INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Thermax Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
A) <u>Revenue recognition for engineering, procurement and construction contracts</u> (refer Note 21(c) of the standalone financial statements)	
The Company's significant portion of business is undertaken through Engineering, Procurement and Construction (EPC) contracts. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers. We consider the accounting for such contracts to be an area posing a significant risk of material misstatement and accordingly a key audit matter, as due to the nature of the contracts, revenue is accounted over a period of time (using input method) which requires identification of contractual obligations, significant judgement with regards to determining contract costs incurred till date compared to estimated total contract costs, the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/ onerous obligations. Revenues and profits for the year under audit, may deviate significantly on account of changes in such judgements and estimates. Revenue from such contracts amounted to Rs. 2,122.42 crores for the year.	Our audit procedures included the following: • We understood the Company's policies and processes, control mechanisms and methods in relation to the revenue recognition for these contracts and evaluated the design and operative effectiveness of the financial controls from the above through our test of control procedures. • We evaluated management's estimates and assumptions for a selected (risk-based method) sample contracts and inspected the underlying documents which form the basis of revenue recognition under the input method. We evaluated the management's process to recognize revenue over a period of time, determine cost estimates, status of the projects and tested the arithmetical accuracy of the same. • Amongst others, for a sample of contracts, we performed the following procedures: - Provision for liquidated damages: Our procedures involved discussions with management and project teams to understand the status of the project and on-going discussions with the customers in terms of likelihood of imposing any contractual penalties and analyzed the above through inspection of the relevant documents and correspondences. - Contingency provisions: We understood the management's estimate and rationale for provision movement during the year. We analyzed the movement throughout the life of the contract and discussed progress to date with individual project teams to determine whether the remaining contingency was sufficient to cover residual risks of those projects. - Assessment of costs-to-complete: We performed procedures on balance cost estimation, tested the historical accuracy of previous forecasts and discussed variances with project teams. We tested that the costs incurred were accrued at year-end and tested the assumptions for balance costs-to-complete. • We performed analytical procedures and checked exceptions for contracts with low or negative margins, loss making contracts/ onerous contracts, contracts with significant changes in cost estimates and significant overdue net receivable positions for contracts with marginal or no movement to determine the level of provisioning required. • We read and tested the presentation and disclosure of such EPC contracts in the standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
B) Impairment of investments in subsidiaries (refer in Note 5(a), 6(a) and 41 of the standalone financial statements)	
During the current year, impairment indicators were identified by the management for investments in certain subsidiaries. Management's assessment for impairment of investments in subsidiaries requires estimation and judgement around assumptions used, including the recoverable value of underlying tangible assets. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting both potential impairment charges and also potential reversals of impairment taken in prior years. Accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We understood the management's process of evaluating the triggers for impairment, forecasting the future cash flows, evaluation of assumptions and comparison of estimates to externally available industry, economic and financial data, wherever available and necessary. • We assessed that the methodology used by management to estimate the recoverable value of each investment is consistent with accounting standards. • We assessed the assumptions used by the management to determine the recoverable amount of the investment in subsidiaries. • We compared the carrying values of the Company's investment in these subsidiaries to their respective financial statements which were available with their respective net asset values and discussed with management about their performance and future outlook. • We considered the potential impact of reasonably possible downside changes in these key assumptions as part of sensitivity analysis. • We read and assessed the presentation and disclosure of such impairment in the standalone financial statements.
C) Impairment of trade receivables and contract assets (refer Note 7 and 9(b) of the standalone financial statements)	
Impairment of financial assets and contract assets is covered through Expected Credit Losses (ECL) method under Ind AS 109 and is expected is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. Impairment of financial assets is a key audit matter as the Company has devised a model to recognize impairment through ECL using individual receivables or for homogeneous group of receivables with similar credit risk characteristics. The calculation of the impairment allowance under expected credit losses is highly judgmental as it requires management to make significant assumptions on customer payment behavior and other relevant risk characteristics when assessing the Company's statistics of historical information and estimating the level and timing of expected future cash flows. As at the March 31, 2022, the Company recorded an impairment provision of Rs. 266.42 crores for its receivables and unbilled revenue.	Our audit procedures included the following: • We evaluated the management's key data sources and assumptions used in the ECL model to determine impairment allowance. • We understood the management's basis to consider the associated risks for identifying homogeneous group of receivables. • We evaluated the process followed by the Company for determination of credit risk and the resultant basis for classification of receivables into various stages. • For a sample of receivables, we tested the ageing of the receivables considered for impairment calculations. • We assessed the completeness of financial assets included in the ECL calculations as of the reporting date. • We considered the consistency of various inputs and assumptions used by the Company's management to determine impairment provisions. • We read and tested the disclosures in the notes to standalone financial statements are as per the relevant accounting standards.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Business Responsibility Report and Director's Report including annexure to the Director's Report of the Annual Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 31(A) to the standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9(b) and 17(b) to the standalone financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

      iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 32(B) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

      v. a) The dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

      b) As stated in Note 15(b) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160
UDIN: 22501160AJHQHI3278

Place of Signature: Pune
Date: May 20, 2022

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

Re: Thermax Limited ("the Company")

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory (including inventory lying with third parties) at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification and confirmations.

(b) As disclosed in Note 20 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from banks and/ or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

Amount in Rs. crore

	Guarantees	Loans
Aggregate amount granted/ provided during the year:		
(a) Subsidiaries	(a) 58.26	(a) Nil
(b) Others	(b) 8.75	(b) 1.73
Balance outstanding as at balance sheet date in respect of above cases:		
(a) Subsidiaries	(a) 58.26	(a) Nil
(b) Others	(b) 8.56	(b) 1.26

Balances in security and advances in the nature of loan is Nil.

There have been no guarantees, security, loans or advances in the nature of loan given to Joint Ventures and Associates.

(b) During the year, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture or service of 'inorganic chemical, organic or inorganic compounds of precious metals, rare-earth metals of radioactive elements or isotopes, and organic chemicals', 'plastic and polymers', 'other machinery' and 'electricals or electronic machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, duty of customs, cess and other statutory dues applicable to it. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Disputed dues, not deposited*^ (Rs. in Crore)	Period to which amount related	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	- [net of deposit Rs. 5.31]	FY 1997-98	Supreme Court
		144.05 [net of deposit Rs. 5.65]	FY 2006-07 to 2012-13, 2015-16, 2017-18, 2020-21	Appellate Tribunal
Income Tax Act, 1961	Income tax	3.36 [net of advance Rs. 13.54]	AY 2002-03, AY 2005-06 to AY 2009-10	High Court
		18.26 [net of advance Rs. 21.62]	AY 2017-18 and AY 2018-19	Commissioner of Income Tax (Appeals)
Central Sales Tax and Local Sales tax	Sales tax and Value Added Tax	0.19 [net of deposit Rs. Nil]	FY 2000-01, 2001-02	High Court
		12.44 [net of deposit Rs. Nil]	FY 2003-04, 2006-07. 2007-08, 2009-10, 2010-11, 2016-17	Appellate Tribunal
		6.77 [net of deposit Rs. 0.44]	FY 2004-05, 2006-07, 2008-09, 2010-11 to 2017-18	Appellate Authority upto Commissioner Level
Finance Act, 1994	Service Tax	2.66 [net of deposit Rs. 0.03]	FY 2015-16 and 2017-18	Appellate Tribunal
Customs Act, 1962	Custom duty	- [net of deposit Rs. 0.56]	FY 2005-06	Supreme Court
		0.70 [net of deposit Rs. 0.02]	FY 2005-06	Appellate Authority upto Commissioner Level

*net of advances/ deposits paid under protest
^excluding the interest and penalty thereon

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associate.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate Company. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system which is commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of our audit report, for the period under audit have been considered by us. However, the planned internal audit scope for the year was not fully completed and as informed to us, the pending internal audit scope is expected to be completed in the subsequent period.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 38 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 28(c) to the financial statements.

(xxi) The requirement of Clause 3(xxi) of the Order is not applicable to the standalone financial statements. As regards remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements, refer the Independent Auditor's Report on consolidated financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160
UDIN: 22501160AJHQHI3278

Place of Signature: Pune
Date: May 20, 2022

Annexure 2 as referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' to the Independent Auditor's Report of even date on the Standalone Financial Statements of Thermax Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Thermax Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160
UDIN: 22501160AJHQHI3278

Place of Signature: Pune
Date: May 20, 2022

STANDALONE BALANCE SHEET

as at March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
Assets			
I. Non-current assets			
Property, plant and equipment	4 (a)	649.90	675.92
Capital work-in-progress	4 (a)	14.97	20.26
Right-of-use assets	4 (b)	68.67	77.96
Intangible assets	4 (c)	27.53	16.80
Intangible assets under development	4 (c)	-	3.10
Investments in subsidiaries	5 (a)	682.85	604.94
Investments in associate	5 (b)	6.50	-
Financial assets:			
(a) Investments	6 (a)	771.60	183.23
(b) Trade receivables	7 (a)	173.51	100.87
(c) Loans	8 (a)	2.74	3.05
(d) Other assets	9 (a)	34.17	8.61
Deferred tax assets (net)	10	48.64	53.28
Income tax assets (net)		153.45	124.78
Other assets	11 (a)	73.55	75.30
Total non-current assets		**2,708.08**	**1,948.10**
II. Current assets			
Inventories	12	370.35	245.94
Financial assets:			
(a) Investments	6 (b)	534.30	114.94
(b) Trade receivables	7 (b)	953.37	823.52
(c) Cash and cash equivalents	13 (a)	128.60	181.93
(d) Bank balances other than (c) above	13 (b)	312.97	1,204.85
(e) Loans	8 (b)	1.49	76.80
(f) Other assets	9 (b)	172.45	146.85
Income tax assets (net)		-	0.68
Other assets	11 (b)	243.86	288.86
Total current assets		**2,717.39**	**3,084.37**
Total assets		**5,425.47**	**5,032.47**
Equity and liabilities			
III. Equity			
Equity share capital	14	23.83	23.83
Other equity	15	2,977.17	2,855.55
Total equity		**3,001.00**	**2,879.38**
IV. Non-current liabilities			
Financial liabilities:			
(a) Borrowings		0.00	0.00
(a) Lease liabilities	31 (c)	3.89	5.30
(b) Trade payables	16 (a)	59.78	44.32
(c) Other liabilities	17 (a)	1.08	3.95
Provisions	18 (a)	18.06	11.79
Other liabilities	19 (a)	21.42	50.87
Total non-current liabilities		**104.23**	**116.23**
V. Current liabilities			
Financial liabilities:			
(a) Borrowings	20	180.00	140.75
(b) Lease liabilities	31 (c)	1.40	1.61
(c) Trade payables	16 (b)		
Total outstanding dues of micro and small enterprises		271.75	169.56
Total outstanding dues of creditors other than micro and small enterprises		703.59	671.70
(d) Other liabilities	17 (b)	73.84	68.25
Other liabilities	19 (b)	940.74	856.05
Provisions	18 (b)	127.59	105.84
Income tax liabilities (net)		21.33	23.10
Total current liabilities		**2,320.24**	**2,036.86**
Total equity and liabilities		**5,425.47**	**5,032.47**
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 20, 2022

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 20, 2022

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	21	4,015.39	3,131.48
Other income	22	124.56	140.40
Total Income (I)		**4,139.95**	**3,271.88**
Expenses			
Cost of raw materials and components consumed	23	2,342.29	1,632.07
Purchase of traded goods		108.84	80.20
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	24	(46.81)	8.18
Employee benefits expense	25	477.81	453.79
Finance cost	26	13.33	8.57
Depreciation and amortisation expense	27	67.19	63.99
Other expenses	28 (a)	907.24	739.13
Total expenses (II)		**3,869.89**	**2,985.93**
Profit before exceptional items and tax (III) = (I-II)		**270.06**	**285.95**
Exceptional items (IV)	41	(14.00)	(103.03)
Profit before tax (V) = (III - IV)		**256.06**	**182.92**
Tax expense	10		
Current tax (including write back of tax balance for earlier years)		52.05	55.11
Deferred tax		3.22	(13.21)
Total tax expense (VI)		**55.27**	**41.90**
Profit for the year (VII) = (V - VI)		**200.79**	**141.02**
Other comprehensive income (OCI)			
A. Items that will be reclassified subsequently to profit or loss	30		
Net gain/ (loss) on cash flow hedge		0.24	(0.05)
Less: Income tax effect		(0.06)	0.01
		0.18	**(0.04)**
B. Items that will not be reclassified subsequently to profit or loss	30		
Re-measurement gain of defined benefit plan		5.43	1.22
Less: Income tax effect		(1.37)	(0.31)
		4.06	0.91
Net other comprehensive income for the year (net of tax)		**4.24**	**0.87**
Total comprehensive income for the year		**205.03**	**141.89**
Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 2/- each (March 31, 2021: 2/-)]	29	16.85	11.83
Summary of significant accounting policies	2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 20, 2022

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 20, 2022

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

A Equity Share Capital ^

Particulars	Notes No	March 31, 2022	March 31, 2021
Balance at the beginning of the year	14	23.83	23.83
Changes in equity shares capital during the year	14	-	-
Balance at the end of the year	14	**23.83**	**23.83**

B Other Equity ^

Particulars	Reserves and Surplus						Other reserves	Total other equity
	General reserve	Capital reserve	Capital redemption reserve	Retained earnings	Securities premium	Total	Effective portion of cash flow hedge reserve	
As at April 1, 2020	**429.14**	**1.92**	**50.34**	**2,171.10**	**61.13**	**2,713.63**	**0.03**	**2,713.66**
Profit for the year	-	-	-	141.02	-	**141.02**	-	**141.02**
Other Comprehensive Income (net)	-	-	-	0.91	-	**0.91**	(0.04)	**0.87**
Total comprehensive income	**-**	**-**	**-**	**141.93**	**-**	**141.93**	**(0.04)**	**141.89**
As at March 31, 2021	**429.14**	**1.92**	**50.34**	**2,313.03**	**61.13**	**2,855.56**	**(0.01)**	**2,855.55**
Profit for the year	-	-	-	200.79	-	**200.79**	-	**200.79**
Other Comprehensive Income (net)	-	-	-	4.06	-	**4.06**	0.18	**4.24**
Total comprehensive income	**-**	**-**	**-**	**204.85**	**-**	**204.85**	**0.18**	**205.03**
Dividends paid	-	-	-	(83.41)	-	**(83.41)**	-	**(83.41)**
As at March 31, 2022	**429.14**	**1.92**	**50.34**	**2,434.47**	**61.13**	**2,977.00**	**0.17**	**2,977.17**

