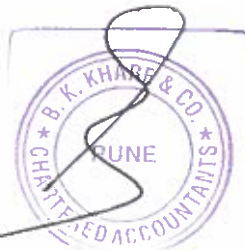


- (vi) The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the 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. We have not, however, made a detailed examination of the records maintained as aforesaid.
- (ix) (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, 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 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 dues not yet deposited	Period to which 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	High court
		0.01	2006-07	Appellate Authority -upto Commissioner's level
		0.23	2008-09	--"
		1.28	2003-04	--"

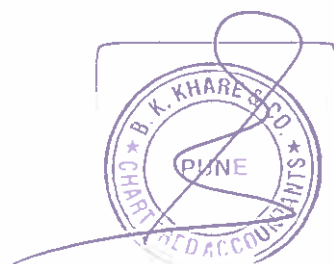


		3.80	2003-04	--"
		2.46	2004-05	--"
		0.03	2008-09	Appellate Authority -upto Commissioner's level
		0.09	2009-10	--"
		3.97	2004-05	Appellate Authority -upto Commissioner's level
		0.00	2001-02	Tribunal
		1.14	2006-07	--"
		0.05	2000-01	High Court
		0.04	2001-02	--"
		0.37	2001-02	--"
		0.18	2002-03	--"
		0.34	2004-05	--"
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable			
		0.21	2001-02	Appellate Authority -upto Commissioner's level
		0.36	2003-04	CESTAT
		0.86	2005-06	--"
		0.07	2006-07	--"
		3.84	2006-07	Supreme court
		0.22	2008-09	CESTAT
		0.00	2009-10	--"
		0.17	2007-08	--"
		0.00	2001-02	--"
		9.35	2012-13	--"
		1.60	1997-98	Supreme court
Custom Act. 1962	Custom duty including interest and penalty, as applicable	0.38	2005-06	CESTAT
Service Tax (Finance Act,1994)	Service tax including interest and penalty, as applicable	2.48	2005-06	CESTAT
		0.13	2012-13	--"
		39.60	2012-13	--"
ESI Act , 1948	Dues , interest and penalty as applicable	0.07	1989-91	ESI Court
Income Tax Act ,1961	Income Tax including interest and penalty as applicable	13.54	2009-10	Commissioner (Appeal)
		4.86	2007-08	Commissioner (Appeal)



Maharashtra Mathadi, Hamal, & other Manual Workers Act 1969	Work of Mathadi nature carried out by registered workers w.r.t applicability of the mathadi Ac.	0.24	2008-09	High court
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- (x) The Company has neither accumulated losses as at 31st March 2013, nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- (xi) 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.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion and according to the information & explanation given to us the Company is not a dealer or trader in, securities, debentures and other investments. However, in respect of transactions relating to investment in certain securities, the company has maintained proper records of transactions & contracts during the year and timely entries have been made there in. However such securities have been held by the company in its own name.
- (xv) Based on the information and explanations given to us, in our opinion, the terms and condition on which the Company has given counter guarantees/ corporate guarantees on behalf of its subsidiaries to the banks during the year, are not prima facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (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 significant instant 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

H. P. Mahajani

Partner

Membership No.: 030168

Place: Mumbai

Date: May 22, 2013

