

Form No. MR-3
Annexure 5(a) to the Directors' Report

SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2024

Pursuant to section 204(1) of the Companies Act, 2013, Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

To,
The Members,
Thermax Limited,
D-13, MIDC, Ind Area,
R D Aga Road, Chinchwad,
Pune - 411019

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2024**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2024** according to the provisions of:

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment and overseas direct investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2018 **(Not applicable to the Company during the audit period);**
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 **(Not applicable to the Company during the audit period);**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period);**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2021 **(Not applicable to the Company during the audit period);** and
 - h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 **(Not applicable to the Company during the audit period);**
- vi) We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.



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

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

During the year under review, the company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

We further report that,

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

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, in the incidences where, for the purpose of any Board or committee meeting, notice, agenda or notes to agenda are circulated with shorter period of less than seven days, all the directors including independent directors have consented to the shorter period of circulation of the same.

All decisions at Board meetings and committee meetings are carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period:

1. Arbitration award passed on June 05, 2023, with respect to two gas turbo generators (GTGs) and allowing the customer's claim on additional expenditure on power and directed the Company to pay Rs. 173.72 crore with interest along with a sum of Rs. 95 lakh as arbitration cost to the customer. Further, stay of operation and execution of the arbitral

award has been granted, subject to the Company depositing an amount of Rs. 218.45 crore which is returnable with interest in the event the award is set aside by the Court.

2. The following companies ceased to be wholly-owned step down subsidiaries of the Company w.e.f dates as mentioned herein below, pursuant to share subscription agreements with various captive users:
 - a) First Energy 4 Private Limited (FE 4) w.e.f July 11, 2023
 - b) First Energy 7 Private Limited (FE 7) w.e.f October 06, 2023
 - c) First Energy 6 Private Limited (FE 6) w.e.f October 06, 2023
 - d) First Energy 5 Private Limited (FE 5) w.e.f January 16, 2024
3. Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated December 20, 2023, which was received on December 25, 2023, has approved demerger of the wholly-owned subsidiaries of the Company namely, Thermax Cooling Solutions Limited (TCSL/Demerged Company) and Thermax Instrumentation Limited (TIL/Resulting Company).
4. The Company has entered into a License and Technical Assistance Agreement with Flowtech Co. Ltd., South Korea (Licensor) to obtain technology to manufacture Poly Carboxylate Ether products to strengthen its construction chemicals business portfolio.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Place: Pune
Date: May 10, 2024

Peer Review Number: 669/2020
UDIN: F006156F000329523

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

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

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

Management's Responsibility

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

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have relied on the documents and evidences provided by the Company either physically or in electronic mode.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar

Partner
FCS No: 6156
CP No: 2664

Place: Pune

Date: May 10, 2024

Peer Review Number: 669/2020

UDIN: F006156F000329523