^ There are no adjustments on account of prior period errors or due to changes in accounting policies.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 20, 2022

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 20, 2022

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
A) Cash flows from operating activities			
Profit before tax (after exceptional item)		256.06	182.92
Adjustments to reconcile profit before tax to net cash flows			
Depreciation on Property, plant and equipment and right-of-use assets	27	56.47	55.16
Amortization of intangible assets	27	10.72	8.83
Provision for impairment allowance of financial assets (net)	28 (a)	(3.53)	20.53
Provision for advances (net)	28 (a)	2.84	-
Provision on account of impairment of certain assets	41	14.00	97.17
Interest expense	26	6.86	4.68
Unwinding of discount on provisions	26	6.47	3.89
Unrealized foreign exchange loss		3.19	2.59
Interest income	22	(38.65)	(72.41)
Dividend income	22	(19.30)	(30.80)
Liabilities no longer required written back	22	(12.18)	(6.92)
Fair value gain on financial instrument at fair value through profit and loss (net)	22	(37.89)	(9.81)
Profit on sale/ discard of assets (net)	28 (a)	(7.74)	(0.13)
Working capital adjustments			
Increase in trade receivables		(201.53)	(101.17)
(Increase) / decrease in inventories		(124.41)	9.07
Increase in other financial assets		(25.40)	(33.90)
Decrease/(Increase) in other assets		51.84	(44.07)
Increase in trade payables		161.11	243.46
Increase in other liabilities		55.24	144.44
Increase in provisions		21.55	14.01
Increase / (decrease) in other financial liabilities		(0.15)	3.91
Cash generated from operations		**175.57**	**491.45**
Direct taxes paid (net of refunds received)		(81.70)	(82.44)
Net cash flows from operating activities		**93.87**	**409.01**
B) Cash flows from/ (used in) investing activities			
Purchase of property, plant and equipment, right-of-use assets and intangible assets (net of disposal)		(31.85)	(66.43)
Investment in subsidiaries		(103.91)	(48.74)
Investment in associates		(6.50)	-
Redemption of Preference share by subsidiary		12.00	-
Loan repaid by subsidiaries (Net)		76.00	224.50
Investment in fixed deposits and other investments (net)		(137.01)	(554.56)
Interest and dividend received		91.10	70.07
Net cash flows from/ (used in) investing activities		**(100.17)**	**(375.16)**

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	Note No.	Year Ended March 31, 2022	Year Ended March 31, 2021
C) Cash flows from/(used in) financing activities			
(Repayment)/ proceeds from borrowings (net)		39.25	68.37
Interest paid		(6.86)	(4.68)
Dividend paid		(83.41)	-
Payment of lease liability		(1.62)	(0.77)
Net cash flows from/ (used in) financing activities		**(52.64)**	**62.92**
Net increase / (decrease) in cash and cash equivalents		**(58.94)**	**96.77**
Cash and cash equivalents at the beginning of the period		180.20	83.43
Cash and cash equivalents at the end of the period		**121.26**	**180.20**

Reconciliation of cash and cash equivalents as per the cash flow statement:

Particulars	Note No.	March 31, 2022	March 31, 2021
Cash and cash equivalents	13 (a)	128.60	181.93
Book overdraft	17 (b)	(7.34)	(1.73)
Balances as per Cash flow statement		**121.26**	**180.20**

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 20, 2022

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 20, 2022

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

1. Corporate Information

Thermax Limited ('the Company') offers solutions to energy, environment and chemical sectors. The Company's portfolio includes boilers and heaters, absorption chillers/ heat pumps, power plants, solar equipment, air pollution control equipment/system, water and waste recycle plant, ion exchange resins and performance chemicals and related services.

The Company is a public limited company incorporated and domiciled in India. It is listed on the BSE Limited (BSE) and National Stock Exchange Limited (NSE) in India. The address of its registered office is D-13, MIDC Industrial Area, R.D. Aga Road, Chinchwad, Pune- 411019, India. The Board of Directors have authorized to issue these standalone financial statements on May 20, 2022. The CIN of the Company is L29299PN1980PLC022787.

2. Significant Accounting Policies

2.1. Basis of preparation and measurement

(a) Basis of preparation

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Act) as applicable to the standalone financial statements.

The preparation of the standalone financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in note 3.

The employee welfare trusts (including an ESOP trust) being separate legal entities, are not considered for the purpose of consolidation in the standalone financial statements. However, these trusts have been consolidated in the consolidated financial statements under Ind AS 110.

The accounting policies adopted for preparation and presentation of these standalone financial statements have been consistently applied except for changes resulting from amendments to Ind AS issued by the Ministry of Corporate Affairs, effective for financial years beginning on or after April 1, 2021 as disclosed in note 2.2.

(b) Basis of measurement

The standalone financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans whereby the plan assets are measured at fair value.

2.2. Changes in accounting policies and disclosures

2.2.1. Consequent to amendments to the Schedule III to the Companies Act, 2013 current maturities of long-term borrowings (March 31, 2021: Rs. Nil) have been presented as part of the short term borrowings, which were previously included under 'Other financial liabilities', lease liabilities (March 31, 2021: Rs.6.91) have been presented on the face of balance sheet, which were previously included under 'other financial liabilities' and Security deposits (March 31, 2021; Rs.10.59) have been presented as part of 'other financial assets', which were previously included under 'loans' in financial assets.

2.2.2. Others

Several other amendments and interpretations apply for the first time in the year ended March 31, 2022, but do not have an impact on the standalone financial statements of the Company.

2.3 Summary of significant accounting policies

a. Investment in associates

Associates are those entities over which the Company has significant influence.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control. Significant influence is presumed to exist when the Company holds 20 percent or more of the voting power of the investee. If accounting policies of associates differ from those adopted by the Group, the accounting policies of associates are aligned with those of the Group. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Equity method of accounting (equity accounted investees)

An interest in an associate is accounted for using the equity method from the date the investee becomes an associate and are recognised initially at cost. The carrying value of investment in associates includes goodwill identified on date of acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of profits or losses, other comprehensive income and equity movements of equity accounted investments, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term interests in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred constructive or legal obligations or has made payments on behalf of the investee. When the Company transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in its associate or joint venture.

Dividends are recognised when the right to receive payment is established.

b. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c. Foreign currencies

The Company's standalone financial statements are prepared in INR, which is the also functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

d. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Financial instruments (including those carried at amortized cost) (note 37)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

e. Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognized in the Statement of profit and loss.

f. Property, plant and equipment

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

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

Depreciation on PPE is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. The identified

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	28 to 30	30
Other buildings	58	60
Plant and equipment	5 to 25	15 to 20
Roads	5 to 30	5 to 10
Office equipment	15	15
Furniture and fixtures	15	10
Computers and data processing units	4 to 6	3 to 6
Vehicles	7 to 10	8

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Research and development costs

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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years. Amortization is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

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

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

h. Inventories

Raw materials, components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

i. Revenue recognition

i. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The Company has following streams of revenue:

- **Revenue from Engineering, Procurement and Construction contracts**

  Engineering, Procurement and Construction (EPC) contracts are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components

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into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and

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measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- **Revenue from sale of goods**
  If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Company provides for warranty provision for general repairs up to 18 – 24 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

- **Revenue from sale of services**
  Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(j) below.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned

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revenue and Customer advances as the case may be.

ii. Interest income

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

iii. Dividend

Revenue is recognized when the Company's right to receive the payment is established, which is when shareholders approve the dividend.

iv. Rental income

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

j. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

i. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

ii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

iii. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the

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Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses

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are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

k. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

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

(i) Fair value hedges

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

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finance costs. The Company has not undertaken Fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in the Statement of profit and loss.

Amounts recognized in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

l. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in proportion to the depreciation charged over the expected useful life of the related asset. The Company accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

n. Share capital

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

o. Income tax

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be

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available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

q. Leases

Company as a lessee

The Company lease asset classes primarily consist of leases for land, office buildings, guest house and other office equipment, etc. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

r. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

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

s. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will

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be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions
Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

Provision for onerous contracts
A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Decommissioning liability
The Company records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognized in the Statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

t. Retirement and other employee benefits (also, refer note 42)
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in

the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

u. Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has identified the Managing Director and Chief Executive Officer as the chief operating decision maker of the Company.

v. Contingent liabilities
A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

w. Earnings Per Share (EPS)
The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

x. Dividends
Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the standalone financial statements:

i. Revenue from contracts with customers

A significant portion of the Company's business relates to EPC contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgements of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

ii. Legal contingencies

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

iii. Segment reporting

Ind AS 108 'Operating Segments' requires Management to determine the reportable segments for the purpose of disclosure in standalone financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Managing Director and Chief Executive Officer to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into three reportable segments i.e. energy, environment and chemical.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of uncertainties relating to the global health pandemic from the Coronavirus disease (Covid-19):

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying amounts of its assets such as investments, loans, receivables, unbilled revenues and inventories. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

i. EPC contracts:

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.
- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.
- **Recognition of contract variations:** The Company recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence.
- **Provision for onerous contracts:** The Company provides for future losses on EPC contracts where it is considered highly probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 19(b) for details for provision for onerous contracts.

ii. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

iii. Defined benefit plans - gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic

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changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 34.

iv. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 37 for further disclosures.

v. Warranty provision

The Company generally offers warranty for its various products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. Refer note 18 for further details.

vi. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions including those related to the Covid-19 pandemic as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets.

The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period after the supplies are completed. Refer note 7 and 9(b) for details of impairment allowance recognized at the reporting date.

vii. Useful lives of property, plant and equipment and intangible assets

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2.3(f) and 2.3(g) above for further details.

viii. Deferred taxes

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer note 10 for further information on potential tax benefits for which no deferred tax asset is recognized.

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for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

4 (a) Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and equipment	Office equipment	Computer	Furniture and fixtures	Vehicles	Total	Capital work in progress
Gross carrying amount as at April 1, 2020*	**7.36**	**480.15**	**429.66**	**22.02**	**44.09**	**32.50**	**14.35**	**1,030.12**	**55.42**
Additions	0.21	3.58	57.82	1.50	11.63	0.17	2.04	76.94	41.79
Disposals/ Transfers/ Adjustments	-	(0.36)	(1.57)	(0.80)	(2.56)	(1.26)	(2.34)	(8.89)	(76.95)
Gross carrying amount as at March 31, 2021	**7.57**	**483.37**	**485.91**	**22.71**	**53.16**	**31.41**	**14.05**	**1,098.18**	**20.26**
Additions	-	2.84	20.17	0.51	6.87	0.06	2.48	32.93	27.64
Disposals/ Transfers/ Adjustments	-	(4.33)	(0.42)	(1.10)	(3.86)	(1.05)	(2.71)	(13.47)	(32.93)
Gross carrying amount as at March 31, 2022	**7.57**	**481.88**	**505.66**	**22.12**	**56.17**	**30.42**	**13.82**	**1,117.63**	**14.97**
Accumulated depreciation as at April 1, 2020*	**-**	**107.25**	**206.03**	**10.22**	**31.85**	**15.83**	**5.29**	**376.47**	**-**
Charge for the year	-	15.23	28.07	1.40	4.56	1.79	2.39	53.44	-
Disposals/ Transfers/ Adjustments	-	(0.36)	(1.37)	(0.48)	(2.38)	(1.27)	(1.80)	(7.66)	-
Accumulated depreciation as at March 31, 2021	**-**	**122.12**	**232.73**	**11.14**	**34.03**	**16.35**	**5.88**	**422.25**	**-**
Charge for the year	-	15.30	27.40	1.35	5.85	1.86	2.22	53.98	-
Disposals/ Transfers/ Adjustments	-	(1.24)	(0.53)	(0.83)	(3.60)	(0.59)	(1.71)	(8.50)	-
Accumulated depreciation as at March 31, 2022	**-**	**136.18**	**259.60**	**11.66**	**36.28**	**17.62**	**6.39**	**467.73**	**-**
Net Block as at March 31, 2022	**7.57**	**345.70**	**246.06**	**10.46**	**19.89**	**12.80**	**7.43**	**649.90**	**14.97**
Net Block as at March 31, 2021	**7.57**	**361.25**	**253.18**	**11.57**	**19.13**	**15.06**	**8.17**	**675.92**	**20.26**

**The Company had elected to continue with the carrying value of property, plant and equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition to Ind AS (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation / amortisation above, for information purpose only.*

The Company has given certain part of its office building on lease to group companies, the value of the same cannot be determined and the amounts are not significant (Refer note 31 C).

Capital work in progress majorly includes expenditure towards extension of manufacturing facilities.

Ageing of Capital work in progress (CWIP) :

CWIP		Amount in CWIP for a period of			Total
		Less than 1 year	1-2 years	2-3 years	
Project in progress	March 31, 2022	**14.65**	**0.32**	**-**	**14.97**
	March 31, 2021	11.79	6.85	1.62	**20.26**
Projects temporarily suspended	March 31, 2022	-	-	-	**-**
	March 31, 2021	-	-	-	**-**
Total Capital work-in-progress	March 31, 2022	**14.65**	**0.32**	**-**	**14.97**
	March 31, 2021	**11.79**	**6.85**	**1.62**	**20.26**

For CWIP, there are no projects whose completion date is overdue or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2022 and March 31, 2021.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

4 (b) Right-of-use assets

Particulars	Leasehold Land*	Building	Vehicles	Total
Gross carrying amount as at April 1, 2020	**77.24**	**8.10**	**-**	**85.34**
Additions	-	-	0.91	0.91
Disposals/ Transfers/ Adjustments	0.12	(0.36)	-	(0.24)
Gross carrying amount as at March 31, 2021	**77.36**	**7.74**	**0.91**	**86.01**
Additions	-	-	-	-
Disposals/ Transfers/ Adjustments	(6.50)	(0.35)	-	(6.85)
Gross carrying amount as at March 31, 2022	**70.86**	**7.39**	**0.91**	**79.16**
Accumulated depreciation as at April 1, 2020	**5.08**	**0.98**	**-**	**6.06**
Charge for the year	0.95	0.77	-	1.72
Disposals/ Transfers/ Adjustments	0.12	-	0.15	0.27
Accumulated depreciation as at March 31, 2021	**6.15**	**1.75**	**0.15**	**8.05**
Charge for the year	0.96	0.77	0.76	2.49
Disposals/ Transfers/ Adjustments	(0.05)	-	-	(0.05)
Accumulated depreciation as at March 31, 2022	**7.06**	**2.52**	**0.91**	**10.49**
Net Block as at March 31, 2022	**63.80**	**4.87**	**-**	**68.67**
Net Block as at March 31, 2021	**71.21**	**5.99**	**0.76**	**77.96**

** The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 31 (C) for further disclosure on leases.*

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

4 (c) Intangible assets

Particulars	Computer Software	Technical Know-how #	Total	Intangible assets under development
Gross carrying amount as at April 1, 2020*	**53.64**	**76.56**	**130.20**	**-**
Additions	10.49	-	10.49	3.10
Disposals/ Transfers/ Adjustments	(2.76)	(3.64)	(6.40)	-
Gross carrying amount as at March 31, 2021	**61.37**	**72.92**	**134.29**	**3.10**
Additions	11.26	10.33	21.59	-
Disposals/ Transfers/ Adjustments	-	(13.83)	(13.83)	(3.10)
Gross carrying amount as at March 31, 2022	**72.63**	**69.42**	**142.05**	**-**
Accumulated amortisation as at April 1, 2020*	**44.42**	**70.64**	**115.06**	**-**
Charge for the year	4.87	3.96	8.83	-
Disposals/ Transfers/ Adjustments	(2.76)	(3.64)	(6.40)	-
Accumulated amortisation as at March 31, 2021	**46.53**	**70.96**	**117.49**	**-**
Charge for the year	7.89	2.83	10.72	-
Disposals/ Transfers/ Adjustments	-	(13.69)	(13.69)	-
Accumulated amortisation as at March 31, 2022	**54.42**	**60.10**	**114.52**	**-**
Net Block as at March 31, 2022	**18.21**	**9.32**	**27.53**	**-**
Net Block as at March 31, 2021	**14.84**	**1.96**	**16.80**	**3.10**

**The Company had elected to continue with the carrying value of property, plant and equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition to Ind AS (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation / amortisation above, for information purpose only.*

 # Includes internally developed assets of net block Rs. 8.87 (March 31, 2021 Rs. 0.33).

Ageing of Intangible assets under development (IAUD) :

IAUD		Amount in IAUD for a period of			Total
		Less than 1 year	1-2 years	2-3 years	
Project in progress	March 31, 2022	-	-	-	**-**
	March 31, 2021	3.10	-	-	**3.10**
Projects temporarily suspended	March 31, 2022	-	-	-	**-**
	March 31, 2021	-	-	-	**-**
Total Capital work-in-progress	**March 31, 2022**	**-**	**-**	**-**	**-**
	March 31, 2021	**3.10**	**-**	**-**	**3.10**

For IAUD, there are no projects whose completion date is overdue or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2022 and March 31, 2021.

4 (d) Capitalization of expenses

During the year, the Company has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment / intangible asset. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	March 31, 2022	March 31, 2021
Salaries and wages	-	0.04
Raw material and components	-	-
Others	0.12	0.04
Total	**0.12**	**0.08**

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

5 (a) Investments in subsidiaries

	Face value per share	Number of shares		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments in equity instruments :					
Investments valued at cost (fully paid)					
Equity shares in Subsidiaries (Unquoted)					
Thermax Engineering Construction Company Limited	Rs. 10	4,500,000	4,500,000	4.50	4.50
Thermax Instrumentation Limited	Rs. 10	9,000,000	9,000,000	6.06	6.06
Thermax Onsite Energy Solutions Limited	Rs. 10	72,280,000	42,280,000	72.28	42.28
Thermax Europe Limited	GBP 1	200,000	200,000	1.17	1.17
Thermax International Limited	USD 1	1,695,000	1,695,000	8.22	8.22
Thermax Netherlands B.V.	Eur 1	32,410,000	30,750,000	231.15	216.56
Rifox-Hans Richter GmbH Spezialarmaturen	Eur 1	716,469	716,469	12.04	12.04
Thermax SDN. BHD	RM 1	-	500,002	-	0.87
Thermax Engineering Singapore Pte. Ltd.	USD 1	23,984,356	22,984,356	153.71	153.71
First Energy Private Limited*	Rs. 10	66,966,365	13,466,365	46.94	20.94
Thermax Sustainable Energy Solutions Limited #	Rs. 10	4,750,000	4,750,000	-	-
Thermax do Brasil - Energia e Equipamentos Ltda. #	Real 1	1,087,130	1,087,130	-	-
Thermax Hong Kong Limited. #	HKD 1	5,983,833	5,983,833	-	-
Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited)	Rs. 10	628,222,500	628,222,500	374.31	374.31
Thermax Cooling Solutions Limited	Rs. 10	20,000,000	20,000,000	10.20	10.20
Thermax Thailand Limited	THB 100	-	150,000	-	0.90
Share Application money :					
Thermax Engineering Singapore Pte. Ltd.	USD 1	1,000,000	-	7.59	-
First Energy Private Limited	Rs. 10	27,500,000	-	27.50	-
Investments in preference shares :					
Investments valued at cost (fully paid)					
Preference shares in Subsidiaries (Unquoted)					
Thermax International Ltd., Mauritius (6% Redeemable with conversion option)	USD 1	1,747,300	1,747,300	7.87	7.87
Total value of investments (A)				**963.54**	**859.63**
Less: Impairment in value of investments					
Thermax Netherlands B.V.				201.06	201.06
First Energy Private Limited				32.94	20.94
Thermax Cooling Solutions Limited				10.20	10.20
Thermax Engineering Singapore Pte. Ltd.				36.49	22.49
Total Impairment in value of investments (B)				**280.69**	**254.69**
Investments in subsidiaries (net) (A-B)				**682.85**	**604.94**
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				963.54	859.63
Aggregate amount of impairment in the value of investments				280.69	254.69

 # Deemed cost is considered to be Rs. Nil as on April 1, 2015.

** During the year ended March 31, 2021, the Company acquired remaining 24% stake in First Energy Private Limited (FEPL) and it has become a wholly owned subsidiary. During the year ended March 31, 2022, the preference shares in FEPL have been redeemed by infusion of additional equity of Rs. 12. Accordingly, the provision for Rs. 12 for investment in preference shares has now been considered as investment in equity shares for FEPL.*

NOTES TO STANDALONE FINANCIAL STATEMENTS

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5 (b) Investments in associates

	Face value per share	Number of shares		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments accounted using the equity method:					
Cumulative Convertible Preference shares in Associates (Unquoted):					
ExactSpace Technologies Private Limited (10.41%)	Rs. 10	1,249	-	6.50	-
Total Investment in Associates				6.50	-

6 (a) Non-current investments

	Face value per share/ unit	Number of shares / units		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments in Equity Shares:					
Investments at Fair value through Profit and Loss:					
Quoted equity shares (fully paid up)					
Metroglobal Limited	Rs. 10	-	2	-	**
Sanghvi Movers Limited	Rs. 2	-	16,453	-	0.16
Quoted equity shares (partly paid up)					
Parasrampuria Synthetics Limited (paid up Rs. 2.50 per share)	Rs. 10	-	125,000	-	**
Unquoted equity shares (fully paid up)					
GSL (India) Limited	Rs. 10	-	17,539	-	**
Sicom Limited #	Rs. 10	10,000	10,000	-	-
Total Investment in Equity Shares				-	**0.16**
Investment in preference shares					
Investments at Fair value through Profit and Loss					
Unquoted Preference Shares in subsidiaries (fully paid up, redeemable)					
Thermax Sustainable Energy Solutions Limited (6%, Cumulative) #	Rs. 10	4,000,000	4,000,000	-	-
First Energy Private Limited (8%, Redeemable) (Net)	Rs. 10	-	11,999,999	-	-
Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited) (8%, Cumulative, Redeemable) (Net)	Rs. 10	52,700,000	52,700,000	68.24	64.07
Total investment in Preference Shares				**68.24**	**64.07**
Investments in Mutual Funds:					
Investments at Fair value through Profit and Loss:					
Units of Mutual Funds (Quoted)				561.78	119.00
Total investments in Mutual Funds				**561.78**	**119.00**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

	Face value per share/ unit	Number of shares / units		Amount	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments in Corporate Fixed Deposits (Amortised Cost)					
Life Insurance Corporation Housing Finance Limited				141.58	-
Total Investments in Corporate Fixed Deposits				**141.58**	**-**
Total Non-Current Investments				**771.60**	**183.23**
Aggregate amount of quoted investments (Book value)				-	0.16
Aggregate amount of quoted investments (Market value)				561.78	119.00
Aggregate amount of unquoted investments				209.82	64.07
Aggregate amount of impairment in the value of investments				-	-

*** represents amount less than a lakh rupees*

 # Deemed cost is considered to be Nil as on April 1, 2015.

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 36 for determination of their fair values.

6 (b) Current investments

	Amount	
	March 31, 2022	March 31, 2021
Investments in Mutual Funds :		
Investments at Fair value through Profit and Loss:		
Units of Mutual Funds (Quoted)	452.17	114.94
Total investments in Mutual Funds	**452.17**	**114.94**
Investments in Corporate Fixed Deposits (Amortised Cost)		
Life Insurance Corporation Housing Finance Limited	82.13	-
Total Investments in Corporate Fixed Deposits	**82.13**	**-**
Total value of Investments	**534.30**	**114.94**
Aggregate amount of quoted investments and market value thereof	452.17	114.94
Aggregate amount of unquoted investments	82.13	-
Aggregate amount of impairment in the value of investments	-	-

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 36 for determination of their fair values.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

7 Trade Receivables

(a) Non-current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 34)	-	-
ii) Others	173.51	100.87
Total	**173.51**	**100.87**
Sub-classification of trade receivables		
Secured, considered good	-	-
Unsecured, considered good	193.15	126.42
Trade receivables which have a significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
	193.15	**126.42**
Less: impairment allowance	(19.64)	(25.55)
Total	**173.51**	**100.87**

The ageing of non-current trade receivables which are due for receipt :

Particulars		Not due	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables- Considered Good	March 31, 2022	**193.15**	-	-	-	-	-	**193.15**
	March 31, 2021	126.42	-	-	-	-	-	**126.42**
Less: Impairment allowance	March 31, 2022							**(19.64)**
	March 31, 2021							**(25.55)**
Total	March 31, 2022	**193.15**	**-**	**-**	**-**	**-**	**-**	**173.51**
	March 31, 2021	**126.42**	-	-	-	-	-	**100.87**

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Current trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables from:		
i) Related parties (note 34)	117.30	64.97
ii) Others	836.07	758.55
Total	**953.37**	**823.52**
Sub-classification of trade receivables		
Secured, considered good	104.71	84.89
Unsecured, considered good	1,033.68	939.76
Trade receivables which have a significant increase in credit risk	24.38	20.62
Trade receivables- credit impaired	27.31	31.83
	1,190.08	**1,077.10**
Less: impairment allowance	(236.71)	(253.58)
Total	**953.37**	**823.52**

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 34.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

The ageing of current trade receivables which are due for receipt :

Particulars		Not due	Outstanding for the following period from due date of payments					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables- Considered Good	March 31, 2022	**593.80**	**324.25**	**57.78**	**49.48**	**26.47**	**77.15**	**1,128.93**
	March 31, 2021	570.14	241.59	19.05	48.37	27.88	99.21	**1,006.24**
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	March 31, 2022	**-**	**-**	**-**	**-**	**-**	**24.38**	**24.38**
	March 31, 2021	-	0.01	-	0.49	-	20.13	**20.63**
(iii) Undisputed Trade Receivables- credit impaired	March 31, 2022	**0.15**	**3.35**	**4.10**	**5.03**	**5.79**	**8.89**	**27.31**
	March 31, 2021	0.01	8.58	5.43	7.47	10.16	0.17	**31.82**
(iv) Disputed Trade Receivables- Considered Good	March 31, 2022	**-**	**-**	**-**	**-**	**0.92**	**8.54**	**9.46**
	March 31, 2021	-	4.72	3.29	1.21	0.80	8.39	**18.41**
(v) Disputed Trade Receivables- which have significant increase in credit risk	March 31, 2022	-	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-	-
vi) Disputed Trade Receivables- credit impaired	March 31, 2022	-	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-	-
Sub-total	March 31, 2022	**593.95**	**327.60**	**61.88**	**54.51**	**33.18**	**118.96**	**1,190.08**
	March 31, 2021	570.15	254.90	27.77	57.54	38.84	127.90	**1,077.10**
Less: Impairment allowance	March 31, 2022							**(236.71)**
	March 31, 2021							**(253.58)**
Total	March 31, 2022	**593.95**	**327.60**	**61.88**	**54.51**	**33.18**	**118.96**	**953.37**
	March 31, 2021	**570.15**	**254.90**	**27.77**	**57.54**	**38.84**	**127.90**	**823.52**

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

(c) The following table summarises the change in impairment allowance measured using the life time expected credit loss model (Pursuant to Ind AS 109):

	Provision on Trade Receivables		Provision on Unbilled Revenue (Refer note 9(b))	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
At the beginning of the year	279.13	277.93	8.04	8.75
Less: Bad debts/ write off	(14.39)	(20.04)	-	-
	264.74	257.89	8.04	8.75
Provision made during the year	58.41	63.83	2.94	0.49
Utilized/ reversed during the year	(66.80)	(42.59)	(0.91)	(1.20)
At the end of the year	256.35	279.13	10.07	8.04

Also refer note 34 for impairment provision on related party balances.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

8 Loans

(a) Non-current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loan to related parties (note 34) #	-	-
Loan to employees	2.74	3.05
Total	**2.74**	**3.05**
Classification of above is as follows:		
Loans receivables- Considered good- Secured	-	-
Loans receivables- Considered good- Unsecured	2.74	3.05
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- Credit impaired	-	-
Total	**2.74**	**3.05**

Details of non-current loans to Promoters, Directors, Key Management Personnel and related parties

Type of Borrower	As at March 31, 2022		As at March 31, 2021	
	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %
Promoters	-	-	-	-
Directors	-	-	-	-
Key Management Personnel	-	-	-	-
Related Parties	-	-	-	-
Gross	4.12	100%	4.12	100%
Net	-	-	-	-

(b) Current loans

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
At amortized cost		
Loan to related parties (note 34)	-	76.00
Loan to employees	1.49	0.80
Total	**1.49**	**76.80**
Classification of above is as follows:		
Loans receivables- Considered good- Secured	-	-
Loans receivables- Considered good- Unsecured	1.49	76.80
Loans receivables which have significant increase in credit risk	-	-
Loans receivables- Credit impaired	-	-
Total	**1.49**	**76.80**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Details of current loans to Promoters, Directors, Key Management Personnel and related parties

Type of Borrower	As at March 31, 2022		As at March 31, 2021	
	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %	Amount of loan or advance in the nature of loan outstanding Rs.	Percentage to the loan or advance in the nature of loan %
Promoters	-	-	-	-
Directors	-	-	-	-
Key Management Personnel	-	-	-	-
Related Parties	-	-	-	-
Gross	-	-	76.00	98.96%
Net	-	-	76.00	98.96%

 # Loans to related party is disclosed net of impairment allowance of Rs. 4.12 (March 31, 2021 : Rs. 4.12).

Loans are various kinds of non-derivative financial assets which generate fixed interest income for the Company. The tenure of such loans has different time range based on employee's eligibility.

No loans are due from directors or Key Managerial Personnel of the Company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

For terms and conditions relating to loans given to related parties, refer note 32(a).

9 Financial Assets

(a) Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Bank deposits with maturity of more than 12 months #	25.95	0.05
Security Deposits*	8.22	8.56
Total	**34.17**	**8.61**

#Out of above bank deposits, Rs. 0.15 (March 31, 2021: Rs. Nil) are pledged as margin money.

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.80	0.95
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	3.67	2.75
At amortized cost		
Export incentive receivable	5.70	10.09
Unbilled revenue (Contract assets)^	130.80	103.58
Security Deposits*	1.68	2.03
Others	29.80	27.45
Total	**172.45**	**146.85**

**Includes lease deposits given to directors of Rs. 0.18 (March 31, 2021 : Rs. 0.18). The maximum amount due from directors during the year amounted to Rs. 0.18 (March 31, 2021 : Rs. 0.18). This also includes deposits given to various other parties for rent, utilities etc. Refer note 34.*

Financial assets at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^Unbilled revenue is disclosed net of impairment allowance of Rs. 10.07 (March 31, 2021 : Rs. 8.04) for contract assets.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

10 Income Taxes

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Current tax	52.05	55.11
Deferred tax	3.22	(13.21)
Income tax expense reported in the Statement of profit and loss	**55.27**	**41.90**

Other comprehensive income

Particulars	March 31, 2022	March 31, 2021
Deferred tax related to items recognised in other comprehensive income during the year		
Net gain or loss on revaluation of cash flow hedge	0.06	(0.01)
Net gain or loss on remeasurements of defined benefit plans	1.37	0.31
Deferred tax credited in other comprehensive income	**1.43**	**0.30**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

Particulars	March 31, 2022	March 31, 2021
Accounting profit before tax (before exceptional items)	270.06	285.95
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	67.97	71.97
- Dividend income	(4.86)	(7.75)
- Fair value gain on FVTPL investments	(5.00)	(2.47)
- Utilisation of capital losses of current year	(2.22)	(12.50)
- Deferred taxes of earlier periods recognized in current period	-	(1.91)
- Taxes from prior periods	-	(8.00)
- Others (includes adjustment for fair valuation of investments and other permanent differences)	(0.62)	2.55
Effective tax	**55.27**	**41.90**
Total income tax expense reported in the Statement of profit and loss	**55.27**	**41.90**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Deferred tax

Statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	3.08	4.15
Employee benefit obligations	1.86	(1.90)
Provision for doubtful debts and liquidated damages	0.79	0.08
Fair value gains on investment classified as fair value through profit and loss	-	(14.40)
Temporary differences in accounting treatment as required by Income tax standards	(1.46)	(0.18)
Items allowed on payment basis / temporary disallowances	(0.53)	(0.74)
Others	(0.52)	(0.22)
Deferred tax expense/(income) in the Statement of profit and loss	**3.22**	**(13.21)**

Balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following :		
Accelerated depreciation for tax purposes	(52.95)	(49.59)
Revaluation of cash flow hedges	(0.06)	-
Employee benefit obligations	11.96	14.61
Provision for doubtful debts and liquidated damages	75.72	76.51
Items allowed on payment basis / temporary disallowances	7.95	6.49
Fair value gains on investment classified as fair value through profit and loss	-	-
Temporary differences in accounting treatment as required by Income tax standards	2.71	2.19
Others (includes impact on account of temporary differences on accretion of interest on investments)	3.31	3.07
Net deferred tax assets	**48.64**	**53.28**

Reconciliation of deferred tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance as at April 1	**53.28**	**40.38**
Tax (expense)/income during the period recognised in profit or loss	(3.22)	13.21
Tax expense during the period recognised in other comprehensive income	(1.43)	(0.30)
Closing balance as at March 31	**48.64**	**53.28**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company has not recognised deferred tax asset of Rs. 4.03 (March 31, 2021: Rs. 24.46) on provision of impairment in subsidiaries of Rs. 16 (March 31, 2021: Rs. 97.17).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

The Company has tax losses (of capital in nature) of Rs. 131.88 (March 31, 2021: Rs. 74.24) that are available for offsetting for future taxable capital profits. These losses will expire by March 2029. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable capital profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit for the year would increase by Rs. 30.17 (March 31, 2021: Rs. 16.99)

11 Other Assets

(a) Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Advance to suppliers	0.07	0.60
Capital advance (includes advance to related party Rs. 0.90 (March 31, 2021: Rs. 3.40)) (note 34)	15.08	12.45
Advance to related parties (note 34)	-	3.88
Balances with government authorities	58.24	57.85
Prepayments	0.16	0.52
Total	**73.55**	**75.30**

(b) Other current assets

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Advance to suppliers	76.15	69.29
Advance to employees	6.42	4.31
Advance to related parties (note 34)	54.98	48.90
Prepayments	17.33	11.80
Balances with government authorities	71.71	137.04
Prepaid employee benefits (note 33)	11.95	4.47
Others*	5.32	13.05
Total	**243.86**	**288.86**

*Others includes interest on tax refunds, recovery of other expenses, etc.

There were no advances due by directors or officers of the Company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which such director is a partner or a member.

For terms and conditions relating to loans given to related parties, refer note 34.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

12 Inventories (Valued at lower of cost and net realizable value)

	As at March 31, 2022	As at March 31, 2021
Raw materials, components and bought-outs*	201.67	125.35
Work-in-progress	134.62	83.70
Finished goods	24.47	28.32
Stores and spares	3.94	2.66
Traded goods	5.65	5.91
Total	**370.35**	**245.94**

**includes goods in transit Rs. 7.29 (March 31, 2021 : Rs. 2.20)*

For the year ended March 31, 2022 Rs. (3.94) (March 31, 2021: Rs. (4.23)) was recognised (net of reversals) as an expense for inventories carried at net realisable value. These were recognised as expense during the year and included in cost of raw materials and components consumed in the Statement of profit and loss.

13 (a) Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- in current accounts	59.46	70.51
- in deposits with original maturity of less than three months*	68.01	110.00
Cheques, drafts on hand	0.81	1.06
Cash on hand	0.32	0.36
Total	**128.60**	**181.93**

**Short-term deposits are made for varying periods ranging between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.*

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and previous periods.

Out of cash and cash equivalents balance as at March 31, 2022, Rs. 13.17 (March 31, 2021: Rs. 37.05) held as security against import commitments.

13 (b) Other bank balances

	As at March 31, 2022	As at March 31, 2021
Bank deposits with original maturity more than three months and remaining maturity less than twelve months*	308.64	1,167.26
Interest accrued on fixed deposits	3.55	36.70
Unpaid dividend account (restricted)	0.78	0.89
Total	**312.97**	**1,204.85**

**Includes deposits of Rs. Nil (March 31,2021 : Rs. 2.06) pledged as margin money.*

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

13 (c) Changes in liabilities from financing activities

	Borrowings	Unpaid dividend	Lease liabilities
As on April 1, 2020	72.38	0.97	7.12
Cash flow	68.37	(0.14)	(0.77)
New leases	-	-	0.91
Other	-	0.06	(0.35)
As at March 31, 2021	**140.75**	**0.89**	**6.91**
Cash flow	39.25	(0.11)	(1.62)
New leases	-	-	-
Other	-	-	-
As at March 31, 2022	**180.00**	**0.78**	**5.29**

14 Share Capital

	As at March 31, 2022	As at March 31, 2021
Authorized shares (Nos)		
375,000,000 (March 31, 2021: 375,000,000) equity shares of Rs. 2/- each	75.00	75.00
	75.00	**75.00**
Issued, subscribed and fully paid share capital (Nos)		
119,156,300 (March 31, 2021: 119,156,300) equity shares of Rs. 2/- each	23.83	23.83
Total issued, subscribed and fully paid-up share capital	**23.83**	**23.83**

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

	No. of shares	Rs.
Equity share of Rs. 2 each issued, subscribed and fully paid		
As at April 1, 2020	119,156,300	23.83
Changes during the year	-	-
As at March 31, 2021	119,156,300	23.83
Changes during the year		
As at March 31, 2022	**119,156,300**	**23.83**

(b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Equity share capital held by holding company

	As at March 31, 2022	As at March 31, 2021
Holding company		
RDA Holdings Private Limited	12.87	12.87
6,43,28,500 (March 31, 2021: 6,43,28,500) equity shares of Rs. 2/- each fully paid		

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company (refer note (f) below)

	As at March 31, 2022	As at March 31, 2021
RDA Holdings Private Limited, India		
%	53.99	53.99
No. of shares	64,328,500	64,328,500
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	9,520,805	9,520,805
Kotak Mahindra Mutual Fund		
%	7.02	7.36
No. of shares	8,362,109	8,771,354
Nalanda India Equity Fund Ltd.		
%	6.86	6.86
No. of shares	8,176,668	8,176,668

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

(e) Details of equity shares held by promoters in the holding company (refer note (f) below)

	As at March 31, 2022	As at March 31, 2021
RDA Holding Private Limited, India		
%	53.99	53.99
No. of shares	64,328,500	64,328,500
% of change during the year	-	
ARA Trusteeship Company Private Limited, India		
%	7.99	7.99
No. of shares	9,520,805	9,520,805
% of change during the year	-	
Mr. Pheroz Pudumjee		
%	**	**
No. of shares	6,000	6,000
% of change during the year	-	

*** Represents less than 0.01%*

(f) The Company has several trusts (73 nos) set up for welfare of employees and ESOP named Thermax Employee ESOP and Welfare Trust. Such trusts together hold 6,541,440 (March 31, 2021: 6,541,440) equity shares representing 5.49% (March 31, 2021: 5.49%) of equity share in the Company.

(g) There were no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

15 (a) Other equity

	As at March 31, 2022	As at March 31, 2021
Reserves and surplus		
Capital redemption reserve	50.34	50.34
Securities premium	61.13	61.13
Capital reserve	1.92	1.92
General reserve	429.14	429.14
Retained earnings		
Opening balance	2,313.03	2,171.10
Add: Profit for the year	200.79	141.02
Less: Final Dividend paid	83.41	-
Movement during the year	117.38	141.02
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement (loss)/gain on defined benefit plans, net of tax Rs. 1.37 (March 31, 2021: Rs. 0.31)	4.06	0.91
Net surplus in the Statement of profit and loss	**2,434.47**	**2,313.03**
Total Reserves and Surplus	**2,977.00**	**2,855.56**
Other Reserves		
Cash flow hedge reserve		
Opening balance	(0.01)	0.03
Add: Movement during the year (net)	0.24	(0.05)
Less: Tax on Movement during the year	(0.06)	0.01
Closing balance	**0.17**	**(0.01)**
Total	**2,977.17**	**2,855.55**

Capital redemption reserve

Pertains to reserve created towards redemption of debentures and can be utilised in accordance with the provisions of the Companies Act, 2013 ("the Act").

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Act.

Capital reserve

Pertains to reserves arising on amalgamations in the past which is required to be maintained as per statute and cannot be distributed to the shareholders.

General reserve

Represents amounts transferred from retained earning in earlier years as per the requirements of the erstwhile Companies Act 1956.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

15 (b) Distribution made and proposed

	March 31, 2022	March 31, 2021
Cash dividend on equity shares declared and paid:		
Final dividend for the year 2020-21: Rs. 7 per share (2019-20: Rs. Nil per share)	83.41	-
	83.41	**-**
Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at the reporting date.		
Proposed dividend on equity shares:		
Proposed dividend for the year 2021-22: Rs. 9 per share (2020-21: Rs. 7/- per share)	107.24	83.41

16 Trade Payables

(a) Non-current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (note 16 (c))	-	-
Total outstanding dues of creditors other than micro and small enterprises:		
(i) Related parties (note 34)	14.64	13.71
(ii) Others	45.14	30.61
Total	**59.78**	**44.32**

There are no non-current outstanding dues of micro and small enterprises.

The ageing of non-current trade payables which are due for payment :

Particulars		Not Due	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	March 31, 2022	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
(ii) Others	March 31, 2022	**59.78**	-	-	-	-	**59.78**
	March 31, 2021	44.32	-	-	-	-	**44.32**
(iii) Disputed dues- Micro and small enterprises	March 31, 2022	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
(iv) Disputed dues- Others	March 31, 2022	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
Total	March 31, 2022	**59.78**	**-**	**-**	**-**	**-**	**59.78**
	March 31, 2021	**44.32**	**-**	**-**	**-**	**-**	**44.32**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Current trade payables

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (note 16 (c))	271.75	169.56
Total outstanding dues of creditors other than micro and small enterprises:		
(i) Related parties (note 34)	76.29	82.96
(ii) Others	627.30	588.74
Total	**975.34**	**841.26**

For terms and conditions with related parties, refer note 34.

Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

The ageing of current trade payables which are due for payment :

Particulars		Not Due	Outstanding for the following period from due date of payments				Total
			Less than a year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	March 31, 2022	**241.88**	**25.75**	**1.28**	**1.08**	**1.76**	**271.75**
	March 31, 2021	159.39	8.33	0.89	0.46	0.49	**169.56**
(ii) Others	March 31, 2022	**279.63**	**188.01**	**13.57**	**7.90**	**18.96**	**508.07**
	March 31, 2021	301.55	144.36	20.86	8.66	14.46	**489.89**
(iii) Disputed dues- Micro and small enterprises	March 31, 2022	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
(iv) Disputed dues- Others	March 31, 2022	**-**	**0.27**	**-**	**-**	**0.24**	**0.51**
	March 31, 2021	-	1.90	-	-	-	**1.90**
Subtotal	March 31, 2022	**521.51**	**214.03**	**14.85**	**8.98**	**20.96**	**780.33**
	March 31, 2021	464.76	154.59	21.75	9.12	14.95	**661.35**
Unbilled Trade payables	March 31, 2022						**195.01**
	March 31, 2021						**179.91**
Total	March 31, 2022						**975.34**
	March 31, 2021						**841.26**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(c) Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

		March 31, 2022	March 31, 2021
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount outstanding (whether due or not) to micro and small enterprises*	271.46	169.45
	- Interest due thereon	0.29	0.11
ii)	The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	0.35	0.18
iii)	The amount of payment made to the supplier beyond the appointed day during the year	150.07	226.37
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	0.97	1.93
v)	The amount of interest accrued and remaining unpaid at the end of each accounting year	1.27	2.04
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	1.73	0.97

** Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.*

17 Financial Liabilities

(a) Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Trade deposits	0.11	0.64
Liability towards employee separation scheme (Refer note 41)	0.97	3.31
Total	**1.08**	**3.95**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	0.64	0.98
Derivative instruments at fair value through profit or loss		
Derivative not designated as hedges		
Foreign exchange forward contracts	2.06	2.44
At amortized cost		
Employee related payables	56.40	52.96
Payables for PPE and intangible assets	0.99	3.73
Book overdraft	7.34	1.73
Unpaid dividend	0.78	0.89
Liability towards employee separation scheme (Refer note 41)	1.32	1.32
Other payables *	4.31	4.20
Total	**73.84**	**68.25**

** includes dealer deposits, security deposits, etc.*

18 Provisions

(a) Non-current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for warranties	8.98	3.69
Provision for decommissioning liability	9.08	8.10
Total	**18.06**	**11.79**

(b) Current provisions

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for leave encashment	38.04	43.23
	38.04	**43.23**
Other provisions		
Provision for onerous contracts	12.92	10.06
Provision for warranties	76.63	52.55
	89.55	**62.61**
Total	**127.59**	**105.84**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Provision for decommissioning liability

A provision has been recognised for decommissioning costs associated with the properties taken on lease by the Company. The Company is committed to restore the sites as a result of the conclusion of manufacturing activities. The timing of cash outflows in respect of such provision cannot be reasonably determined.

Provision for warranties

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging up to 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 8.56 higher or lower (March 31, 2021: Rs. 5.62).

Provision for onerous contracts

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the estimated economic benefits. The timing of cash outflows in respect of such provision is over the contract period.

Movement in provisions

	Provision for onerous contracts	Provision for warranties	Provision for decommissioning liability
As at April 1, 2021			
Balance at the beginning	10.06	56.24	8.10
Additional provision recognised	7.10	43.14	-
Unused amounts reversed	-	(11.54)	-
Unwinding of discount	-	5.50	0.98
Utilised during the year	(4.24)	(7.73)	-
As at March 31, 2022	**12.92**	**85.61**	**9.08**
Details of provisions :			
Current	12.92	76.63	-
Non-Current	-	8.98	9.08
Total	**12.92**	**85.61**	**9.08**

19 Other Liabilities

(a) Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
Customer advances (Contract liabilities)	21.42	50.87
Total	**21.42**	**50.87**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Unearned revenue (Contract liabilities)	292.01	254.71
Customer advances (Contract liabilities)		
(i) Related Parties (note 34)	15.43	13.46
(ii) Others	612.87	572.74
Statutory dues and other liabilities*	20.43	15.14
Total	**940.74**	**856.05**

** mainly includes tax deducted at source, GST, provident fund, ESIC, government grant received for a research project etc.*

For terms and conditions with related parties, refer note 34.

20 Borrowings

Current borrowings

	As at March 31, 2022	As at March 31, 2021
Secured loans from banks	-	3.75
Unsecured loans from banks	180.00	137.00
Total	**180.00**	**140.75**

Secured loans pertains to bills discounted by suppliers amounting to Rs. Nil (March 31, 2021: Rs. 3.75) that are payable by the Company within 60 to 190 days from the invoice date.

These loans were secured by hypothecation of present and future stock of all inventories, stores and spares not related to plant and equipment, book debts and other moveable assets in March 31, 2021.

Unsecured loans pertains to packing credit of Rs. 180 (March 31, 2021: Rs. 137) carries an interest rate of 2% to 2.85% (March 31, 2021: 1.90% to 3.50%) due for repayment within 180-360 days (March 31, 2021: 177-360 days) from date of disbursement or expected shipment date whichever is earlier.

21 Revenue from Operations

(a) Revenue from contracts with customers:

	March 31, 2022	March 31, 2021
Revenue from projects and products	3,550.04	2,706.23
Revenue from services	433.72	382.67
Total revenue from contracts with customers (a)	**3,983.76**	**3,088.90**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

(b) Other operating income

	March 31, 2022	March 31, 2021
Export incentives	12.43	7.57
Sale of Scrap	12.43	9.94
Commission income	2.48	1.80
Exchange fluctuation gain/(loss) (net)*	1.87	20.79
Royalty income	2.42	2.48
Total other operating income (b)	**31.63**	**42.58**
Total revenue from operations (a+b)	**4,015.39**	**3,131.48**

** Includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 1.30 (March 31, 2021 : gain Rs. 4.64)*

(c) Disclosure pursuant to Ind AS 115: Revenue from contracts with customers

i) Revenue by category of contracts:

	March 31, 2022	March 31, 2021
Over a period of time basis	2,122.42	1,600.30
At a point-in-time basis	1,861.34	1,488.60
Total revenue from contracts with customers	**3,983.76**	**3,088.90**

ii) Revenue by geographical market:

	March 31, 2022	March 31, 2021
Within India	3,031.89	2,298.40
Outside India	951.87	790.50
Total revenue from contracts with customers	**3,983.76**	**3,088.90**

iii) Revenue by segment:

	March 31, 2022			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External Revenue	2,266.05	1,283.38	505.85	4,055.28
Inter segment	(0.34)	(62.91)	(8.27)	(71.52)
Total revenue from contracts with customers	**2,265.71**	**1,220.47**	**497.58**	**3,983.76**
Other operating income	24.24	2.35	5.04	31.63
Total revenue from operations	**2,289.95**	**1,222.82**	**502.62**	**4,015.39**

	March 31, 2021			
	Energy	Environment	Chemical	Total
Revenue from contracts with customers				
External Revenue	1,934.77	795.36	392.22	3,122.35
Inter segment	(0.96)	(27.65)	(4.84)	(33.45)
Total revenue from contracts with customers	**1,933.81**	**767.71**	**387.38**	**3,088.90**
Other operating income	41.00	(1.23)	2.81	42.58
Total revenue from operations	**1,974.81**	**766.48**	**390.19**	**3,131.48**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

iv) Contract balances:

The following table provides information about contract balances from contracts with customers as at the reporting date:

	As at March 31, 2022	As at March 31, 2021
Trade receivables (note 7)	1,126.88	924.39
Unbilled revenue (Contract asset) (note 9(b))	130.80	103.58
Unearned revenue (Contract liability) (note 19(b))	292.01	254.71
Customer advances (Contract liability) (note 19)	649.72	637.07

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

v) Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:

	March 31, 2022	March 31, 2021
Unearned revenue	185.76	196.05
Customer advance	395.16	296.86

vi) Changes in unbilled revenue and unearned revenue for the year:

The explanation of the significant changes in the unbilled and unearned balances during the reporting period is presented in the table below:

	March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021
Opening unbilled revenue (refer note 9(b))	**103.58**		**61.74**	
Opening unearned revenue (refer note 19(b))	**254.71**	**(151.13)**	**271.75**	**(210.01)**
- Transfer of contract assets to receivable from opening unbilled revenue	(95.12)		(52.09)	
- Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue	185.76		196.05	
- Transfer of contract assets to receivables	(2,041.39)		(1,487.47)	
- Increase in revenue as a result of changes in the measure of progress	1,936.67		1,404.26	
- Others*	4.00	**(10.08)**	(1.87)	**58.88**
Closing unbilled revenue (refer note 9(b))	**130.80**		**103.58**	
Closing unearned revenue (refer note 19(b))	**292.01**	**(161.21)**	**254.71**	**(151.13)**

** includes adjustments on account of onerous contracts, impairment allowance on contract assets, etc.*

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

vii) Performance obligations:

Performance obligation in a project or a group of projects which are contracted at or near same time with the same or related parties and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering, procurement and commissioning of such projects is a single performance obligation which is spread over different accounting periods.

Performance obligation for products are evaluated on standalone basis, recognised at a point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

Remaining performance obligations:

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

	March 31, 2022	March 31, 2021
Amount of revenue yet to be recognised for contracts in progress	4,300.41	1,897.15

The Company expects that a significant portion of the remaining performance obligation will be completed in next 1 to 2 years. However, the contracts with customers for supply of utilities are for a longer period.

viii) Reconciliation between revenue recognised in statement of profit and loss and contract price:

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

22 Other Income

	March 31, 2022	March 31, 2021
Interest income from financial assets carried at amortized cost		
Loan to subsidiary	3.15	19.19
Bank deposits	31.29	49.01
Interest income from financial assets at fair value through profit and loss		
Loan to subsidiary (preference shares)	4.21	4.21
Other interest income	4.95	8.13
Dividend income from equity investments carried at cost	19.30	30.80
Fair value gain on financial instrument at fair value through profit and loss (net)	37.89	9.81
Liabilities no longer required written back	12.18	6.92
Miscellaneous income^^	11.59	12.33
Total	**124.56**	**140.40**

^^Includes rent income of Rs. 4.19 (March 31, 2021 : Rs. 4.85); refer note 31 C (i)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

23 Cost of Raw Material and Components Consumed

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	125.35	126.18
Add: Purchases	2,418.61	1,631.24
	2,543.96	**1,757.42**
Inventories at the end of the year	(201.67)	(125.35)
	2,342.29	**1,632.07**
Less: capitalised during the year (refer note 4 (d))	-	-
Total	**2,342.29**	**1,632.07**

24 (Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year		
Work-in-progress	83.70	90.65
Finished goods	28.32	26.94
Traded goods	5.91	8.52
	117.93	**126.11**
Less: inventories at the end of the year		
Work-in-progress	134.62	83.70
Finished goods	24.47	28.32
Traded goods	5.65	5.91
	164.74	**117.93**
	(46.81)	**8.18**

25 Employee Benefits Expense

	March 31, 2022	March 31, 2021
Salaries and wages	418.73	401.70
Contribution to provident and other funds	28.30	27.79
Gratuity expense (note 33)	6.84	6.60
Staff welfare expenses	23.94	17.74
	477.81	**453.83**
Less: capitalised during the year (refer note 4 (d))	-	(0.04)
Total	**477.81**	**453.79**

26 Finance Costs

	March 31, 2022	March 31, 2021
Interest expense	6.86	4.68
Unwinding of discount	6.47	3.89
Total	**13.33**	**8.57**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

27 Depreciation and Amortization Expense

	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment (note 4 (a))	53.98	53.44
Depreciation of right-of-use assets (note 4 (b))	2.49	1.72
Amortization of intangible assets (note 4 (c))	10.72	8.83
Total	**67.19**	**63.99**

28 (a) Other expenses

	March 31, 2022	March 31, 2021
Consumption of stores and spare parts	51.67	36.54
Power and fuel	39.03	27.03
Freight and forwarding charges (net)	100.17	58.59
Site expenses and contract labour charges	437.16	362.27
Drawing, design and technical service charges	8.35	9.68
Sales commission	14.69	12.77
Advertisement and sales promotion	7.31	4.98
Rent (note 31 C (ii))	7.69	7.57
Rates and taxes	11.23	9.74
Insurance	5.29	6.45
Repairs and maintenance:		
Plant and machinery	16.54	12.95
Buildings	3.27	2.37
Others	33.60	28.99
Travelling and conveyance	39.25	23.92
Legal and professional fees (includes payment to auditor; refer note 28 (b))	68.72	52.69
Director sitting fees	0.69	0.56
Provision for doubtful advance	2.84	-
Provision for impairment allowance of financial assets (net)	(6.37)	20.53
Warranty expenses (net)	36.28	22.09
Loss on sale/ discard of assets (net)	(7.74)	(0.13)
CSR expenditure (note 28 (c))	6.66	7.06
Miscellaneous expenses (includes printing, communication, postage, security expense, etc.)	38.58	33.26
	914.91	**739.91**
Less: capitalised during the year (refer note 4 (d))	(0.12)	(0.04)
Less: expenses recovered from group companies	(7.55)	(0.74)
Total	**907.24**	**739.13**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

28 (b) Payment to auditors

	March 31, 2022	March 31, 2021
As auditor		
Audit and limited review fee	1.75	1.36
In other capacity		
Other services	0.10	0.12
Reimbursement of expenses	0.02	0.02
Total	**1.87**	**1.50**

28 (c) Corporate Social Responsibility (CSR)

	March 31, 2022	March 31, 2021
Gross amount required to be spent by the Company during the year	6.66	7.05
Total	**6.66**	**7.05**

Amount spent during the year

	In Cash	Yet to spend in cash	Total
During the year ended March 31, 2022			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	6.66	-	6.66
	6.66	**-**	**6.66**
During the year ended March 31, 2021			
a. Construction/ acquisition of any asset	-	-	-
b. On purposes other than (a) above^	7.06	-	7.06
	7.06	**-**	**7.06**

^The amount is contributed to Thermax Foundation, India (refer note 34) which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.

Thers is no shortfall in contribution as at March 31, 2022.

29 Earnings Per Share

	March 31, 2022	March 31, 2021
Net profit after tax attributable to the Equity shareholders	200.79	141.02
Weighted average number of Equity shares of Rs. 2/- each	119,156,300	119,156,300
Basic and diluted Earning per share (Rs.)	16.85	11.83

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

30 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2022

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	-	-	-
Reclassified to Statement of profit or loss (Net)	0.18	-	0.18
Re-measurement gains on defined benefit plans	-	4.06	4.06
Total	**0.18**	**4.06**	**4.24**

For the year ended March 31, 2021

	Cash flow hedge reserve	Retained Earnings	Total
Foreign exchange forward contracts	(0.04)	-	(0.04)
Reclassified to Statement of profit or loss (Net)	-	-	-
Re-measurement gains on defined benefit plans	-	0.91	0.91
Total	**(0.04)**	**0.91**	**0.87**

31 Contingent Liabilities and Commitments

A Contingent liabilities

a) Taxes*^

	March 31, 2022	March 31, 2021
Excise, Customs Duty and Service tax	159.12	159.02
Sales tax	19.72	62.45
Income tax demands disputed in appellate proceedings	68.43	28.05
References/appeals preferred by the Income tax department in respect of which, should the ultimate decision be unfavourable to the Company	16.91	3.30
Others	0.10	0.10

* Excluding of interest and penalty thereon.

The above excludes the effects of similar disallowances, if any, for any subsequent period that are pending for assessments.

^ Against income tax disputed demand, the Company has received favourable ITAT orders in earlier years (similar issues) for Rs. 59.45 (March 31, 2021: Rs. Nil)

b) Guarantees on behalf of subsidiaries

	March 31, 2022	March 31, 2021
Counter corporate guarantees issued to banks (Also refer note 32)	92.64	167.09
Indemnity bonds, letter of support/comfort and corporate guarantees (Also refer note 32)	2,001.17	2,031.57

The Company has issued various guarantees for performance, deposits, tender money, advances, etc.
The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

c) Others

	March 31, 2022	March 31, 2021
Liability for export obligations	0.58	3.91
Claims against the Company not acknowledged as debt*	209.13	207.75

The timing and amount of the cash flow which will arise from these matters, will be determined by the relevant authorities on settlement of the cases or on receipt of claims from customers.

*Claims against the Company not acknowledged as debt on account of ongoing arbitration/ legal dispute with the various customers / vendors of the Company. Based on the legal opinion on few matters and management assessments of the facts of the case, no provision against the above claim is considered. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.

B Capital and other commitments

a) Liability in respect of partly paid shares Rs. 0.09 (March 31, 2021: Rs.0.09).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 12.29 (March 31, 2021: Rs. 23.71).

C Lease commitments

i) Operating lease: Company as lessor

The Company has leased certain parts of its surplus office and buildings. The tenure of such lease agreements ranges from 1 to 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. For nature of assets refer note 4(a).

	March 31, 2022	March 31, 2021
Lease rental received for the year	4.19	4.85

ii) Where the Company is lessee

The Company has taken land, office buildings, factory sheds, guest house, warehouse, vehicles, printers and other office equipments on lease for a tenure of 1 to 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. However, Company has sub-leased some portion of its land and building to its subsidiary. There are no variable lease payments and residual value guarantees for these leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, either party has an option to terminate the agreement or extend the term by giving notice in writing. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Carrying amounts of lease liabilities and the movements during the year:

	March 31, 2022	March 31, 2021
At the beginning of the year	6.91	7.12
Additions	-	0.91
Others	-	(0.35)
Accretion of interest	-	-
Payments made	(1.62)	(0.77)
Total*	**5.29**	**6.91**
Current portion	1.40	1.61
Non-current portion	3.89	5.30
Total*	**5.29**	**6.91**

** Pertains to offices and vehicles taken on lease*

Details of amounts recognised in statement of profit and loss

	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets	2.49	1.72
Interest expense on lease liabilities	-	-
Expense relating to short-term leases#	6.87	9.66
Expense relating to leases of low-value assets (included in other expenses)	0.82	0.78
Total amount recognised in statement of profit or loss#	**10.18**	**12.16**

 # Included in rent, travel and conveyance and staff welfare.

32 (A) Disclosure required under Section 186(4) of Companies Act, 2013

a) Loans to related parties include loans given to subsidiaries. The particulars of which are disclosed below as required by Sec 186(4) of the Act.

Name of the party	Rate of interest (p.a.)	Due date and amount payable	Purpose	March 31, 2022 Amount	March 31, 2021 Amount
Thermax Babcock & Wilcox Energy Solutions Limited	SBI Base rate plus 1% , currently 8.55% (March 31, 2021: 8.30%)	The principal amount along with Interest has been repaid on September 28, 2021.	The loan has been granted to the subsidiary for funding for business acquisitions, working capital requirements etc.	-	76.00
First Energy Private Limited*	SBI Base rate plus 1%,currently 8.55% (March 31, 2021: 8.30%)	The loan shall be repaid within a period of one year	The loan has been granted to the subsidiary for working capital requirements.	4.12	4.12

**Before impairment allowance of Rs. 4.12 (March 31, 2021 : Rs. 4.12).*

b) Bank guarantees issued favouring end customers on behalf of the subsidiaries.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Details are as below:

Name of the party	March 31, 2022 Amount		March 31, 2021 Amount	
	Foreign Currency (million)	Amount	Foreign Currency (million)	Amount
Thermax Instrumentation Limited	-	0.74	-	6.82
Thermax Onsite Energy Solutions Limited	-	1.42	-	6.15
Thermax Babcock & Wilcox Energy Solutions Limited	USD 4.85	36.75	USD 7.28	51.85
Thermax Babcock & Wilcox Energy Solutions Limited	-	53.73	-	102.27
Total		**92.64**		**167.09**

Purpose : Bank guarantees issued favouring end customers on behalf of the subsidiaries.

c) The Company has issued letter of support/comfort and corporate guarantees on behalf of subsidiaries. Details are given below:

Name of the party	March 31, 2022		March 31, 2021	
	Foreign Currency (million)	Amount	Foreign Currency (million)	Amount
Thermax Instrumentation Limited	-	80.00	-	70.00
Thermax Engineering Construction Company Limited	-	10.00	-	69.00
Thermax Babcock & Wilcox Energy Solutions Limited	-	1,615.00	-	1,615.00
Thermax Cooling Solutions Limited	-	35.00	-	35.00
Thermax Engineering Singapore Pte. Ltd.	USD 10	75.92	USD 10	73.12
Danstoker A/S	USD 8.9	67.57	USD 8.9	65.07
PT Thermax International Indonesia	USD 11.4	86.55	USD 11.4	83.35
Rifox-Hans Richter GmbH Spezialarmaturen	EUR 0.45	3.80	EUR 0.45	3.86
Thermax Denmark ApS	-	-	EUR 2	17.17
Thermax SDN BHD, Malaysia	USD 1.1	8.35	-	-
Thermax (Thailand) Ltd., Thailand	USD 2.5	18.98	-	-
Total		**2,001.17**		**2,031.57**

The above guarantees have been issued for the purpose of various banking facilities for the subsidiaries.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

32 (B) Disclosure of ultimate beneficiaries

For March 31, 2022:

Name of the subsidiary	Date of investment into subsidiary	Nature of transactions	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Nature of transactions	Amount invested by subsidiary into beneficiary
Thermax Netherlands B.V., Netherlands	April 8, 2021	Equity	EUR 1.06 Million (Rs. 9.37 crs)	Thermax Denmark ApS, Denmark	April 9, 2021	Equity	EUR 1.01 Million (Rs. 8.93 crs)
First Energy Private Limited, India	August 24, 2021	Equity	Rs. 22 crs	First Energy TN 1 Private Limited, India	March 16, 2022	Equity	Rs. 22 crs
Thermax Netherlands B.V., Netherlands	September 9, 2021	Equity	EUR 0.6 Million (Rs. 5.23 crs)	Thermax Denmark ApS, Denmark	September 16, 2021	Equity	EUR 0.5 Million (Rs. 4.36 crs)
Thermax Engineering Singapore Pte Ltd, Singapore	December 24, 2021	Equity	USD 1 Million (Rs. 7.59 crs)	Thermax (Thailand) Limited, Thailand	March 4, 2022	Equity	USD 0.34 Million (Rs. 2.58 crs)

For March 31, 2021:

Name of the subsidiary	Date of investment into subsidiary	Nature of transactions	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Nature of transactions	Amount invested by subsidiary into beneficiary
Thermax Netherlands B.V., Netherlands	July 10, 2020	Equity	EUR 2.85 Million (Rs. 24.21 crs)	Thermax Denmark ApS, Denmark	July 13, 2020	Equity	EUR 2.85 Million (Rs. 24.21 crs)
Thermax Onsite Energy Solutions Limited, India	February 19, 2021	Equity	Rs. 23.63 crs	Enernxt Private Limited, India	February 19, 2021	Equity	Rs. 23.63 crs

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

33 Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company. The fund has formed a trust and it is governed by the Board of Trustees.

The fund is subject to risks such as asset volatility, changes in assets yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees review and manage these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk-averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

I Changes in the net benefit obligation and fair value of plan assets are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	**71.44**	**(74.96)**	**(3.52)**
Current service cost	7.59	-	**7.59**
Interest expense/(income)	4.34	(5.33)	**(0.99)**
Total amount recognised in Profit or Loss	**11.93**	**(5.33)**	**6.60**
Experience adjustments	2.04	-	**2.04**
Actuarial loss from change in financial assumptions	(1.88)	-	**(1.88)**
Return on plan assets (income)	-	(1.38)	**(1.38)**
Total amount recognised in Other Comprehensive (Income)/Loss	**0.16**	**(1.38)**	**(1.22)**
Employer contributions	-	(6.33)	**(6.33)**
Benefits paid	(15.61)	15.61	**-**
Transfer Out	(0.49)	0.49	**-**
March 31, 2021	**67.43**	**(71.89)**	**(4.47)**
Current service cost	7.61	-	**7.61**
Interest expense/(income)	4.14	(4.91)	**(0.77)**
Total amount recognised in Profit or Loss	**11.75**	**(4.91)**	**6.84**
Experience adjustments	(3.20)	-	**(3.20)**
Actuarial gain from change in financial assumptions	(1.46)	-	**(1.46)**
Demographic adjustments	(0.34)	-	**(0.34)**
Return on plan assets (income)	-	(0.43)	**(0.43)**
Total amount recognised in Other Comprehensive Income	**(5.00)**	**(0.43)**	**(5.43)**
Employer contributions	-	(8.90)	**(8.90)**
Benefits paid	(6.97)	6.97	**-**
Transfer In	0.67	(0.67)	**-**
March 31, 2022	**67.88**	**(79.83)**	**(11.95)**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

II The net liability disclosed above relates to funded plans are as follows :

Particulars	March 31, 2022	March 31, 2021
Present value of funded obligation	67.88	67.43
Fair value of plan assets	(79.83)	(71.89)
Surplus of funded plan	**(11.95)**	**(4.47)**

III Significant assumptions

The principal actuarial assumptions were as follows :

Particulars	March 31, 2022	March 31, 2021
Discount rate	6.84%	6.47%
Salary growth rate	7.00%	7.00%
Normal retirement age	60 years	60 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Employee turnover	5% to 12%	5% to 10%

IV Sensitivity analysis

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation	
	March 31, 2022	March 31, 2021
Discount rate		
1.00% increase	Decrease by 3.88	Decrease by 4.33
1.00% decrease	Increase by 4.35	Increase by 4.91
Future salary increase		
1.00% increase	Increase by 3.97	Increase by 4.50
1.00% decrease	Decrease by 3.61	Decrease by 4.05
Attrition rate		
1.00% increase	Increase by 0.17	Increase by 0.30
1.00% decrease	Decrease by 0.19	Decrease by 0.33

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

The following are the expected cash flows/contribution to the defined benefit plan in future years:

Particulars	March 31, 2022	March 31, 2021
Within next 12 months	8.07	8.03
Between 2-5 years	27.40	24.39
Next 5 years	20.48	21.24

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2021: 8 years)

The Company expects to contribute Rs. 2 to gratuity fund in the next year (March 31, 2021 : Rs. 2)

V The major categories of plan assets are as follows:

Particulars	March 31, 2022	March 31, 2021
Investments with Insurer (LIC of India)	100.00%	100.00%

34 Related Party Disclosures

A Subsidiaries

Unless otherwise stated, the subsidiaries have share capital consisting solely of equity shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2022	March 31, 2021
1	Thermax Onsite Energy Solutions Limited	India	100%	100%
2	Thermax Instrumentation Limited	India	100%	100%
3	Thermax Engineering Construction Company Limited	India	100%	100%
4	Thermax Sustainable Energy Solutions Limited	India	100%	100%
5	Thermax International Limited	Mauritius	100%	100%
6	Thermax Europe Ltd.	United Kingdom	100%	100%
7	Thermax Inc.*	U.S.A.	100%	100%
8	Thermax do Brasil Energia-e Equipamentos Ltda.	Brazil	100%	100%
9	Thermax Netherlands B.V.	Netherlands	100%	100%
10	Thermax Denmark ApS*	Denmark	100%	100%
11	Danstoker A/S*	Denmark	100%	100%
12	Ejendomsanp artsselskabet Industrivej Nord 13*	Denmark	100%	100%
13	Boilerworks A/S*	Denmark	100%	100%
14	Boilerworks Properties ApS Industrivej*^	Denmark	100%	100%
15	Danstoker Poland S.p.Z.o.o. *	Poland	100%	100%
16	Rifox-Hans Richter GmbH Spezialarmaturen	Germany	100%	100%
17	Thermax SDN. BHD*	Malaysia	100%	100%
18	Thermax Engineering Singapore Pte. Ltd.	Singapore	100%	100%
19	PT Thermax International Indonesia*	Indonesia	100%	100%
20	Thermax Senegal S.A.R.L.*^	Senegal	100%	100%
21	First Energy Private Limited	India	100%	100%
22	First Energy TN 1 Private Limited	India	100%	NA
23	First Energy 2 Private Limited	India	100%	NA
24	Thermax Energy and Environment Philippines Corporation *	Philippines	100%	100%
25	Thermax Energy & Environment Lanka (Private) Limited *	Sri Lanka	100%	100%
26	Thermax Nigeria Limited*	Nigeria	100%	100%
27	Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited)	India	100%	100%
28	Thermax Cooling Solutions Limited	India	100%	100%
29	Thermax Engineering Construction FZE *	Nigeria	100%	100%
30	Thermax International Tanzania Limited	Tanzania	100%	100%
31	Thermax (Thailand) Limited*	Thailand	100%	100%
32	Enernxt Private Limited*	India	100%	100%
33	Thermax Employee ESOP and Welfare Trust**	India	-	-

* *Held indirectly*

^ *Under liquidation*

*** The Company has all ESOP trust and Employee Welfare Trusts set up for the welfare of the employees. Pursuant to the arrangement between the Trusts and the Company, the Company has determined that it has power to direct the relevant activities of the trust while being exposed to variable returns from its involvement with these entities.*

B Holding company

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2022	March 31, 2021
1	RDA Holdings Private Limited	India	53.99%	53.99%

C Associates

Sr. No.	Name of the entity	Place of business/ Country of incorporation	Ownership interest	
			March 31, 2022	March 31, 2021
1	Exactspace Technologies Private Limited	India	10.41%	NA

D Individuals having significant influence over the Company by reason of voting power and their relatives:

1 Mrs. Meher Pudumjee - Chairperson
2 Mrs. Anu Aga - Relative of Director / Chairperson
3 Mr. Pheroz Pudumjee - Director
4 Mr. Zahaan Pudumjee - Relative of Director / Chairperson
5 Ms. Lea Pudumjee - Relative of Director / Chairperson

NOTES TO STANDALONE FINANCIAL STATEMENTS

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

E Key Management Personnel:

1. Mr. M S Unnikrishnan - Managing Director and Chief Executive Officer (Retired on August 31, 2020)
2. Mr. Ashish Bhandari - Managing Director and Chief Executive Officer (w.e.f April 7, 2020)
3. Dr Valentin A. H. von Massow - Independent Director
4. Dr Jairam Varadaraj - Independent Director
5. Mr. Nawshir Mirza - Independent Director
6. Mr. Harsh Mariwala - Independent Director
7. Mr. Sashishekhar Balakrishna (Ravi) Pandit - Independent Director
8. Mrs. Rajani Kesari - Independent Director
9. Mr. Rajendran Arunachalam - Chief Financial Officer
10. Mr. Kedar Phadke - Company Secretary (Deceased on August 19, 2021)
11. Ms. Janhavi Khele- Company Secretary (w.e.f. September 1, 2021) *
12. Mr. Ravi Shankar Gopinath (w.e.f. November 10, 2021)

** appointed Compliance officer for the intermittent period between August 19, 2021 to September 01, 2021*

F Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'D' and 'E' above:

1. Thermax Foundation, India
2. ARA Trusteeship Company Private Limited, India
3. Marico Limited, India
4. Elgi Ultra Industries Limited, India
5. Elgi Equipments Limited, India
6. The Akanksha Foundation, India
7. Festo India Private Limited, India
8. Kirtane & Pandit LLP, India

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

G Transactions with related parties for the year ended March 31, 2022:

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
a. Transactions during the year				
Revenue from contracts with customers	306.89	0.08	-	**306.97**
Commission income	0.07	-	-	**0.07**
Miscellaneous income	4.46	-	-	**4.46**
Interest income	3.15	-	-	**3.15**
Dividend income	19.30	-	-	**19.30**
Recovery of expenses	56.53	-	-	**56.53**
Purchase of raw material and components	156.89	0.34	-	**157.23**
Site expenses and contract labour charges	55.46	-	-	**55.46**
Reimbursement of expenses	15.83	-	0.03	**15.86**
Rendering of support services	-	-	-	**-**
Other expenses	1.10	-	0.04	**1.14**
Remuneration to Key Management Personnel*	-	-	7.36	**7.36**
Donation	-	6.66	-	**6.66**
Investment in equity shares#	105.68	-	-	**105.68**
Loans given	-	-	-	**-**
Loan Recovered	76.00	-	-	**76.00**
Director's sitting fees	-	-	0.69	**0.69**
Commission paid	-	-	4.82	**4.82**
Rent paid	0.63	-	0.60	**1.23**

** Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.*

 # The above figure does not include sale of investment in equity shares in Thermax Thailand Ltd and Thermax SDN BHD to Thermax Engineering Singapore Pte Ltd for Rs. 2.68 (March 31, 2021 : Rs. Nil).

The above table excludes dividend paid to RDA Holdings Private Limited, India Rs. 45.03 and to Employee Welfare and ESOP Trust Rs. 4.58.

Transactions carried out in the capacity of agent with TBWES:

Description	March 31, 2022
Revenue from contracts with customers	19.78
Purchase of raw material and components	11.99

Receivables and Payables arising in the capacity of agent with TBWES have been presented on a net basis in the financial statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

During the year, the Company got reimbursement of employee cost from TBWES amounting to Rs. 0.43.

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
b.Balances as at reporting date				
Trade Receivables^	117.30	-	-	**117.30**
Interest accrued	-	-	-	**-**
Advances given#	57.49	-	-	**57.49**
Loans given (including security deposit)*	4.12	-	-	**4.12**
Security Deposits	-	-	0.53	**0.53**
Other Assets	-	-	-	**-**
Trade payables	90.77	0.16	-	**90.93**
Advances received	15.42	0.01	-	**15.43**
Other Liabilities	-	0.00	-	**0.00**
Guarantee /letter of comfort given on behalf of subsidiaries	2,093.81	-	-	**2,093.81**

^ Before impairment provision Rs. 0.30 (March 31, 2021 : Rs. 3.30)

** Before impairment provision Rs. 4.12 (March 31, 2021 : Rs. 4.12)*

 # Includes capital advances of Rs. 0.90 (March 31, 2021 : Rs. 3.40)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

H Transactions with related parties for the year ended March 31, 2021:

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
a. Transactions during the year				
Revenue from contracts with customers	222.16	-	-	**222.16**
Commission income	0.16	-	-	**0.16**
Miscellaneous income	5.23	-	-	**5.23**
Interest income	19.18	-	-	**19.18**
Dividend income	30.80	-	-	**30.80**
Recovery of expenses	29.03	-	-	**29.03**
Purchase of raw material and components	196.50	1.21	-	**197.71**
Site expenses and contract labour charges	32.75	-	-	**32.75**
Reimbursement of expenses	11.67	-	-	**11.67**
Rendering of support services	3.11	-	-	**3.11**
Other expenses	5.75	0.02	-	**5.77**
Remuneration to Key Management Personnel*	-	-	23.79	**23.79**
Donation	-	7.06	-	**7.06**
Purchase of property, plant and equipment/ Capital work-in-progress	-	-	-	**-**
Investment in equity shares	24.53	-	-	**24.53**
Redemption in Preference shares	-	-	-	**-**
Loans given	0.50	-	-	**0.50**
Loan Recovered	225.00	-	-	**225.00**
Impairment provision	1.13	-	-	**1.13**
Director's sitting fees	-	-	0.56	**0.56**
Commission paid	-	-	4.12	**4.12**
Rent paid	0.63	-	0.35	**0.98**

** Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.*

Transactions carried out in the capacity of agent with TBWES:

Description	March 31, 2021
Revenue from contracts with customers	135.72
Purchase of raw material and components	29.25

Receivables and Payables arising in the capacity of agent with TBWES have been presented on a net basis in the financial statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

During the year, the Company got reimbursement of employee cost from TBWES amounting to Rs. 15.72.

	Subsidiaries	Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel	Key Management Personnel and Individuals having Significant influence over the company mentioned in E	Total
b. Balances as at reporting date				
Trade receivables^	64.97	-	-	**64.97**
Interest accrued	-	-	-	**-**
Advances given#	56.18	-	-	**56.18**
Loans given (including security deposit)*	80.12	-	0.53	**80.65**
Other Assets	1.79	-	-	**1.79**
Trade payables	96.66	0.01	-	**96.67**
Advances received	13.46	-	-	**13.46**
Other Liabilities	-	-	-	**-**
Guarantee /letter of comfort given on behalf of subsidiaries	2,198.66	-	-	**2,198.66**

^ Before impairment provision Rs. 3.30 (March 31, 2020: Rs. 2.67)

** Before impairment provision Rs. 4.12 (March 31, 2020: Rs. 3.62)*

 # Includes capital advances of Rs. 3.40 (March 31, 2020: Rs. Nil)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

I Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant (percentage of the transactions being 10% or more of the total of transactions given in note 'G' and 'H' above):

Particulars	March 31, 2022	March 31, 2021
Transactions during the year		
Revenue from contracts with customers		
Thermax Inc., U.S.A.	131.81	110.06
Thermax Europe Limited., U.K	41.54	47.08
Thermax Onsite Energy Solutions Limited	81.18	28.30
Thermax Babcock & Wilcox Energy Solutions Limited	31.32	21.29
Commission income		
Thermax Engineering Construction Company Limited	0.05	0.13
Thermax Instrumentation Limited	0.02	0.03
Miscellaneous income		
Thermax Instrumentation Limited	0.63	0.61
Thermax Babcock & Wilcox Energy Solutions Limited	3.83	4.62
Interest income		
Thermax Babcock & Wilcox Energy Solutions Limited	3.15	19.18
Dividend income		
Thermax Engineering Construction Company Limited	13.90	20.00
Thermax Instrumentation Limited	5.40	10.80
Recovery of expenses		
Thermax Instrumentation Limited	3.78	4.49
Thermax Babcock & Wilcox Energy Solutions Limited	33.45	12.24
Thermax Inc., U.S.A.	8.23	-
Thermax International Tanzania Limited, Tanzania	7.66	-
Thermax Onsite Energy Solutions Limited	1.80	1.45
Purchase of raw material and components		
Rifox-Hans Richter GmbH Spezialarmaturen	2.94	-
Thermax Babcock & Wilcox Energy Solutions Limited	144.94	176.29
Thermax Cooling Solutions Limited	8.45	-
Thermax Instrumentation Limited	0.27	-
Site expenses and contract labour charges		
Thermax Instrumentation Limited	55.40	32.22

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for the year ended March 31, 2022
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Particulars	March 31, 2022	March 31, 2021
Reimbursement of expenses		
Thermax Europe Limited., U.K	0.83	1.48
Thermax SDN. BHD, Malaysia	3.02	2.42
Thermax Inc., U.S.A.	0.74	-
Thermax Babcock & Wilcox Energy Solutions Limited	1.01	5.14
Thermax Nigeria Limited	1.75	1.72
Thermax Energy and Environment Philippines Corporation	1.11	1.04
Thermax (Thailand) Limited	3.80	-
Thermax Instrumentation Limited	1.07	0.84
Rendering of support services		
Thermax Energy and Environment Philippines Corporation	-	1.04
Other expenses:		
PT Thermax International, Indonesia	0.26	0.45
Thermax Denmark ApS	0.08	0.09
Thermax Instrumentation Limited	0.72	-
Remuneration to Key Management Personnel, excluding commission		
Mr. M. S. Unnikrishnan#	-	14.82
Mr. Ashish Bhandari	5.25	5.64
Mr. Rajendran Arunachalam	1.49	1.39
Ms. Janhavi Khele	0.37	-
Donation		
Thermax Foundation	6.66	7.06
Investment in equity shares		
Thermax Onsite Energy Solutions Limited	30.00	23.63
Thermax (Thailand) Limited	-	0.90
Thermax Netherlands B.V.	14.59	24.21
First Energy Private Limited	53.50	-
Thermax Engineering Singapore Pte. Ltd.	7.59	-
Loans given		
First Energy Private Limited	-	0.50
Loans recovered		
Thermax Babcock & Wilcox Energy Solutions Limited	76.00	225.00

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	March 31, 2022	March 31, 2021
Transactions during the year		
Directors sitting fees		
Mrs. Meher Pudumjee	0.09	0.07
Mr. Pheroz Pudumjee	0.12	0.10
Dr Valentin A. H. von Massow	0.09	0.07
Dr Jairam Varadaraj	0.11	0.09
Mr. Nawshir Mirza	0.09	0.07
Mr. Ravi Pandit	0.08	0.06
Mr. Harsh Mariwala	0.05	-
Mrs. Rajani Kesari	0.07	0.07
Commission paid		
Mrs. Meher Pudumjee	0.41	0.45
Mr. Pheroz Pudumjee	0.18	0.20
Dr Valentin A. H. von Massow	0.29	0.38
Dr Jairam Varadaraj	0.14	0.20
Mr. Nawshir Mirza	0.32	0.35
Mr. Harsh Mariwala	0.18	0.25
Mr. Ravi Pandit	0.14	0.15
Mrs. Rajani Kesari	0.14	0.15
M. S. Unnikrishnan	-	1.60
Mr. Ashish Bhandari	3.04	-
Rent paid		
Mrs. Meher Pudumjee	0.16	0.11
Mrs. Anu Aga	0.28	0.13
Mr. Pheroz Pudumjee	0.16	0.11
Thermax Instrumentation Limited	0.63	0.63

 # Mr. M S Unnikrishnan retired during the year FY20-21, retirement benefits are included in the remuneration.

Particulars	March 31, 2022	March 31, 2021
Balances as at year end		
Trade receivables		
Thermax Inc., U.S.A.	44.41	18.36
Thermax Europe Limited., U.K	4.71	-
Thermax Babcock & Wilcox Energy Solutions Limited	27.80	13.40
PT Thermax International, Indonesia	8.22	10.07
Thermax Onsite Energy Solutions Limited	15.69	11.42
Advances given		
Thermax Instrumentation Limited	20.23	15.33

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Particulars	March 31, 2022	March 31, 2021
Thermax Babcock & Wilcox Energy Solutions Limited	33.64	35.88
Loans given (including security deposit)		
Thermax Babcock & Wilcox Energy Solutions Limited	-	76.00
First Energy Private Limited	4.12	4.12
Other Assets:		
First Energy Private Limited	-	0.30
Trade payables		
Thermax Instrumentation Limited	34.77	-
Thermax Babcock & Wilcox Energy Solutions Limited	44.64	-
Advances received		
Thermax Onsite Energy Solutions Limited	5.31	0.69
Thermax Engineering Singapore Pte. Ltd.	1.48	-
Thermax Babcock & Wilcox Energy Solutions Limited	6.28	3.14
Enernxt Private Limited	1.98	-

For details of guarantee/ letter of comfort given as at the closing date on behalf on subsidiaries, refer note 32

J Loans and advances in the nature of loans given to subsidiaries

Particulars	March 31, 2022	March 31, 2021
Thermax Babcock & Wilcox Energy Solutions Limited		
Balance outstanding	-	76.00
Maximum amount outstanding during the year	76.00	301.00
First Energy Private Limited		
Balance outstanding	4.12	4.12
Maximum amount outstanding during the year	4.12	4.12

K Terms and conditions of related party transactions

The revenues and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest free except loans given and settlement occurs in cash. Refer note 32(A)(a) for terms and conditions for loans to related parties.
There have been no guarantees provided or received for any related party receivables or payables except as disclosed in Note 32.

As on year ended March 31, 2022, the Company has recorded an impairment of receivables amounting to Rs. 0.30 (March 31, 2021: Rs. 3.30) and impairment of loan amounting to Rs. 4.12 relating to amounts owed by related parties (March 31, 2021: Rs. 4.12). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

35 Segment Information

In accordance with para 4 of Ind AS 108 "Operating Segments", the Company has disclosed segment information in the consolidated financial statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

36 Fair Value Measurements

a) Category of financial instruments and valuation techniques

(i) Financial assets

Details of financial assets carried at amortised cost:

	As at March 31, 2022	As at March 31, 2021
Trade receivables	1,126.88	924.39
Loans	4.23	79.85
Other financial assets	202.15	151.76
Cash and cash equivalents	128.60	181.93
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	312.97	1,204.85
Total	**1,774.83**	**2,542.78**
Current assets	1,564.41	2,430.25
Non-current assets	210.42	112.53
Total	**1,774.83**	**2,542.78**

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

Details of financial assets carried at fair value through profit and loss:

	As at March 31, 2022	As at March 31, 2021
Investments	1,305.90	298.17
Total	**1,305.90**	**298.17**
Current assets	534.30	114.94
Non-current assets	771.60	183.23
Total	**1,305.90**	**298.17**

The fair values of the quoted shares are based on price quotations at the reporting date and unquoted mutual funds are based on Net Asset Value as at the reporting date.

Details of derivative assets

	As at March 31, 2022	As at March 31, 2021
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.80	0.95
Derivative not designated as hedges		
Foreign exchange forward contracts	3.67	2.75
Total	**4.47**	**3.70**
Current assets	4.47	3.70
Non-current assets	-	-
Total	**4.47**	**3.70**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
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(ii) Financial liabilities

Details of financial liabilities carried at amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings	180.00	140.75
Trade payable	1,035.12	885.58
Employee related payables	58.69	57.59
Other liabilities	18.82	18.10
Total	**1,292.63**	**1,102.02**
Current liabilities	1,227.88	1,048.45
Non current liabilities	64.75	53.57
Total	**1,292.63**	**1,102.02**

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

Details of derivative liabilities

	As at March 31, 2022	As at March 31, 2021
Derivative instruments		
Cash flow hedges		
Foreign exchange forward contracts	0.64	0.98
Derivative not designated as hedges		
Foreign exchange forward contracts	2.06	2.44
Total	**2.70**	**3.42**
Current liabilities	2.70	3.42
Non-current liabilities	-	-
Total	**2.70**	**3.42**

The Company enters into derivative financial instruments in the nature of forward exchange contracts with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022:

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2022	-	-	-
Preference shares	March 31, 2022	-	-	68.24
Mutual funds	March 31, 2022	1,013.95	-	-
Corporate Deposits	March 31, 2022	-	223.71	-
Derivative financial assets	March 31, 2022	-	4.47	-
Financial liabilities				
Derivative financial liabilities	March 31, 2022	-	2.70	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

	Date of valuation	Level 1	Level 2	Level 3 *
Financial assets				
Investments				
Equity instruments	March 31, 2021	0.16	-	-
Preference shares	March 31, 2021	-	-	64.07
Mutual funds	March 31, 2021	233.94	-	-
Corporate Deposits	March 31, 2021	-	-	-
Derivative financial assets	March 31, 2021	-	3.70	-
Financial liabilities				
Derivative financial liabilities	March 31, 2021	-	3.42	-

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no transfers into or out of Level 3 of the fair value hierarchy during the year.

* The movement in Level 3 is on account of interest accretion which is recognised under interest income in the statement of profit and loss.

37 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2022 and March 31, 2021. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts (foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of expected settlement of the resulting receivable or payable that is denominated in the foreign currency.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, JPY, SEK and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

	Impact on profit before tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD Sensitivity				
INR/ USD - Increase by 1%	(0.97)	(2.19)	(1.57)	(0.00)
INR/ USD - Decrease by 1%	0.97	2.19	1.57	0.00
JPY Sensitivity				
INR/ JPY - Increase by 1%	0.17	0.07	-	-
INR/ JPY - Decrease by 1%	(0.17)	(0.07)	-	-
SEK Sensitivity				
INR/ SEK - Increase by 1%	(0.22)	0.04	0.00	0.02
INR/ SEK - Decrease by 1%	0.22	(0.04)	(0.00)	(0.02)
EURO Sensitivity				
INR/ EUR - Increase by 1%	(0.11)	0.01	(0.04)	(0.01)
INR/ EUR - Decrease by 1%	0.11	(0.01)	0.04	0.01

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

c Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company manages the price risk through diversification and by placing limits on individual and total equity/mutual fund instruments. Further, the price risk is also mitigated by switching the investment portfolio between investment in equity/mutual fund instruments and investments in bank deposits. Reports on the investment portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. The Company is not currently exposed significantly to such risk.

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 7 and 9(b) above. The charge of impairment to Statement of profit and loss is disclosed in note 28(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2022 and March 31, 2021 is the carrying amounts as disclosed in Note 9(a) and 13, maximum exposure relating to financial guarantees is disclosed in note 32 (A) and financial derivative instruments in notes 9(b) and 17(b) to the financial statements.

III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

(i) Maturities of financial liabilities

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	180.00	-	-
Trade Payables	975.34	59.78	-
Other financial liabilities			
Unpaid dividend	0.78	-	-
Lease obligation	1.40	3.64	0.25
Other payables	69.04	0.11	-
Liability Towards Employee Separation Scheme	1.71	2.62	0.11
Derivatives (net settled)			
Foreign exchange forward contracts	2.70	-	-

March 31, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	140.75	-	-
Trade Payables	841.26	44.32	-
Other financial liabilities			
Unpaid dividend	0.89	-	-
Lease obligation	1.61	3.95	1.35
Other payables	62.62	0.64	-
Liability Towards Employee Separation Scheme	2.06	2.39	1.61
Derivatives (net settled)			
Foreign exchange forward contracts	3.42	-	-

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for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

37 (b) Hedging activities and derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in USD, EUR, SEK and forecast purchases in USD, JPY, SEK, EUR. These forecast transactions are highly probable, and cover the Company's expected future sales and future purchases based on the orders received.

While the Company also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Particulars	March 31, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign exchange forward contracts designated as hedging instruments	4.47	(2.70)	3.70	(3.42)

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

Particulars	March 31, 2022		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Foreign exchange forward contracts	146.62	(18.52)	162.40	(18.93)
Derivatives not designated as hedges				
Foreign exchange forward contracts	486.75	(68.45)	450.61	(135.47)

Majority of the derivative contracts mature within the next 12 months.

The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

Particulars	March 31, 2022		March 31, 2021	
	Expected future sales	Expected future purchases	Expected future sales	Expected future purchases
Unrealised gain/ (loss)	0.24	(0.01)	0.04	(0.05)
Deferred tax asset/ (liability)	(0.06)	0.00	(0.01)	0.01
	0.18	**(0.01)**	**0.03**	**(0.04)**

The amounts retained in OCI at March 31, 2022 are expected to mature and affect the statement of profit and loss during the year ending March 31, 2023.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 30.

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for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

38 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021:

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Variance
Current Ratio	Current Assets	Current Liabilities	1.17	1.51	-23%
Debt-Equity Ratio	Total Debt (including current maturities of long term borrowings)	Shareholder's Equity	0.06	0.05	23%
Debt service coverage ratio	Earnings available for debt service ^	Debt Service *	1.41	1.39	1%
Return on equity ratio	Profit after tax and exceptional items	Average Shareholder's Equity	6.83%	5.02%	36%
Inventory turnover ratio	Cost of goods sold	Average Inventories	7.80	6.87	14%
Debtors turnover ratio	Revenue from contracts with customers	Average Trade Receivables	3.88	3.49	11%
Trade payables turnover ratio	Total Supplier Purchases	Average Trade Payables	2.63	2.23	18%
Net capital turnover ratio	Revenue from contracts with customers	Working Capital **	10.03	2.95	240%
Net Profit ratio	Profit after tax and exceptional items	Revenue from contracts with customers	5.04%	4.57%	10%
Return on capital employed (ROCE)	Profit before tax and exceptional items plus Finance Cost	Capital Employed ***	9.44%	10.23%	-8%
Return on investment (ROI)	Realised Gains and Unrealised Gains on Investments	Weighted Daily Timed Investments	4.67%	5.34%	-13%

Explanations:

Return on Equity ratio- Return on equity has increased by 36% on account of higher net profts as previous year net profit was impacted due to lower order execution and diminution of investment in subsidiaries.

Net Capital Turnover ratio- Reduction in working capital due to increase in execution activities from operations on account of growth in order booking and order backlog.

^ Profit after tax + Finance Cost + Loss on sale of fixed assets + Depreciation and Amortization for the period

** Current borrowings + Non-current lease liability + Current lease liability + Interest & Lease Payments paid*

*** Total Current Assets - Total Current Liabilities*

**** Total Equity + Non-current borrowings*

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

39 Struck Off Companies^

Below are details of investment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2022

^ Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors and customers under the Act.

Name of struck off company	Nature of transactions	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Draj Engineering System Private Limited	Payable	0.03	0.02	None
Ecomax Engineering Service Private Limited	Payable	-	0.01	None
Inlay Infra Private Limited	Payable	0.02	-	None
Optimus Ventures Private Limited	Payable	0.01	-	None
Reliance Communications Infrastructure Limited	Payable	**	-	None
Sapre Designs and Instruments Private Limited	Payable	**	-	None
Sharda IT Services Private Limited	Payable	0.03	-	None
Thermochill Engineering Service Private Limited	Payable	-	**	None
Urja Sealants Private Limited	Payable	**	-	None
Jahannagar Textile Mill Private Limited	Receivable	0.26	-	None
Madras Engineering Works	Receivable	**	-	None

*** Less than a lakh rupees*

NOTES TO STANDALONE FINANCIAL STATEMENTS

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(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

For the year ended March 31, 2021

Name of struck off company	Nature of transactions	Transaction during the year	Balance outstanding at the end of the year	Relationship with the struck off Company, if any, to be disclosed
Amrit Non Conventional Energy System Limited	Payable	-	**	None
Anj Securedocs Security Private Limited	Payable	-	0.01	None
Draj Engineering System Private Limited	Payable	0.23	-	None
Ecomax Engineering Service Private Limited	Payable	-	0.01	None
Industrial Systems & Equipments Limited	Payable	-	**	None
Inlay Infra Private Limited	Payable	-	0.24	None
Optimus Ventures Private Limited	Payable	0.09	-	None
Reliance Communications Infrastructure Limited	Payable	-	**	None
Sai Bhavani Powertech Private Limited	Payable	-	0.01	None
Sharda IT Services Private Limited	Payable	-	0.03	None
Sonar Communications Private Limited	Payable	-	**	None
Steelmen Infratech Private Limited	Payable	-	0.01	None
Super Synthetics Limited	Payable	0.02	-	None
Tele-Net Engineers Private Limited	Payable	-	**	None
Thermochill Engineering Service Private Limited	Payable	-	**	None
Thermochill Engineering Service Private Limited	Payable	**	-	None
Urja Sealants Private Limited	Payable	**	-	None
Anand Polymers Limited	Receivable	-	**	None
Anil Ghosh Tea Factory Private Limited	Receivable	-	0.04	None
AVS Hospitality (P) Limited	Receivable	-	**	None
Graphite India Limited	Receivable	-	0.02	None
Jahannagar Textile Mill Private Limited	Receivable	-	0.06	None
Manas Watertech Engineers Private Limited	Receivable	-	**	None
Panjwani Foods Limited	Receivable	-	0.07	None
Rana Sponge Limited	Receivable	-	**	None
S M S Exports Limited	Receivable	-	**	None
Shree Rengaa Papers Private Limited	Receivable	-	0.12	None
Shri Samarth Engineering Private Limited	Receivable	-	0.01	None
Super Synthetics Limited	Receivable	0.15	-	None
Thermochill Engineering Service Private Limited	Receivable	-	0.01	None
Thermochill Engineering Service Private Limited	Receivable	0.12	-	None

*** Less than a lakh rupees*

^ Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors and customers under the Act.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

40 Capital Management

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the year ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Company.

	March 31, 2022	March 31, 2021
Borrowings	180.00	140.75
Trade payables	1,035.12	885.58
Book overdraft	7.34	1.73
Less: Cash and cash equivalents(includes deposits with maturity of more than 3 months but less than 12 months)	(441.57)	(1,386.78)
Net (surplus) / debt	**780.89**	**(358.72)**
Equity	3,001.00	2,879.38
Capital and net debt	**3,781.89**	**2,520.66**
Gearing ratio	-	-

41 Exceptional Items

	March 31, 2022	March 31, 2021
Impairment in subsidiaries *		
Thermax (Zhejiang) Cooling and Heating Engineering Co Ltd.	-	-
Thermax Netherlands B.V.	-	74.68
First Energy Private Limited - Equity shares	-	-
First Energy Private Limited - Loan	-	22.49
Thermax Engineering Singapore Pte. Ltd	14.00	-
Others		
Voluntary Retirement Scheme	-	5.86
	14.00	**103.03**

** Considering the current market scenario and performance of certain subsidiaries, the Company has accounted for impairment on certain investments in subsidiaries.*

The Company as on October 05, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees. The amount of scheme benefits payable to employees who opted for it is Rs. Nil (March 31,2021 : Rs. 5.86). The outstanding amount of scheme benefits payable to employees as on March 31, 2022 is Rs. 2.29 (March 31,2021: Rs. 4.63).

42 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(v) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022
(All amounts are in Rupees Crore, except per share data and unless stated otherwise)

43 Standards Issued But Not Yet Effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company is in the process of evaluating the amendment.

(ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company is in the process of evaluating the amendment.

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

per Tridevlal Khandelwal
Partner
Membership No. 501160

Place: Pune
Date: May 20, 2022

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

Meher Pudumjee
Chairperson
DIN: 00019581

Ashish Bhandari
Managing Director and CEO
DIN: 05291138

Rajendran Arunachalam
Executive Vice President and Group Chief Financial Officer

Janhavi Khele
Company Secretary

Place: Pune
Date: May 20, 2022